**Audit – I**

**April 2023 Examination**

**Q 1. As an Auditor of Royal Ltd what will you check to verify cash transactions: (10 Marks)**

**Ans 1.**

**Introduction**

An accounting measure may be described because of the organization's rules and policies in reporting incomes and fees. The two main accounting methods are cash accounting (generally used by individuals) and accrual accounting (traditionally used by firms).

In most cases, conventional accounting concepts need accrual accounting. Cash accounting involves reporting earnings and costs as they are received and paid through cash outflows and inflows. Accrual accounting consists of writing them as they are incurred and earned through purchases and sales on credit scores, accounts payable, and

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**Q2. Go through the following transactions and write down the audit steps you will conduct to audit of the fixed Assets purchased by the company KATA Ltd. (10 Marks)**

**1. Land and Building of Rs.20,00,000/-**

**2. Building of Rs. 30,00,000/-**

**3. Goodwill worth Rs. 10,00,000/-**

**4. Plant and Machinery of Rs. 5,00,000/-.**

**5. Furniture, Fittings and Fixture of Rs. 3,00,000/-**

**Ans 2.**

**Introduction**

The audit is a necessary period utilized in accounts that explains the examination and verification of an employer's financial records. It is to make sure that monetary statistics are represented accurately and fairly.

Moreover, audits are accomplished using expert individuals to ensure that financial statements are organized and consistent with applicable accounting standards. The three number one financial statements

**Q3. As an expert auditor please write down the general consideration with respect to the below mentioned areas.**

**a. Wages of seasonal labourers. (5 Marks)**

**Ans 3a.**

**Introduction**

If we are interested in turning into an auditor, we may additionally benefit from what their job entails. Auditors are specialists who audit an organization or individual's accounting procedures and financial transactions. Legal parameters make it compulsory for organizations to patriate in audits to avoid discrepancies

**b. Salaries of employees? (5 Marks)**

**Ans 3b.**

**Introduction**

The auditor needs to confirm the salary check-in and compare it with the transactions within the cash book.

He needs to look into the monthly general bills book and trust the payment cheque drawn. There may be some changes in payments, which can be because of an increase in dearness