

تمام کلاسز کی حل شدہ مشقیں MrPakistani ویب سائٹ سے فری ڈاؤن لوڈ کریں۔

Allama Iqbal Open University Solved Assignments Spring 2026

Course Code:	481 Code
Course Name:	Auditing
Class:	BA/AD
Total Credit Hours	3
Total Assignments	2

گھر بیٹھے حل شدہ مشقیں، گیس پیپرز، کتابیں اور خلاصے حاصل کرنے کے لیے رابطہ کریں واٹس ایپ نمبر: 03036940016

نوٹ: ہم طلبہ کے لیے جامع اور معیاری تعلیمی خدمات فراہم کرتے ہیں۔ ہماری خدمات میں علامہ اقبال اوپن یونیورسٹی کے حل شدہ اسائنمنٹس، گیس پیپرز، سابقہ پرچے، تازہ ملازمتوں کی معلومات، آن لائن سی وی تیار کرنا، ملازمت کے لیے درخواست دینا، یونیورسٹی داخلوں میں رہنمائی اور درخواست جمع کروانا شامل ہیں۔ اس کے علاوہ یونیورسٹی سے متعلق طلبہ کے ہر قسم کے تعلیمی اور رہنمائی کے کام میں مکمل تعاون فراہم کیا جاتا ہے تاکہ طلبہ کو ایک ہی جگہ پر تمام ضروری سہولیات میسر آسکیں۔



واٹس ایپ گروپ جوائن کرنے کے لیے سامنے دیے گئے لنک پر کلک کریں۔



واٹس ایپ چینل جوائن کرنے کے لیے سامنے دیے گئے لنک پر کلک کریں۔



یونیورسٹی کی تمام معلومات حاصل کرنے کے لیے ہمارا واٹس ایپ گروپ جوائن کریں۔

Assignment 1

Q.1. Define the Auditing and describe its Techniques and major qualities of an auditor.

Definition of Auditing

Auditing is an examination of the books of accounts and vouchers of a business, which enables an auditor to satisfy himself that the balance sheet is properly drawn up so as to give a true and correct view of the state of the affairs of the business, and whether the profit and loss account gives true and correct views of the profit or loss for the financial period. The auditor verifies that the books of accounts contain a proper record of the transactions entered into by the organization, exercising reasonable skill and diligence.

Techniques of Auditing

Audit techniques are the methods used by auditors for collecting necessary evidence to enable them to form and give a professional opinion. The main techniques are:

- 1. Vouching/Examination of Original Documents:** Every transaction has a document as evidence. The auditor examines the documents and the transactions recorded on the basis of those documents. While vouching, the auditor considers appropriateness, authenticity of documents, proper approval, and proper recording.
- 2. Physical Verification:** The concept of physical verification is to satisfy that the thing exists. The auditor must be able to identify a specific thing he is auditing, such as a machine or an item of inventory, and recognize its quality.
- 3. Confirmation:** This means obtaining a written statement from outside parties who are qualified to affirm. This technique gives very reliable information and is normally used for bank balances, customer balances, contingent liabilities, and items stored in warehouses.
- 4. Scanning:** This means to examine point by point. It is a critical study of accounts, a book of original entry, or any other record or summary. The auditor develops a sense to identify usual and unusual items.
- 5. Inquiry:** This involves asking questions and obtaining satisfactory answers. The auditor must put related questions to bring out relevant and required information.



تمام کلاسز کی حل شدہ مشقیں [MrPakistani](http://MrPakistani.com) ویب سائٹ سے فری ڈاؤن لوڈ کریں۔

6. Correlation with Related Information: In the double entry system, the two aspects of transactions should be examined to establish their relationship with one another. This process is also called reconciliation.

7. Retracing Bookkeeping Procedure: The auditor checks the postings to subsidiary and general ledger, from general ledger balances to the trial balance, and from subsidiary ledger balance to the trial balance of the subsidiary ledger.

8. Re-computation: All working should be re-totaled and re-calculated by the auditors. Components of total figures must also be re-totaled.

9. Examination of the Subsidiary Ledger: The auditor sees that subsidiary records are supported by certain evidences and takes note of items that have recently been introduced.

10. Observation: During the course of work, the auditor gets the opportunity to see and observe activities related to the reliability of financial statements.

11. Flow Charting: These charts illustrate in diagrammatic form the flow of documents in their sequence from the beginning of a transaction to its final entry in the books.

Major Qualities of an Auditor

1. Professional Competence: The auditor should have mastery over the theory and practice of bookkeeping and accountancy, a firm foundation in the theory of audit evidence, and an understanding of audit papers construction. He must have working experience of allied subjects like commercial law, industrial law, and management.

2. Enquiring Mind: The auditor is not expected to know all about every business. He should obtain necessary information by putting intelligent questions to enable him to check transactions.

3. Integrity: The auditor must be honest; he must not certify what he does not believe to be true, and he must take reasonable care and skill before believing that what he certifies is true. He must have courage of conviction.

4. Vigilance: The auditor must be methodical in his work, cautious without being suspicious. He is not bound to be a detective or to approach his work with a foregone conclusion that there is something wrong.

5. Prudence: He must give his advice or arrive at a decision in any matter after taking into consideration all relevant factors and consequences.

6. Ethics: In performing audit, the auditor should comply with the code of ethics for professional accountants. He should be straightforward, honest, fair, and maintain an impartial attitude.



[یونیورسٹی کی تمام معلومات حاصل کرنے کے لیے ہمارا واٹس ایپ گروپ جوائن کریں۔](https://www.facebook.com/MrPakistani)

5. Wages and Salaries

Wages are a fertile ground for misappropriation and fraud. I would prioritize establishing an efficient system of internal control over wage payments. This includes proper time recording, division of work in preparation of wages sheets, surprise checks of attendance, and proper arrangements for payment of wages.

6. Stock Control

Verification of stocks is of great importance because inaccurate stock valuation affects both the balance sheet and profit and loss account. I would prioritize improvement in stock-taking procedures, maintenance of stock records, physical verification of stocks, and proper cut-off procedures.

7. Fixed Assets Register

I would recommend maintaining a proper fixed assets register showing full description of each asset, date of acquisition, present location, supplier's name, and depreciation provided. This helps in proper verification and safeguarding of assets.

Reasons for Prioritizing These Areas

The primary reasons for focusing on these areas are: (i) these areas have the highest risk of errors and frauds; (ii) they directly impact the accuracy and reliability of financial statements; (iii) strong internal control in these areas reduces the extent of detailed audit work required; (iv) improvements in these areas help in detection and prevention of errors and frauds; and (v) these areas represent the core business cycles that affect the true and correct view of the company's financial position.

Q.4. Define internal control and explain the methods used by an auditor to review the internal control procedures used by his clients.



تمام کلاسز کی حل شدہ مشقیں [MrPakistani](http://MrPakistani.com) ویب سائٹ سے فری ڈاؤن لوڈ کریں۔

(i) Internal Control Questionnaire: This contains questions relating to the system of internal control in force in various aspects of a company's business, to highlight any weaknesses. The questionnaire usually has columns for questions, answers, assessment of internal control, and reference to audit programme. The auditor uses this questionnaire to systematically evaluate the internal control system.

(ii) Flow Charts: These charts illustrate in diagrammatic form the flow of documents in their sequence from the beginning of a transaction to its final entry in the books. They make use of symbols and lines to represent documents and their movement respectively.

2. Ascertaining Weaknesses in Internal Control

The main objects of review are to ascertain areas of weaknesses, advise the client, and design an appropriate programme of audit tests. When the auditor has completed his record about the system of internal control, he assesses its adequacy and considers whether it is appropriate for the business. This is done by ascertaining whether the basic principles of internal control are being observed.

3. Designing Programme of Audit Tests

The auditor designs a programme of audit tests based on the assessment of the system of internal control to enable himself to form an opinion on the reliability of books and records. If the internal control is found to be effective, the auditor can reduce the extent of his detailed checking. If it is weak, more detailed work is required.

4. Reporting the Weaknesses to Client

The auditor should point out to the management any weaknesses in internal control that are revealed by the audit, together with his recommendations for improvement. This helps the client strengthen their internal control system for future periods.

Q.5. Define vouching and explain its techniques and application to the books of accounts.

Definition of Vouching



یونیورسٹی کی تمام معلومات حاصل کرنے کے لیے ہمارا واٹس ایپ گروپ جوائن کریں۔

تمام کلاسز کی حل شدہ مشقیں [MrPakistani](http://MrPakistani.com) ویب سائٹ سے فری ڈاؤن لوڈ کریں۔

Vouching of Receipts: The auditor checks opening balance with previous year's audited balance sheet. For cash sales, cash sales memos are checked with daily summaries of sales. For cash received from customers on account of credit sales, entries are vouched with carbon copies of receipts issued. For interest received, the loan agreement is seen and receipt examined. For dividend income, vouching is done with the upper portion of the dividend warrant.

Vouching of Payments: For payment to creditors, invoices, receipts given by the payee, and statement of account of creditors are checked. For cash purchases, cash memos are vouched with goods received notes and goods inward books. For insurance premium, receipt issued by Insurance Company is compared. For bank charges and commission, debt advices of bank and bank statement are checked. For wages, the auditor checks casts, cross casts, and carry-forward of wages sheet, checks calculation of wages, checks time-keeping records, and verifies receipts of wages.

2. Vouching of Purchase Book

The auditor checks entries in the purchases daybook with invoices, paying special attention to date of invoice, name of supplier, amount involved, net amount after deducting trade discount, whether invoice is for goods usually dealt in business, goods received note, purchase order book, proper authority for purchase, and statements of account received from suppliers.

3. Vouching of Sales Book

The auditor checks duplicate invoices, name of debtor, date of invoice, amount entered, authority for granting discount, and checks sales invoices with goods dispatched notes, goods outward register, and finished goods register.

4. Vouching of Sales Return Book

The auditor checks duplicates of credit notes with sales returns book, goods inward book, and relevant correspondence, and checks casts, carry-forwards, and postings.

5. Vouching of Purchase Return Book

The auditor checks credit notes received from suppliers with the returns outward book and relevant correspondence, and checks casts, carry-forwards, and postings.

6. Vouching of Journal

The auditor vouches opening entries with previous years' balance sheet, transactions not recorded in any other book with banks' intimation and correspondence, rectification of errors, transfer entries, adjusting entries, and closing entries with audited balances.



یونیورسٹی کی تمام معلومات حاصل کرنے کے لیے ہمارا واٹس ایپ گروپ جوائن کریں۔

تمام کلاسز کی حل شدہ مشقیں [MrPakistani](http://MrPakistani.com) ویب سائٹ سے فری ڈاؤن لوڈ کریں۔

7. Vouching of Bank Account

The bank statement is checked with the cashbook, and the bank reconciliation statement is checked.



یونیورسٹی کی تمام معلومات حاصل کرنے کے لیے ہمارا واٹس ایپ گروپ جوائن کریں۔