

NGM COLLEGE (AUTONOMOUS) POLLACHI

END OF SEMESTER EXAMINATIONS -APRIL 2026

II B.COM – FINANCE

MAXIMUM MARKS: 50

IV SEMESTER

TIME : 2 Hours

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24UCF4S1 – PRINCIPLES OF AUDITING

SECTION – A (10 × 1 = 10 MARKS)

**MULTIPLE CHOICE QUESTIONS**

1. Auditing mainly deals with: (K1)  
a) Recording transactions      b) Examination of accounts  
c) Preparation of budgets      d) Cost control
2. The person who conducts an audit is called: (K1)  
a) Accountant b) Auditor c) Manager      d) Clerk
3. Internal audit is conducted by: (K1)  
a) External auditor b) Government c) Employees of the organization d) Shareholders
4. Which of the following is an example of internal control? (K1)  
a) Audit report b) Segregation of duties c) Balance sheet      d) Ledger posting
5. Verification means: (K1)  
a) Checking vouchers      b) Confirming ownership and existence of assets  
c) Preparing accounts      d) Detecting fraud
6. Which audit is required by law? (K1)  
a) Internal audit b) Cost audit c) Statutory audit d) Management audit
7. The working papers are prepared by: (K1)  
a) Management b) Auditor c) Shareholders d) Creditors
8. Capital expenditure is: (K1)  
a) Day-to-day expense      b) Expense for earning revenue  
c) Long-term investment      d) Loss
9. Which of the following is NOT a type of audit report? (K1)  
a) Clean report b) Qualified report c) Adverse report d) Trial balance
10. Audit evidence should be: (K1)  
a) Irrelevant b) Insufficient c) Reliable and sufficient d) Estimated

**SECTION – B (5 X 3 = 15 MARKS)**

**ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS**

11. a) Explain the importance of audit planning in an organization.

(OR)

- b) Describe the role of audit working papers in auditing.

(CONT.....)

12. a) Apply the concept of internal control with examples.

**(OR)**

b) Describe the procedure for vouching purchase transactions.

13. a) Demonstrate the difference between auditing and accounting.

**(OR)**

b) Describe the objectives of investigation.

14. a) Explain the methods of depreciation.

**(OR)**

b) Describe the verification of current assets.

15. a) Illustrate the procedure for removal of an auditor.

**(OR)**

b) Describe the audit of share transfers.

**SECTION – C**

**(5 X 5= 25 MARKS)**

**ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.**

16. a) Explain the objectives and scope of auditing. (K4)

**(OR)**

b) Discuss the advantages of auditing. (K4)

17. a) Analyse the importance of internal check system. (K4)

**(OR)**

b)Elaborate the role of vouching in auditing. (K4)

18. a) Demonstrate the types and objectives of investigation. (K4)

**(OR)**

b) Discuss the concept of EDP audit. (K4)

19. a) Analyse the verification and valuation of assets. (K4)

**(OR)**

b) Discuss the importance of provisions and reserves. (K4)

20. a) Describe the duties and responsibilities of an auditor. (K4)

**(OR)**

b) Discuss the types of audit report. (K4)

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