



*J. Sambal*

**Avinashilingam Institute for Home Science and Higher Education for Women**  
(Deemed to be University Estd. u/s 3 of UGC Act 1956, Category 'A' by MHRD)  
Re-accredited with 'A++' Grade by NAAC. Recognised by UGC Under Section 12B  
Coimbatore - 641 043, Tamil Nadu, India

**Bachelor's Degree Examination – November 2024**  
**V Semester**

**Class : III UG**  
**Major : B.Com Corporate Secretaryship**

**Time: 3 Hours**  
**Max. Marks: 100**

**21BCRC19 Corporate Audit**

**Course outcomes:**

- CO1. Keep in mind the objectives of auditing, auditor's qualification and disqualification, duties, rights and the components of audit programme.  
CO2. Introduce a system of internal control including internal check.  
CO3. Design the business processes to facilitate the process of vouching, verification and valuation.  
CO4. Apply the various provisions of the companies act in the appointment of company auditor.  
CO5. Acquire knowledge about auditor's duties and liabilities.

**Part A**

**10 x 1 = 10**

**Choose the Correct Answer**

1. Which of the following is the primary duty of a statutory auditor? CO1 K1  
a. Prepare financial statements b. Detect fraud and error  
c. Express an opinion on financial statements d. Implement internal controls
2. What is the purpose of an audit engagement letter? CO1 K1  
a. To summarize the findings of the audit  
b. To outline the scope, responsibilities, and terms of the audit  
c. To collect audit evidence  
d. To issue an opinion on the audit
3. What is the primary objective of an internal check system? CO2 K1  
a. To assist in preparing financial statements  
b. To detect fraud and prevent errors  
c. To appoint external auditors  
d. To improve the sales performance of the company
4. In an internal check system, which of the following controls is essential for cash book? CO2 K2  
a. Physical verification of cash by management  
b. Delegating cash handling to one employee  
c. Allowing one person to handle both recording and authorizing transactions  
d. Having daily reconciliation of cash receipts and payments
5. What is a voucher in accounting? CO3 K1  
a. Document used to authorize payments b. A contract between two parties  
c. A document that records a financial transaction d. A receipt of goods
6. Verification in the context of auditing refers to: CO3 K2  
a. The physical counting of assets only  
b. Checking the accuracy and existence of assets and liabilities  
c. Verifying only the liabilities of the business  
d. Preparing the financial statements
7. Which of the following is a qualification required to be appointed as a company auditor? CO4 K2  
a. Must be a chartered accountant  
b. Must have at least 5 years of experience in auditing  
c. Must be an internal employee of the company  
d. Must have a degree in finance
8. What is the main objective of a Cost Audit? CO4 K1  
a. To ensure financial statements are accurate  
b. To verify the efficiency of resource utilization in the production process  
c. To check compliance with legal requirements  
d. To detect fraud in the accounting system
9. What type of liability involves an auditor being responsible for negligence in the performance of their duties? CO5 K1  
a. Fiduciary Liability b. Statutory Liability  
c. Contractual Liability d. Civil Liability

10. In the context of preparing an audit report, an auditor must ensure that the report is: CO5 K1  
 a. Comprehensive                      b. Incomplete                      c. Subjective                      d. Confidential

**Part B**

**5 x 6 = 30**

**Answer All questions**

**Each answer should not exceed 400 words or two pages**

- 11.a. Define 'audit working papers' and explain their significance in the audit process. CO1 K2  
 (or)  
 11.b. What is the purpose of an audit programme? Describe its key components. CO1 K2
- 12.a. Explain the advantages of a proper internal check system in the context of cash book management? CO2 K3  
 (or)  
 12.b. Outline the duties of an auditor in verifying the internal check system related to the purchase credits process. CO2 K2
- 13.a. Define the meaning of verification in auditing. Why is it important for financial reporting? CO3 K2  
 (or)  
 13.b. Summarize the purpose of reserves and surplus on the balance sheet? How do they differ from liabilities? CO3 K3
- 14.a. Illustrate the duties and powers of an auditor under the Companies Act? Explain with examples for situations where these duties may apply. CO4 K3  
 (or)  
 14.b. Explain the difference between an audit report and a certificate. What are the essential contents of an audit report? CO4 K2
- 15.a. Explain Civil liabilities. CO5 K2  
 (or)  
 15.b. Discuss liabilities to third parties. CO5 K3

**Part C**

**5 x 12 = 60**

**Answer ALL questions**

**Each answer should not exceed 800 words or four pages**

- 16.a. Define the objectives of an audit and explain why clear audit objectives are crucial for both statutory and internal auditors. CO1 K2  
 (or)  
 16.b. Describe the key steps involved in the audit process, from the preliminary work before the audit (audit engagement, audit programme, working papers) to the final audit report. CO1 K3
- 17.a. Examine the objectives of internal check. How does an internal check system contribute to the overall efficiency and accuracy of a company's financial operations? CO2 K4  
 (or)  
 17.b. Explain the procedure of internal check, including the key controls involved in important financial areas such as Cash Books, Credit Sales and payment of wages. CO2 K3
- 18.a. Define a voucher. Explain its objectives and the importance of having a valid voucher in accounting systems. CO3 K4  
 (or)  
 18.b. Explain how vouchers contribute to the verification process in financial auditing and their role in preventing fraud. CO3 K4
- 19.a. Describe how an auditor's remuneration is determined and who is responsible for fixing it? CO4 K3  
 (or)  
 19.b. Define Joint Audit and explain its advantages. How do joint auditors share their responsibilities, and what challenges might they face? CO4 K2
- 20.a. Compare Criminal and Contractual liabilities. CO5 K3  
 (or)  
 20.b. Discuss about the preparation of Audit report. CO5 K4

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