(6 pages)

S.No. 6199

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(For candidates admitted from 2022–2023 onwards)

M.Com. DEGREE EXAMINATION [redacted]

NOVEMBER 2023

Bank Management – Core Choice Course

BANK AUDIT

Time : Three hours

Maximum : 75 marks

SECTION A — (20 marks)

Answer ALL questions.

I. (A) Multiple choice questions : (5 × 1 = 5)

1. An audit which is compulsory by the law ________

   (a) Government audit

   (b) Internal audit

   (c) Cost audit

   (d) Statutory audit

2. Detection of errors and fraud in audit is ________.

   (a) Primary object (b) Secondary object

   (c) Specific object (d) None of these

3. Periodical audit is also called as ________.

   (a) Final audit

   (b) Interim audit

   (c) Balance sheet audit

   (d) Income statement audit

4. Banks are required to classify non-performing assets into ________.

   (a) Sub-standard assets, doubtful assets and loss assets

   (b) Standard assets and sub standard assets

   (c) Doubtful assets and bad assets

   (d) Doubtful assets, bad assets and loss assets

5. Book debts should be verified with the help of ________.

   (a) Balance sheet

   (b) Amount received from debtors

   (c) Debtors schedule

   (d) Certificate from the management

(B) Fill in the blanks : (5 × 1 = 5)

6. ———— is a systematic examination of the books and records of a business.

7. Errors and frauds already committed can be discovered under the system of ———— audit.

8. Verification of the value of assets, liabilities, the balance of reserves, provision and the amount of profit earned or loss suffered by a firm is called ————.

9. A loan becomes a non-performing asset (NPA) when the interest on principal becomes overdue for a period of ————.

10. Valuation means ————.

II. Short answer questions : (5 × 2 = 10)

11. What are the objects of investigation?

12. State the techniques of location of errors.

13. Write a note on audit of banking companies.

14. Write the meaning of doubtful debts.

15. What is meant by verification of assets?

SECTION B — (5 × 5 = 25)

Answer ALL questions, choosing either (a) or (b).

16. (a) Distinguish between book keeping and auditing.

Or

(b) Explain the limitations of audit.

17. (a) Discuss the duties of an auditor in the detection of frauds.

Or

(b) Enumerate the role of an auditor in the prevention of fraud.

18. (a) As an auditor how will you verify the profit and loss account of banking companies account?

Or

(b) Discuss the provision of the Banking Regulation Act, 1949 relating to balance sheet.

19. (a) Explain the powers of the auditor relating to the audit of non-performing assets.

Or

(b) Discuss the classification of banking companies assets in detail.

20. (a) Explain the rights of an auditor with respect to the verification and valuation of investment and liabilities.

Or

(b) Explain the importance of publication of accounts.

SECTION C — (3 × 10 = 30)

Answer any THREE questions.

21. Elaborate the qualities of an good auditor.

22. Explain about the enquiry relating to the fraudulent manipulation of accounts.

23. Describe the provisions of the Banking Regulation Act, 1949 with respect to the audit of capital and reserves and surplus of banking companies.

24. Elaborate the responsibilities of an auditor as regard audit of banking companies assets.

25. Distinguish between verification and valuation. Discuss the role of auditor in the valuation of assets.