

**2025**

**BUSINESS ADMINISTRATION — HONOURS**

**Paper : BBAA-504-CC 12-F**

**(Audit and Assurance)**

**Full Marks : 75**

*The figures in the margin indicate full marks.*

*Candidates are required to give their answers in their own words  
as far as practicable.*

**Group - A**

1. Answer *any ten* questions :

2×10

- (a) What do you understand by 'true and fair'?
- (b) What are audit files?
- (c) What is the relationship between materiality and audit risk?
- (d) Mention any two essential qualities of an auditor.
- (e) What is an audit engagement?
- (f) State any two components of audit risk.
- (g) What is auditing-in-dept?
- (h) When can the terms of audit engagement be changed?
- (i) Mention any two sources of audit evidence.
- (j) Differentiate between vouching and routine checking.
- (k) Define internal control.
- (l) Mention any two types of audit report.
- (m) How is the first auditor of a government company appointed?
- (n) What is management audit?
- (o) What is window-dressing of balance sheet?

**Group - B**

2. Answer *any five* questions :

- (a) How can the casual vacancy of a company auditor be filled up? 5
- (b) What is Computer Assisted Audit Technique (CAAT)? How does it benefits the audit process? 2+3

**Please Turn Over**

**(3045)**

- (c) What are the procedures to be followed relating to vouching of the following items?
- (i) Advertisement expenditure
  - (ii) Research and development expenditure. 5
- (d) What are audit working papers? Who can claim the ownership of audit working paper? How long should the audit working paper be preserved? 5
- (e) As an auditor how would you verify the following items?
- (i) Deferred revenue expenditure
  - (ii) Contingent liabilities. 5
- (f) X Ltd. was incorporated on 1st April 2025. The BOD of the company appointed the auditor on 22nd May 2025. Is such appointment of the auditor valid? What are the provisions regarding appointment of such auditor? 1+4
- (g) Discuss the various techniques followed by the auditor for obtaining audit evidence. 5
- (h) Auditor of AB Ltd. was unable to confirm the existence and valuation of imported goods lying by the transporter and accepted a certificate from the management without obtaining other audit evidence. Can the auditor be held responsible in case of any discrepancies? 5

**Group - C**

Answer *any three* questions.

3. (a) DM & Associates, a partnership firm of chartered accountants consists of six partners, five of them being Chartered Accountants. The firm has taken up a total of 95 company audits during the year. CA Debabrata Mookherjee, is also engaged in another partnership firm DM & SR Associates, a Chartered Accountant firm having two partners. DM & SR Associates have already taken up 35 audit programmes previously. Can DM & Associates take up the audit of 95 companies? Explain your answer.
- (b) Differentiate between the expressions 'material but not pervasive' and 'material and pervasive' in an audit report. 5+5
4. (a) A trader is worried that inspite of substantial increase in sales compared to the earlier year there is considerable fall in gross profit. After satisfying himself that sales and expenses are correctly recorded and that the valuation of inventory is on consistent basis, he wants you as an auditor to ensure that the purchases has been truthfully recorded. In the given circumstances, how would you proceed with the assignment?
- (b) "The auditor of a limited company is always liable to any person who relies on his report and suffers any loss thereby." Offer your comment on the above statemant. 5+5
5. (a) What are the mandatory requirements of establishment of Internal Audit in a company?
- (b) To what extent can the statutory auditor rely on the work of internal auditor? 5+5

(3) **ABB(5th Sm.)-Business Admn.-H/BBAA-504-CC 12-FICCF**

6. Write the assertions and audit procedures relating to (i) Existence, (ii) Completeness, (iii) Valuation, (iv) Measurement, (v) Presentation and Disclosure of Research and Development. 10
7. Write short notes on : 5×2
- (a) Professional Skepticism
  - (b) Cost Audit.
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