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Auditing

PRACTICAL

A publication under Free Textbook Programme of Government of Tamil Nadu

Department of School Education

Untouchability is Inhuman and a Crime

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OVERVIEW OF PRACTICAL AUDITING

Auditing is an independent examination of books of accounts, vouchers, documents, and statutory records of an organisation to ascertain whether the financial statements represent a true and fair view of the state of affairs of the business concern. The scope of the subject Practical Auditing involves examination of the system of accounting, checking the accuracy of transactions, verification of the assets and liabilities and ensuring the truthfulness and correctness of the items in Profit and Loss Account and Balance Sheet with a view to express an opinion thereon.

Practical Auditing is an important paper for Commerce students. This book explains basic concepts about auditing in a simple and easy to understand manner. The subject is explained with a practical approach by means of illustrations. All important concepts have been explained in detail with diagrams and flowcharts. Further, summarized form of advantages and limitations to important concepts has been given to make the students remember and recollect the points easily. Computerised Accounting System and Electornic Data Processing audit (EDP) has been included into revamped syllabus to ensure more employability for the students. At the end of each chapter, *summary* has been given to give a clear understanding to the students. A *Glossary* of the key terms used in the book is given at the end of the book.

This Practical book has been revamped by SCERT in collaboration with Tamil Nadu Skill Development Corporation in order to get immediate employment opportunities for the vocational students in the Industrial Sectors in future. The skill certificate for practical assessment is given to every student by concerned Sector Skill Councils (SSCs) which are accredited by National Skill Development Corporation (NSDC) and TNSDC.

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Assessment

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Chapter 1 INTRODUCTION TO AUDIT

Learning Objectives

- Meaning and Definition of Auditing
- Primary and Secondary Objects of Auditing
- Various Types of Errors and Frauds
- Advantages and Limitations of Auditing
- Meaning and Definition of Investigation
- Objectives of Investigation
- Distinguish between Auditing and Investigation

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1.1 Introduction

In ancient days, the owners of the business verify their accounts by expert accountants or book keepers to detect errors and frauds. Even the Kings and Zamindars used to listen from the accounts regarding receipts and payments from their kingdom.

At the end of Fifteenth Century due to revival in Italy, there was rapid growth in industry, trade and commerce. The principle of double entry system was introduced by Luca Pacioli, a famous Italian mathematician. Besides cash transactions, credit transactions are recorded in books, as a result complexity of accounts has increased.

As a result of Industrial revolution in England in the Eighteenth century, there was a substantial increase in the volume of business. A rapid increase in commercial activity, emergence of banking, insurance, joint stock companies and growing activities in the Government sector led the need for audit of accounts.

The technological development, globalization of business, complex business environment, requirement of the interested parties regarding true accounts, necessity of the government to get audited accounts for different purposes have influenced auditing to be used as a fact-finding tool and have caused a greater responsibility in the technique, scope, professional, legal, moral and ethical responsibilities from the auditors.

1.2 Meaning of Auditing

The term 'Audit' is derived from the Latin word, "Audire", which means, 'to hear".

Auditing is a detailed and critical examination of books of accounts and support documents to verify whether the financial statements which include Profit and Loss Account and Balance Sheet represent a true and fair view of the state of affairs of business concern.

It is the verification of financial position as it is disclosed by the Balance

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Sheet and the Profit and Loss Account. It is an examination of accounts to ascertain whether the Balance Sheet and the Profit and Loss Account give a true and fair view of the financial position and Profit or Loss of the business. For this purpose, all the business transactions and the manner in which they are recorded must be examined.

Auditing is the intelligence and critical test of accuracy, adequacy and dependability of accounting data and accounting statements. It is concerned with the examination of accounting data to determine the extent of accuracy of Profit and Loss account and the Balance sheet prepared from such data.

1.3 Definition of Auditing

- The **Institute of Chartered Accountants of India** describes audit as "the independent examination of financial information of any entity, whether profit oriented or not, and irrespective of its size or legal form, when such examination is conducted with a view to expressing an opinion there on".
- **Spicer and Pegler** defines auditing as, "such an examination of books of accounts and vouchers of a business as will enable the auditor to satisfy the Balance Sheet is properly drawn up so as to give a true and fair view of the state of affairs of the business, whether the Profit and Loss account gives a true and fair view of the profit and loss for the financial period, according to the best of his information and explanation given to him as shown by the books, and if not, in what respect he is not satisfied."
- In the words of **L.R.Dicksee**, "Auditing is an examination of accounting records undertaken with a view to establishing whether they correctly and completely reflect the transaction to which they purport to relate".
- **Montgomery** defines the term as "Auditing is a systematic examination of books and records of a business or other organization in order to ascertain or verify and to report upon the facts regarding its financial operations and the result thereof".

The Institute of Chartered Accountants of India (ICAI) is regulating the accountancy profession in India established under the Chartered Accountants Act, 1949 passed by the Parliament of India.



1.4 Features (or) Characteristics of Auditing

1. It is a systematic and independent examination of the financial information of a concern.
2. Its main motive is to detect errors and frauds in the books of accounts and financial statement.
3. It is conducted either by independent or body of persons who possess in deep knowledge and extensive practical training.
4. It ensures the correctness of Trading, Profit and Loss Account and Balance Sheet whether it reflects a true and fair view of the state of affairs of the business.
5. It further ensures that financial statements follow accounting standards.

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1.5 Difference Between Accountancy and Auditing

Basis	Accountancy	Auditing
1. Meaning	It is the process of recording, classifying, summarising and interpreting all the financial transactions.	It is the process of examining books of accounts and reporting on the financial statements.
2. Objectives	Its main objective is to find out profit earned or loss suffered by a company and to show the financial position of the company for a particular period.	Its main objective is to examine the correctness of the accounts and financial statements and certify that whether the company exhibits a true and fair view of state of affairs of the concern.
3. Nature of Employment	An accountant is a permanent employee of the organisation.	An auditor is an independent person and is not an employee of the organisation.
4. Qualification	He should have the knowledge of double entry system of book -keeping and principles and concepts of accounting.	An auditor should be a qualified chartered accountant certified by the Institute of Chartered Accountants of India for auditing joint stock companies.
5. Reports	Accountant is not required to submit the report on the financial statements prepared by him.	Auditor should submit the report certifying the truth and fairness of the financial statements.
6. Remuneration	An accountant is remunerated in the form of salary.	An auditor is remunerated in the form of professional fees.
7. Commencement of work	Accountancy starts where Book-keeping ends.	Auditing starts where Accountancy ends.

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1.6 Auditor

1.6.1 Meaning – Auditor

The person who checks the accuracy of the books of accounts and expresses an opinion on the financial statements of the business concern is called as an Auditor. The person who is a Chartered Accountant holding Certificate of Practice from the Institute of Chartered Accountants of India is referred to as an Auditor. Auditors enjoy a distinctive professional status in the society because of specialized functions of auditing.

1.6.2 Functions of an Auditor

The following are the functions or basic aspects to be covered by the auditor in the course of audit. They are:

1. **Examination:** Auditor should examine the accounting system to ensure about their appropriateness.
2. **Books:** Check the books of accounts to ensure the arithmetical accuracy.
3. **Evidence:** The auditor should examine documentary evidence to support the entries in the books of accounts.
4. **Full Inclusion:** Check whether all entries in the books of accounting have been taking while preparing financial statements.
5. **Properness:** Examine whether information contained in financial statements is proper and it does not contain any fraudulent entry.
6. **Verification of Assets and Liabilities:** Check the existence, valuation and disclosure of all assets and liabilities in financial statements.
7. **Statutory Compliance:** Verify the compliance of financial statements with the relevant statutory authorities.
8. **Disclosure:** Examine whether the information in financial statements is disclosed properly as per accounting principles.
9. **Truth and Fairness:** Check whether financial statements represent a true and fair view of profit or loss and of assets and liabilities of the business concern.

STUDENTS ACTIVITY

Meet a practicing Chartered Accountant and collect information about him and his auditing experience.



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Who is a Chartered Accountant?

Chartered Accountant is a person who deals with the management of money and provides financial advice.

What work they do?

- Financial Accounting, Auditing, Cost Accounting, Tax Management and Consulting.
- Liasioning with business concerns and provide financial information and advice.
- Undertaking financial audits, reviewing the company's system and analysing risk.
- Guide and counsel business concerns to improve their area of operation.

Skills required for a Chartered Accountant

- General business interest
- Strong analytical and problem solving skills
- Strong communication and interpersonal skills
- Self-motivation and commitment, in order to combine study while working.

Education Pathway

Level I - Foundation: Student from any stream who has appeared for XII Standard can appear for the exam.

Level II - Intermediate: Student who has passed Foundation or any Graduate with 55% of marks is eligible.

Level III - Final: Pass in Intermediate with 3 years of articleship training with a practicing Chartered Accountant is eligible.

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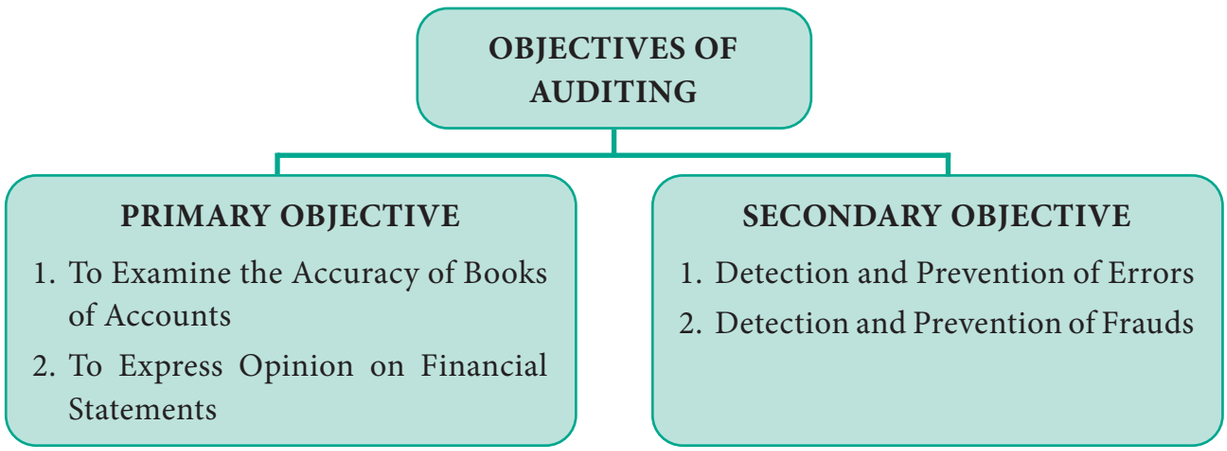
https://www.charteredclub.com

https://superprofs.com

- Members of the Institute of Chartered Accountants of India (ICAI) are known as Chartered Accountants.
- ICAI had 3,27,000 registered members as on April 2022.
- Comptroller and Auditor General (CAG) of India is an authority, established by the Constitution under Constitution of India, who audits all receipts and expenditure of the Government of India and the state governments.

1.7 Objectives of Auditing

The objective of an audit is to express an opinion on financial statements. The auditor has to verify the financial statements and books of accounts to certify the truth and fairness of the financial position and operating results of the business. Therefore, the objectives of audit are categorized as primary or main objectives and secondary objectives.



1.7.1 Primary Objectives

The primary or main objective of audit is as follows:

1. To Examine the Accuracy of the Books of Accounts

An auditor has to examine the accuracy of the books of accounts, vouchers and other records to certify that Profit and Loss Account discloses a true and fair view of profit or loss for the financial period and the Balance Sheet on a given date is properly drawn up to exhibit a true and fair view of the state of affairs of the business. Therefore the auditor should undertake the following steps:

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- Verify the arithmetical accuracy of the books of accounts.
- Verify the existence and value of assets and liabilities of the companies.
- Verify whether all the statutory requirements on maintaining the book of accounts has been complied with.

Meaning of Books of Accounts

- Books of Accounts mean the financial records maintained by a business concern for a period of one year. The period of one year can be either calendar year i.e., from 1st January to 31st December or financial year i.e., from 1st April to 31st March. Usually, business concerns adopt financial year for accounting all business transactions.
- Books of accounts include the following: ledgers, subsidary books, cash and other account books either in the written form or through print outs or through electronic storage devices.

2. To Express Opinion on Financial Statements

After verifying the accuracy of the books of accounts, the auditor should express his expert opinion on the truthness and fairness of the financial statements. Finally, the auditor should certify that the Profit and Loss Account and Balance Sheet represent a true and fair view of the state of affairs of the company for a particular period.

- **Meaning of Financial Statement**
  Financial Statement means the statements prepared at the end of the year taking into account the business activities that took place for a year, for example, transactions that takes place in a business concern from 1st April to 31st March.
- **Components of Financial Statement**
  Financial Statement includes the following:
  1. Trading and Profit and Loss Account, and
  2. Balance Sheet.
- **Elements of Financial Statements include the following:**
  1. **Assets:** Assets include cash and bank balance, value of closing stock, debtors, bills receivable, investments, fixed assets, prepaid expenses and accrued income.
  2. **Liabilities:** Liabilities include capital, profit and loss balance, creditors, bills payable, outstanding expenses and income received in advance.
  3. **Revenue:** Revenue includes sales, collection from debtors, rent received, dividend, interest received and other incomes received.
  4. **Expenditure:** Expenditure includes purchases, payment to creditors, manufacturing and trade expenses, office expenses, selling and distribution expenses, interest and dividend paid.

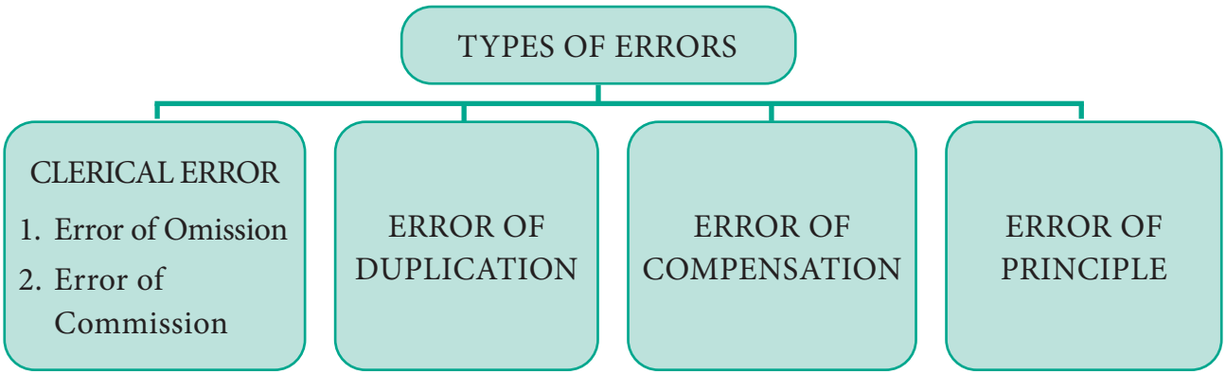
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1.7.2 Secondary Objectives

The secondary objectives of audit are: Detection and Prevention of Errors and Detection and Prevention of Frauds.

Detection and Prevention of Errors

The Institute of Chartered Accountants of India defines an error as, "an unintentional mistake in the books of accounts." Errors are the carelessness on the part of the person preparing the books of accounts or committing mistakes in the process of keeping accounting records. Errors which take place in the books of accounts and the duty of an auditor to locate such errors are discussed below:



1. CLERICAL ERROR

Errors that are committed in posting, totalling and balancing of accounts are called as Clerical Errors. These errors may or may not affect the agreement of the Trial Balance.

Types of Clerical Errors:

(A) Errors of Omission:

When a transaction is not recorded or partially recorded in the books of account is known as Errors of Omission. Usually, it arises due to the mistake of clerks. Error of omission can occur due to complete omission or partial omission.

(1) **Error of Complete Omission:** When a transaction is totally or completely omitted to be recorded in the books it is called as "Error of Complete Omission". It will not affect the agreement of the Trial Balance and hence it is difficult to detect such errors.

Example – 1: Goods purchased on credit from Mr. X on 10.5.2016 for ₹20,500, not recorded in Purchases Book.

Example – 2: Goods sold for cash to Ram for ₹10,000 on 1.7.2016, not recorded in Cash Book.

(2) **Errors of Partial Omission:** When a transaction is partly recorded, it is called as "Error of Partial Omission". Such kind of errors can be detected easily as it will affect the agreement of the Trial Balance.

Example – 1: Credit purchase from Mr.C for ₹45,000 on 10.12.2016, is entered in the Purchases Book but not posted in Mr.C's account.

Example – 2: Cash book total of ₹1,10,100 in Page 5 is not carried forward to next page.

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(B) Errors of Commission:

Errors which are not supposed to be committed or done by carelessness is called as Error of Commission. Such errors arise in the following ways:

(1) Error of Recording,

(2) Error of Posting,

(3) Error of casting, or Error of Carry-forward.

(1) Error of Recording: The error arises when any transaction is incorrectly recorded in the books of original entry. This error does not affect the Trial Balance.

Example – 1: Goods purchased from Shyam for ₹1000 wrongly recorded in Purchases Day Book as ₹100.

Example – 2: Goods purchased from Ram for ₹1,000, instead of entering in Purchase Day Book wrongly entered in Sales Day Book.

(2) Error of Posting: The error arises when a transaction is correctly journalised but wrongly posted in ledger account.

Example – 1: Rent paid to landlord for ₹10,000 on 1.5.2016 is wrongly posted to debit side of Repairs account instead of debit side of Rent account.

Example – 2: Rent paid to landlord for ₹10,000 on 1.5.2016 is wrongly posted to credit side of Rent account instead of debit side of Rent account.

(3) Error of casting, or Error of Carry-forward: The error arises when a mistake is committed in carrying forward a total of one page on the next page. This error affects the Trial Balance.

Example – 1: Purchases Book is totalled as ₹10,000 instead of ₹1,000.

Example – 2: Total of Purchases Book is carried forward as ₹1,000 instead of ₹100.

2. ERROR OF DUPLICATION

Errors of duplication arise when an entry in a book of original entry has been made twice and has also been posted twice. These errors do not affect the agreement of trial balance, hence it can't located easily.

Example: Amount paid to Anbu, a creditor on 1.10.2016 for ₹75,000 wrongly accounted twice to Anbu's account.

3. ERROR OF COMPENSATION (or) COMPENSATING ERRORS

When one error on debit side is compensated by another entry on credit side to the same extent is called as Compensating Error. They are also called as Off-setting Errors. These errors do not affect the agreement of trial balance and hence it cannot be located.

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Example: A's account which was to be debited for ₹5,000 was credited as ₹5,000 and similarly B's account which was to be credited for ₹5,000 was debited for ₹5,000.

4. ERROR OF PRINCIPLE

An error of principle occurs when the generally accepted principles of accounting are not followed while recording the transactions in the books of account. These errors may be due to lack of knowledge on accounting principles and concepts. Errors of principle do not affect the trial balance and hence it is very difficult for an auditor to locate such type of errors.

Example – 1: Repairs to Office Building for ₹32,000, instead of debiting to repairs account is wrongly debited to building account.

Example – 2: Freight charges of ₹3,000 paid for a new machinery, instead of debiting to Machinery account wrongly debited to Freight account.

STUDENTS ACTIVITY

Collect novelist experiences about errors come across by a nearby Auditor.

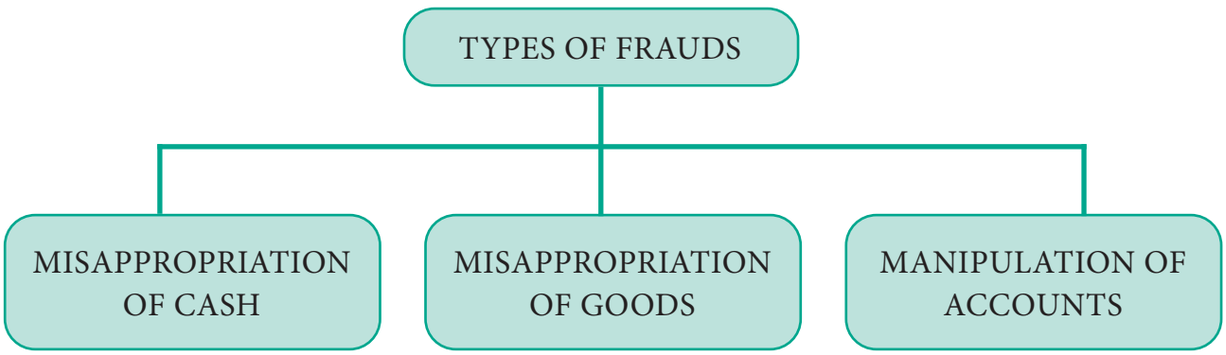
Detection and Prevention of Frauds

Fraud is the intentional or wilful misrepresentation of transactions in the books of accounts by the dishonest employees to deceive somebody. Thus detection and prevention of fraud is of great importance and constituents an important duty of an auditor. Fraud can be classified as:

1. MISAPPROPRIATION OF CASH

This is a very common method of misappropriation of cash by the dishonest employees by giving false representation in the books of accounts intentionally. In order to detect and prevent misappropriation, the auditor should verify the system of internal check in operation and by making a detailed examination of records and documents. Cash may be misappropriated in the following ways:

(1) By omitting to enter cash which has been received.



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Example: Cash received on account of cash sales for ₹35,000 is not accounted in the debit side of the cash book.

(2) By accounting less amount on the receipt side of cash book than the actual amount received.

Example: Cash received on account of cash sales for ₹35,000 is accounted in the debit side of the cash book as ₹25,000. The difference of ₹10,000 may be defrauded by the cashier.

(3) By recording fictitious entries on the payment side of cash book.

Example: Cash book is credited for ₹44,000 as amount paid to Mr.X for goods purchased on credit but actually no amount is paid. Hence, cashier misappropriates ₹44,000 of cash as paid to Mr.X.

(4) By accounting more amount on payments side of cash book than the actual amount paid.

Example: Amount paid to Gopal for ₹5,000 is accounted on the credit side of cash book as ₹15,000. The difference of ₹10,000 may be defrauded by the cashier.

(5) Teeming and Lading of Fraud which means cash received from one customer is misappropriated and remittance received from another debtor is posted to the first debtors account.

2. MISAPPROPRIATION OF GOODS

Fraud which takes places in respect of goods is Misappropriation of Goods. Such a type of fraud is difficult to detect and usually takes place where the goods are less bulky and are of high value.

- By showing less amount of purchase than actual purchase in the books of accounts.
- By showing issue of material more than actual issue made.
- By showing good materials as obsolete or poor line of goods.
- By showing fictitious entries in the books of accounts.

Example – 1: Goods purchased amounting to ₹58,000 is wrongly accounted in Purchases Book as ₹50,000. Hence, showing less amount of purchases than the actual and misappropriating goods worth ₹8,000.

Example – 2: Goods issued from stores for 1000 units is wrongly accounted in the Ledger accounts as 3000 units issued. The difference of 2000 units may be misappropriated by the storeskeeper.

Example – 3: Entries in the Purchases Book may be suppressed or inflated to show more or less profit.

Detection of Misappropriation of goods is a difficult task for an Auditor. Only through efficient system of inventory control, periodical stock verification, internal check system and adequate security arrangement the scope for such frauds can be eliminated or minimized.

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Auditor has to thoroughly scrutinize the inward and outward registers, invoices, sales memos, audit notes, etc., to detect the goods-related frauds.

3. MANIPULATION OF ACCOUNTS

There is a very common practice almost in every organization, some dishonest employees have intention to commit this type of fraud. Manipulation of accounts is the procedure to alter books of accounts in such a way that there will be an increase or decrease in the amount of profit to achieve some personal objectives of the high officials. It is very difficult for the auditors to identify such frauds which may be due to manipulation of accounts.

Causes of Manipulation of Accounts

There are different reasons for manipulation of accounts. The reasons are:

- To get more commission calculated on profit
- For evasion of income tax and sales tax
- To get huge loan from financial institutions by showing more profit in the books of accounts.
- To declare more dividend to the shareholders.
- By showing more profit than actual to get confidence of the shareholders.
- To make secret reserves by showing less income or by showing more expenses in the books of accounts.

Ways of Manipulation of Accounts

Manipulation of accounts may be made in the following ways:

- By showing more or less amount on fixed assets,
- By showing over valuation or under valuation of stock,
- Over or under valuation of liabilities,
- Creation of over or under provision for depreciation,
- Charging capital expenditure as revenue expenditure or vice versa,
- By making more or less provision for bad debts and for outstanding liabilities,
- By showing advance income or expenditure in the current year accounts.

Objectives of Manipulation of Accounts

The objectives of Manipulation may be window dressing or creation of secret reserves.

- **Window Dressing**: In window dressing, accounts are manipulated in such a manner to reveal a much better and sound financial position of the business than what actually it is, in order to mislead the outsiders by inflating the profit.
- **Secret Reserves**: Accounts are prepared in such a manner that they disclose a worse financial position than the real. The real picture of the business is concealed and a distorted one is revealed.

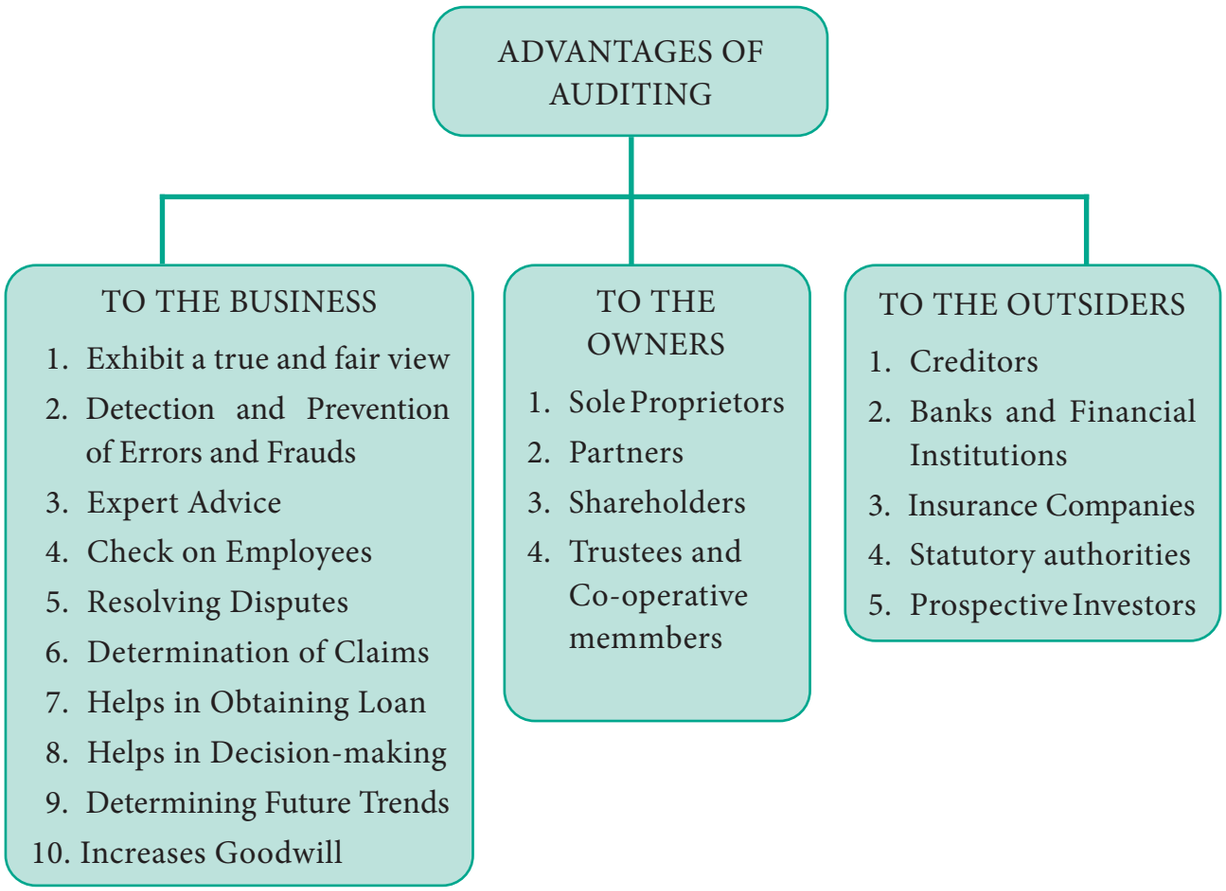
STUDENTS ACTIVITY

Collect any one company's details which involved in accounting frauds identified through auditing.

1.8 Advantages of Auditing:

Auditing provides benefits to the business, owners and to the outsiders in the following ways:

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I. Benefits to the Business

1. **Exhibits a True and Fair View of the Financial Statements:** Audited accounts enables to reveal that the Profit and Loss Account and Balance Sheet of the business concern shows a true and fair view of the state of affairs of the business concern.
2. **Detection and Prevention of Errors and Frauds:** When books of accounts are audited, errors and frauds can be detected and necessary action can be taken to prevent it.
3. **Expert Advice:** Auditors who possess professional outlook provide expert advice to the company on various aspects such as tax matters, internal check, internal control and submission of various reports to the statutory authorities, preparation of project reports etc.
4. **Check on Employees:** When accounts are audited it creates a moral pressure on the employees to be very cautious and regular in their work, as a result the chances of errors and frauds will be minimized.
5. **Helps in Resolving Disputes:** Audited accounts provides a basis for settling disputes and conflicts among the partners in the case of partnership firm and to settle disputes with regard to bonus, wages etc. in the case of companies.
6. **Helps in Determination of Claims:** An insurance company settles claims to the companies for the loss due to damage of business property only on the basis of audited accounts.
7. **Helps in Obtaining Loan:** Loans can be easily borrowed from banks

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and other financial institutions on the basis of audited accounts, as the audited accounts authenticate the truthfulness of the books of accounts and financial statements.

8. **Helps in Decision-Making:** Audited accounts are relied upon for the purpose of decision-making by the management.
9. **Helps to Determine Future Trends:** By comparing the audited accounts with past years, the trend of financial activities can be determined. On the basis of review, weaknesses are found out and policies for the future period can be determined.
10. **Increase in Goodwill:** Audit of business on a regular basis increases confidence to the interested parties and general public, as a result goodwill of the business can be enhanced.

II. Benefits to the Owners

1. **Benefits to the Sole Proprietors:** Audited accounts provide assurance to the proprietor about the accuracy of accounts maintained by his employees and also enables to know the financial performance of the business. It further enables the proprietor to obtain loan and in computation of income tax liability.
2. **Benefit to the Partners:** In case of partnership business, audited accounts help the partners in settlement of accounts among the partners at the time of admission, retirement or in the case of death of a partner.
3. **Benefit to the Shareholders:** Share-holders are the owners of the company. With the help of audited accounts, they get a real picture of the financial position of the company and that directors and managing directors have not taken any undue advantage of their position.
4. **Benefit to Trust, Co-operative Societies:** Audit of accounts of co-operative societies and Trusts provide evidence that the interest of the beneficiaries and members are properly protected.

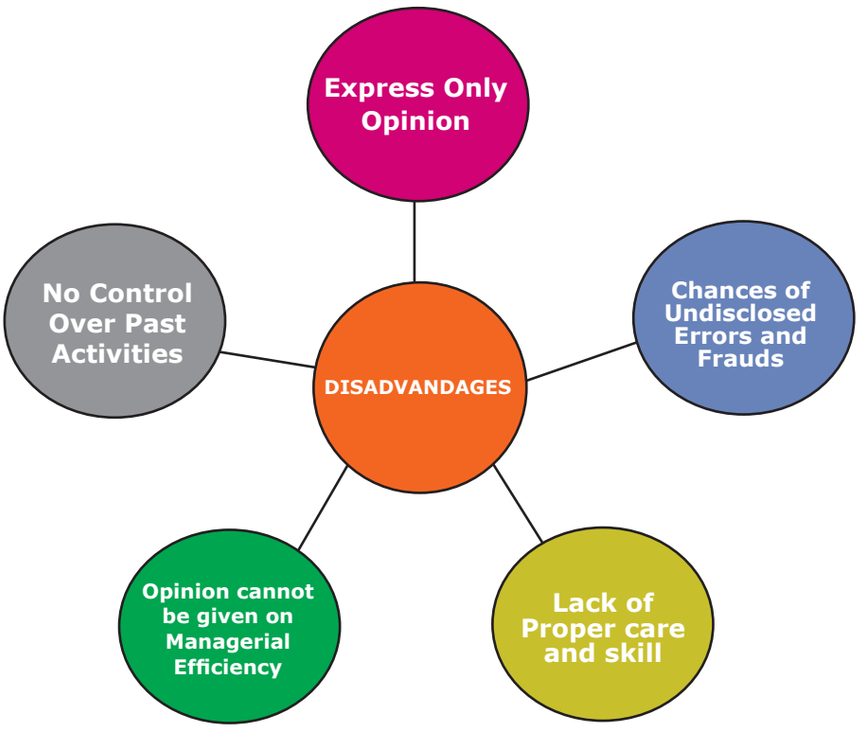
III. Benefits to the Third Parties

1. **Bank and Financial Institutions:** Banks and other financial institutions grant loan to the business concern on the basis of audited financial statements.
2. **Creditors:** Creditors who supply goods to the business may assess the solvency and liquidity position of the business on the basis of audited accounts.
3. **Insurance Companies:** For settlement of insurance claims, insurance companies can rely on audited accounts.
4. **Statutory Authorities:** Statutory authorities like income tax, sales tax, wealth tax etc. accept audited statements for determining the liability which arises due to income, sales and wealth.
5. **Prospective Investors:** Prospective investors who wish to invest money in shares and debentures of a company rely on audited accounts.

1.9 Limitations of Auditing

The limitations or disadvantages of auditing are as follows:

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1. **Gives Opinion:** After the completion of audit, an auditor gives only the opinion regarding true and fair view of the books of accounts and financial position of the business. Therefore, an auditor is not an insurer; he does not give guarantee regarding financial reflections of the business.
2. **Chances of Undisclosed Errors and Frauds:** An Auditor has to depend on many financial data and statements supplied by the management which may be wrong or misleading. Therefore, there may be some undisclosed errors and frauds in the books of accounts.
3. **Lack of Proper Care and Skill:** Often it is seen that an Auditor does not apply proper care and skill to verify the books of accounts and take it as a routine matter. As a result, the books of accounts do not reflect true and fair view of the financial position of the business.
4. **No Evaluation of Managerial Efficiency:** An Auditor is not an advisor, therefore, he cannot give his opinion regarding managerial efficiency because every concern has its own policy, procedures and practices.
5. **Not Preventive:** Audit is a post-mortem examination. The work of audit starts after the completion of transactions recorded in the books of accounts. Therefore, audited accounts can prevent the future activities but not the past.

1.10 Investigation

MEANING

Investigation is a detailed examination of accounts and enquiry into the state of affairs of the business or for a specific

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purpose. It involves the process of analysing, collecting and presenting facts in a manner which enables the parties to know the essential facts regarding the matter under enquiry. Investigation covers more than one financial period and the programme depends on each type of investigation.

Example: Investigation is conducted in deduction of suspected fraud and theft, to identify causes for continuous loss and low productivity and to evaluate the credit worthiness of business.

DEFINITION

- According to **Spicer and Pegler,** "The term investigation implies an examination of records for some special purpose".
- **Taylor and Perry**, "Investigation involves and enquriy into the fact beyond the books of accounts into the technical, financial and economic position of the organisation".

OBJECTIVES

The following are the objectives of Investigation:

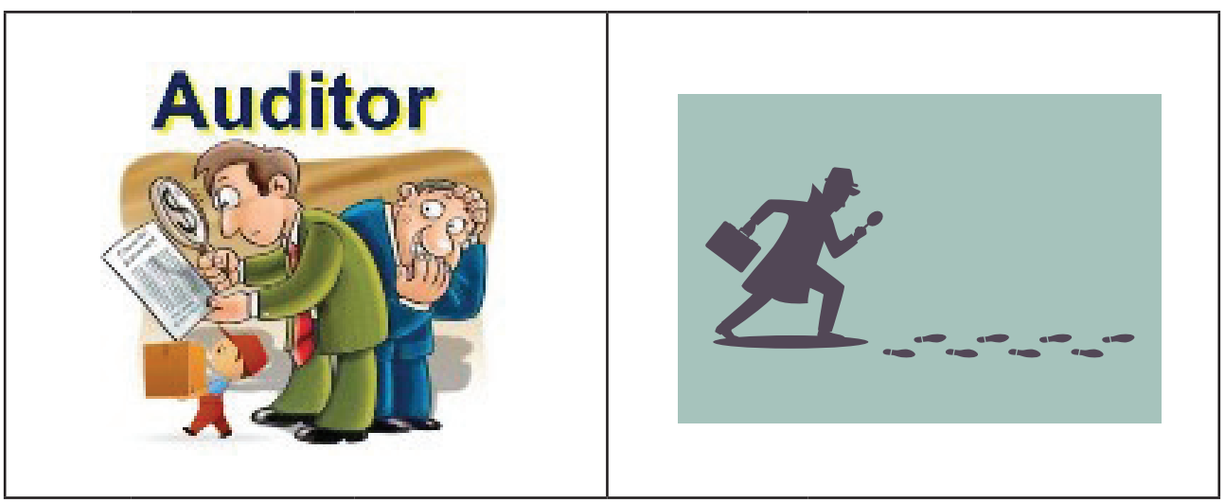
1. To ascertain the financial position and the earning capacity of the concern.
2. To investigate when fraud is suspected by the proprietor.
3. To investigate on behalf of Income Tax authorities for tax liability.
4. To investigate for the purpose of lending money to a concern.
5. To investigate for claims under insurance policy covering losses.

STUDENTS ACTIVITY

Collect any one company's accounts investigation report.

1.11 Differences between Auditing and Investigation

The point of difference between auditing and investigation can be explained as follows:



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S. No.	Basis of Difference	Auditing	Investigation
1	Meaning	Auditing is concerned with examining the accounts and reporting on financial statements.	Investigation is the examination of accounts of a business for special purpose.
2	Objective	The objective of Auditing is to express an opinion on the financial statements of the concern.	Investigation is done for some specific purpose.
3	Compulsion	It is compulsory in case of Joint stock companies.	It is not compulsory
4	Period	Auditing is done at the end of the financial year.	Investigation can be done over a period of years.
5	Conduct	Audit is conducted on behalf of the owners of the company	Investigation is conducted on behalf of outsiders and owners at some times.
6	Scope	It is has a narrow scope	It has a wide scope
7	Appointment	An auditor is appointed by the shareholders or directors or by Government.	An investigator is appointed by the outsider.
8	Report	Auditor has to give a report about the true and fair view of the final accounts.	The Investigator gives a report on the basis of conclusion and enquiries. Expression of the opinion is not necessary.
9	Qualification	Only Chartered Accountants are qualified to conduct audit of companies.	An investigation need not be conducted by a Chartered Accountant.
10	Process of Work	Investigated accounts are not audited in ordinary course.	Generally audited books of accounts are taken up for investigation.

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SUMMARY

Auditing - Meaning

- Auditing is a detailed and critical examination of books of accounts by an independent and qualified person to ascertain the true and fair view of state of affairs of the business.

Advantages of Auditing

- Auditing is useful to owners, company and outsiders. The advantages of auditing include detection and prevention of errors and frauds, weaknesses of control system, to have moral check on employees, professional advice, to resolve disputes, insurance claims, settle wages and bonus and to determine tax amount.

Objectives of Auditing

- Objectives of auditing are classified as primary, secondary and other objectives. The primary objective of an auditor is to examine the accuracy of the books of accounts and to express his opinion on the financial statements.
- The secondary objective of auditing is to detect errors and frauds. Errors are unintentional mistake in the books of accounts and may arise in the following ways: (1) Clerical error i.e., error of omission and commission, (2) Error of principle, (3) Compensating error, and (4) Error of Duplication.

Fraud

- False representation or entries made intentionally in the books to defraud somebody are called as fraud. Frauds take place in the form of (1) Misappropriation of cash, (2) Misappropriation of goods, and (3) Manipulation of accounts.

Investigation

- Investigation means an enquiry or examination of books of accounts for some specific objectives. It involves the process of analysing, collecting and presenting facts in a manner which enables the parties to known the essential facts regarding the matter under enquiry.

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KEY TERMS

- **Auditing:** It is a detailed and critical examination of books of accounts by an independent and qualified person to ascertain the true and fair view of state of affairs of the business.
- **Auditor:** The person who checks the accuracy of the books of accounts and expresses an opinion on the financial statements of the business concern.
- **Investigation:** Investigation is a detailed examination of accounts and enquiry into the state of affairs of the business or for a specific purpose.
- **Error:** Errors are unintentional mistakes in the books of accounts.
- **Fraud:** False representation or entries made intentionally in the books to defraud somebody.
- **Clerical Error:** Errors that are committed in posting, totalling and balancing are called as Clerical Errors.
- **Error of Principle:** When a transaction is recorded in contravention of accounting principles is known as Error of Principle.
- **Compensating Error:** An error when committed on debit side is compensated by another error on credit side to the same extent is called as Compensating Error.
- **Error of Duplication:** Error of duplication arises when the transaction is recorded twice in the books of accounts or posted twice in the ledger.
- **Misappropriation of Cash:** Fraud which takes place by misappropriating cash.
- **Misappropriation of Goods:** Fraud in respect of misappropriating the goods.
- **Manipulation of Accounts:** Manipulation of accounts is the procedure to alter the books of accounts in such a way that there will be an increase or decrease in the amount of profit to achieve some personal objectives of the high officials.
- **Window Dressing:** It is manipulating the accounts with a view to present better picture of the state of financial affairs than the actual.
- **Teeming and Lading of Fraud:** Teeming and Lading of Fraud means cash received from one customer is misappropriated and remittance received from another debtor is posted to the first debtors account.

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EVALUATION

TJN2U

I. Multiple Choice Questions

1. The term "Audire" literally means _____ .
   a. to hear
   b. to check
   c. to prevent
   d. to inform

2 The term audit is derived from _____ .
   a. Latin
   b. French
   c. Greek
   d. Japanese

3 Primary object of auditing is to _____ .
   a. Detect fraud
   b. Detect error
   c. Prevent fraud and error
   d. Verify of accounts and statement

4. Transposition of figure is an error of _____ .
   a. Principle
   b. Omission
   c. Commission
   d. Compensation

5. Incorrect addition, wrong postings and entries are errors of _____ .
   a. Commission
   b. Duplication
   c. Principle
   d. Omission

6. Accounts seem to indicate much better and sound financial position of the business enterprises _____ .
   a. Amortization
   b. Teeming and lading
   c. Secret reserve
   d. Window dressing

7. The wrong allocation of amount between capital and revenue is an error of _____ .
   a. Compensation
   b. Principle
   c. Commission
   d. Omission

8. Fraud in respect of goods is _____ _____ .
   a. Misappropriation of cash
   b. Misappropriation of goods
   c. Manipulation of accounts
   d. All the above

9. If any transaction is recorded twice in the books, this type of error is _____ .
   a. Compensation
   b. Principle
   c. Duplication
   d. Commission

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10. The effect of window dressing results in _____ .
    a. Deflating profit
    b. Inflating profit
    c. Deflating and inflating profit
    d. Curtaining the loss.

[Answers: 1.(a), 2.(a), 3.(d), 4.(c), 5.(a), 6.(d), 7.(b), 8.(b), 9.(c), 10.(b)]

II. Very Short Answer Questions.

1. What is the literal meaning of "audire"?
2. Define Auditing.
3. What are the primary objectives of Auditing?
4. What is an Error?
5. What is Fraud?
6. What is Window dressing?
7. What is Teeming and lading?
8. Define Investigation.

III. Short Answer Questions.

1. Enumerate the various clerical errors.
2. Who is an Auditor?
3. What are the disadvantages of Auditing?

IV. Essay Type Questions.

1. What are the differences between Accountacy and Auditing
2. Explain the various objectives of Auditing.
3. What are the advantages and disadvantages of Auditing?
4. Distinguish between Auditing and Investigation.

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Chapter 2 CLASSIFICATION OF AUDIT

Learning Objectives

- Classifications of Audit
- Meaning and Advantages of an Audit of Sole Proprietor, Partnership firm and Joint Stock Company.
- Meaning and Advantages and Disadvantages of Continuos Audit, Occasional Audit, Annual Audit, Interim Audit.
- Meaning of Balance Sheet Audit, Standard Audit.
- Audit of Special Entities like Hotel, Hospital, Education Intitutions and Cinema Theatres.
- Difference between Continuous Audit and Annual Audit.
- Difference between Continuous Audit and Interim Audit

B092G

TO BE RECALLED RECAP

In the previous Unit we have studied Meaning, Definition, Objectives, advantages and disadvantages of Auditing, Types of Frauds and Errors, Auditor's Duty in relation to Errors and Frauds, Meaning and Definition of Investigation and Difference between Auditing and Investigation.

2.1 Introduction

Auditing is a multi-dimensional and comprehensive technique. An effective insight into the nature of auditing can be obtained by understanding the various types of audit, which together constitute the auditing discipline. Auditing can be classified from various view points. In this chapter, the detailed classification of audit will be discussed.

2.2 Classification of Audit

Classification of Audit

Based on Organization Structure
- A. Audit of Sole Trader
- B. Audit of partnership firm
- C. Audit of Joint Stock Company

Based on Period
- A. Continuous Audit
- B. Occasional Audit
- C. Annual Audit
- D. Interim Audit

Based on Objective
- A. Standard Audit
- B. Balance Sheet Audit

Based on Functions of Special Entities
- A. Audit of Hotel
- B. Audit of Hospital
- C. Audit of Education institutions
- D. Audit of Cinema Theatres

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2.2.1 Based On Organisation Structure

[A] Audit Of Sole Trader

Sole Proprietor or trader is a person who solely owns, manages and controls a business. Sole proprietor decides upon auditing the accounts and decides upon the scope of audit and appointment of auditor. There is no legal compulsion for audit of accounts of a sole proprietor but usually business concerns get audited especially when the volume of transaction is large. Before conduct of audit, the auditor should obtain an agreement from the proprietor stating the scope, conduct and any specific instructions of audit. The rights and duties of an auditor will depend upon the terms of agreement with the client. In future when the auditor is charged for negligence, he can protect himself by producing the agreement of audit.

Advantages

The sole proprietor gets several benefits from audited accounts; some of them are as follows:

1. **Accuracy of Accounts:** Audited accounts reveal the truthness and correctness of transactions and provide an assurance that accounts are properly maintained.
2. **Detection and Prevention of Errors and Frauds:** It helps in detecting and preventing errors and frauds in the books of accounts.
3. **Provides Assurance of Proper Accounting:** The trader is assured that his incomes are properly accounted and expenditures are properly vouched.
4. **Discovery of Defalcations:** He is also assured of not being defrauded by any of his employees or agents, as the defalcations are discovered by the auditor.
5. **Helps in Comparing Accounts:** The presentation of accounts on a uniform basis helps comparison of various classes of expenditure from year to year. In case the expenditure crosses the budgeted targets, causes for the same may be ascertained and remedial measures may be taken.
6. **Relied by Statutory Authorities:** The audited accounts are the reliable document for income tax and wealth tax purposes.
7. **Helps in Settlement of Claims:** Audited accounts may also facilitate the settlement of various kinds of claims.
8. **Moral Check on Employees:** It enables a moral check among employees especially among dishonest staff.

[B] Audit Of Partnership Firm

The Indian Partnership Act, 1932 does not require audit of a partnership firm. Considering the benefits of audit many firms get their accounts audited by a qualified auditor. The scope and conduct of audit and rights and duties of the auditors are determined on the basis of the agreement between the firm and auditor. While conducting audit of partnership firm the auditor must refer to the deed of partnership.

Advantages

The following are some of the benefits in auditing the accounts of a partnership firm:

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1. **Proper Maintenance of Accounts:** When accounts are audited, it provides an assurance that the books of accounts are maintained properly and financial statements give a true and fair view of state of affairs of the business.
2. **Detection of Errors and Frauds:** An audited account helps in quick and easy detection of errors and frauds.
3. **Easy Settlement of Accounts:** An audited account helps in quick and easy detection of Audited accounts ensure easy settlement of accounts and valuation of goodwill on retirement, death or on admission of a partner. Audit of accounts is advisable to avoid any financial dispute among the partners.
4. **Grant of Easy Loans and Advances:** Firm can obtain easy loans and advances from various financial institutions based on audited accounts.
5. **Taxation Purpose:** The firm can use audited accounts for the purpose of taxation or for improvements in operations.

[C] Audit Of Joint Stock Company

Companies formed and registered under the Companies Act, 1956 have to compulsorily its books of accounts as the owners (shareholders) and the management of the company is different. The company auditor's rights, duties, appointment, remuneration etc. are governed by the provisions of the Companies Act. This type of audit is called as Statutory Audit and the person who conducts the audit is called as Statutory Auditor.

The main objective of external or statutory audit is to examine the accuracy that the financial statements reflect a true and fair view of the state of affairs of the business. In other words, the company auditor has to verify that the books of accounts and certify that the books of accounts and financial statements exhibit a true and fair view of the state of affairs of the business concern in the form of a report to the shareholders of the company.

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Characteristics or Features

1. The main objective of external or statutory audit is to examine the accuracy that the financial statements reflect a true and fair view of the state of affairs of the business.
2. The scope of work is determined by the Companies Act and the auditor possesses an independent status and the management has no control over the auditor.
3. Auditor should be a qualified Chartered Accountant as laid down in the provisions of the Companies Act.
4. Statutory auditor is appointed and removed by the shareholders of the company.
5. The powers and duties of statutory audit are determined by the Companies Act.
6. Statutory or Company auditor is liable both to shareholders and to the third parties.
7. After audit of account of a company, auditor has to submit a audit report to the shareholders at annual general meeting in prescribed format.
8. Company or statutory auditor is responsible to shareholders and acts as a watch-dog for the shareholders.

Advantages

The following are the advantages of auditing the accounts of a Joint Stock Company.

1. **Verification of Accuracy of Books of Accounts:** Audit of accounts helps to verify the correctness of the financial transaction and accuracy of books of accounts.
2. **Detection and Prevention of Errors and Frauds:** Audit helps in detecting and preventing both errors and frauds and also exhibits a true and fair view of state of affairs of the company to the shareholders who are the owners of the company.
3. **Moral Check on the Management:** Audit of accounts enables to have a moral check on the management in order to protect the interest of the shareholders.
4. **Safeguards Interest of Shareholders:** When accounts are audited by a qualified auditor, the interest of the shareholders and third parties are protected and safeguarded against any frauds committed by the directors, promoters or managers.
5. **Valuable Suggestions:** Besides the above advantages, auditor who is in touch with the company operations can provide valuable suggestions.

Preliminaries before Conduct of Audit

A company is an artificial judicial person and has separate legal entity. The share holders of the company are interested to know the financial position of the company. Hence, the audit of books of accounts for the limited company is compulsory. The auditor has to produce a report on the books examined by him and express a true and fair view of the profit and loss account prepared by the client. Before commencing the audit work, the auditor has to undertake certain preliminary steps. They are:

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- Examining the validity of appointment
- Inspection of Documents, Contracts and Registers
- Other Information.

Examining the Validity of Appointment

The auditor has to check that his appointment has been made as per the provisions of Companies Act. He has to ensure that his appointment has been validly made based on the different provisions for the appointment of auditor under Companies Act.

The following are the various circumstances of appointment of auditor:

- Where he is appointed as first auditor, get a copy of the resolution by the directors about his appointment;
- Where he is appointed in the place of retiring auditor, he should enquire from the retiring auditor in writing, whether due notice was given to him and also the circumstances under which he retired, and also if the retiring auditor has any objection to his accepting the appointment. Failure on the part the auditor shall be treated as a breach of professional ethics.
- Where his appointment is made by the shareholders in annual general meeting, he should procure a copy of the shareholders resolution regarding his appointment, and inform the Registrar within 30 days whether he is accepting the appointment.
- Where he is appointed in a casual vacancy, by the directors, he should obtain a copy of the director's resolution to this effect.

2. Inspection of Documents, Contracts and Registers

He should obtain a certified list of all the books used in the company and examine the records, documents and registers with reference to the following:

(a) Memorandum of Association: The Memorandum of Association is the basic document of the company. It authorizes a company to engage in specific activities. Therefore, it is necessary for the auditor to examine the scope and powers of the company.

The auditor should have a complete study of Memorandum of Association in the following aspects:

- Whether the transactions carried by the company are subject to the clauses in the Memorandum of Association, if not the transactions of the company become ultra vires.
- The auditor has to check the share capital issued is within the authorized capital.
- He should scrutinize the object clause and borrowing powers of the company.
- He has to check other provisions, which are likely to affect the accounts of the company.

(b) Articles of Association: The Articles of Association deals with rules and regulations of the internal management of the company.

The auditor has to examine the following particulars in the Articles of Association:

- Issue, allotment and forfeiture of shares and declaration of dividend.

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- Appointment and removal of directors and officers of the company and the provisions relating thereto.
- Provisions regarding meeting and voting rights of share holders.
- Borrowing powers of company.
- Payment of interest on capital, underwriting commission and brokerage.
- The auditor has to make thorough study of the Articles of Association and he has to apply his skill and knowledge on various transactions of the company.

(c) Prospectus: A Prospectus is an invitation to the public to subscribe for shares and debentures of the company. It holds all the rules and regulations for the issue of shares. Normally all the matters which are in the articles of association are also found in the prospectus.

The auditor should make a detail study in the following matters:

- He should verify the name, addresses, remuneration of directors and other statutory officers whose particulars are specified in the prospectus.
- He should see that all the statements made in the prospectus are true.
- He should examine in the prospectus that the amount payable at the time of allotment and call.
- He has to examine that any material contract made by the company within two years from the date of issue of prospectus.

(d) List of Books: Auditor should ask the company to submit a list of all the books of account, statistical and statutory books maintained by the company. Important books are kept at the Registered Office of the company.

(e) Contracts: The auditor has to check the date of agreement or contracts made by the company with other parties, like, vendors, underwriters, promoters or brokers etc. Further, the auditor should verify whether the agreements are made by the authorized person of the company. He should see that entries relating to contracts are recorded correctly.

(f) Minutes Books: Every company has to maintain a book in order to record the proceedings in the general meetings, meetings of board of directors and committee of the board. They are in the form of a bound note book. The auditor has to verify that the chairman has certified the minute books with date and signature. The audit of the Minute Books helps the auditor in vouching various transactions e.g., adoption of the annual accounts, calls on shares, directors fees and expenses, appointment of first auditor and his remuneration and authorization of capital expenditure etc.

(g) Certificate of Incorporation: Certificate of Incorporation is an important document which brings the private company into legal existence. The auditor has to check that all legal official procedures have been fulfilled subject to the provisions of the Companies Act.

(h) Certificate of Commencement of Business: A public company has to get Certificate of Commencement of business before it commences its business. The auditor should examine the Certificate of

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Commencement of business in case of a public company.

(i) Previous Year Balance Sheet, Profit and Loss Account and Audit Report: The auditor has to verify the last year Balance Sheet and ensure that the balances are correctly recorded in the current books. He has to check the minute book of the share holders about the adoption of the accounts. Moreover, he has to get the copies of last year's Profit and Loss Account and Balance Sheet which is required for conduct of his audit work. He should ensure that the objections or qualifications raised in the previous audit report have been duly met by the company. He should examine the Directors report to the members containing the recommendations of the Directors in respect of the appropriations of profits made last year.

Other Informations

(a) System of Accounting: The auditor has to study the accounting system followed in the company and has to observe the inefficiencies.

(b) List of Officers: The auditor has to obtain the list of officers in the company with their specimen signature.

(c) Evaluation of Internal Check and Control System: The auditor has to obtain detailed information about the internal check and internal control system in the company. This will enable him to identify the defects in the accounting system. Further, he has to verify the recommendations, if any, made in the last year audit report.

2.2.2 Based on Period

[A] Continuous Audit

Continuous audit implies a detailed examination of all the transactions by auditor continuously throughout the year. In other words, when the accounts of the client are checked continuously throughout the whole year or at intervals during the financial period is called as Continuous Audit. At the end of the financial period, the auditor checks the correctness of the financial statements and submits a report without much loss of time.

Features or Characteristics

1. It involves detailed examination of all transactions by the auditor.
2. The auditor visits the business concern at frequent intervals, say, weekly or fortnightly or monthly during the period of audit.
3. Continuous audit is done simultaneously with the preparation of accounts.

LEGAL DECISIONS

In a case between *State Steel Trust Co. Vs. Ernst.*, a client raised a loan on the basis of audited accounts, it was held that the auditors duty of reasonable care and skill extends not only to the client but also to third parties who relied on the audit report.

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4. The auditor is constantly engaged in checking the accuracy of the accounts during the whole accounting period.
5. At the end of the financial period, the auditor checks the correctness of the financial statements and submits a report.

Advantages

1. **Easy Detection of Errors and Frauds:** The detailed checking involved in continuous Audit can discover errors and frauds easily and quickly.
2. **Quick Presentation of Accounts:** Since the accounts are checked throughout the year, it is possible to present the audited accounts to the shareholders soon after the close of the financial year.
3. **Proper Planning:** The regular visits performed by the auditor makes the clerk alert in maintaining day-to-day accounts. It also enables the auditor in timely completion of the audit work.
4. **Moral Check on the Employees:** As the auditor pays surprise visits to the business in continuous audit, it has a considerable moral check on the clerks as they are not aware when the auditor comes.
5. **Detailed Examination:** As the auditor visits his clients at regular intervals throughout the year, a detailed and exhaustive checking of accounts is possible.
6. **Preparation of Interim Accounts:** Continuous audit helps in quick preparation of interim accounts and helps the board of directors to declare interim dividend.
7. **Valuable Suggestions:** Regular visit of an auditor helps the auditor to understand the technicalities of business. This enables the auditor to make suggestions for the improvement of business.

Disadvantages

1. **Possibility of Alteration:** Records and figures in the books of accounts which have already been checked by the auditor may be altered after the audit is over.
2. **Dislocation of Client's Work:** The frequent visit made by the auditor may dislocate the work of his client and cause inconvenience to him.
3. **No Continuity in Work:** In continuous audit, the auditor conducts audit work at intervals. Hence he loses continuity

SUITABILITY OF CONTINOUS AUDIT

- When final accounts are to be presented immediately after the close of the financial year.
- When the volume of the transaction is very large.
- When the system of internal check is not satisfactory.
- When the management insist the statement of accounts to be presented at the end of every month or quarter.

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Summary of Advantages and Disadvantages of Continuous Audit	
Advantages	**Disadvantages**
1. Easy Detection of Errors and Frauds	1. Possibility of alteration
2. Quick presentation of accounts	2. Dislocation of client's work
3. Proper planning	3. No continuity in work
4. Moral Check on the Employees	4. Creation of unhealthy relationship
5. Detailed examination	5. Expensive
6. Preparation of interim accounts	
7. Valuable suggestion	

and fails to seek clarifications of the queries arising in the previous visit.

4. **Creation of Unhealthy Relationship:** The frequent visits of the auditor may establish an unhealthy relationship between him and the clerks.
5. **Expensive:** It is a very expensive form of audit.

[B] Occasional Audit

Occasional audit is conducted as a special event, normally in those organisations when routine audit are not taken place. For example, audit conducted in a partnership firm on admission or on retirement of a partner. Occasional audit is also performed when Government orders for a special audit to investigate into certain matters.

[C] Annual or Final Audit

Annual or final audit is conducted after closing the books of accounts and preparing the financial statements. In such a case, the auditor visits the clients only once in a year and checks the accounts in one visit. The auditor makes a detailed or random check of the transaction which has taken place in the books of accounts and examines the correctness and fairness of the financial statements. This type of audit is free from the defects of continuous audit and carries other advantages with it, but detailed checking is not possible. Hence, errors and frauds cannot be detected easily and quickly.

Features or Characteristics

- The auditor visits the clients only once in a year and checks the accounts in one visit.
- Auditor makes a detailed or random check of the transactions and examines the correctness and fairness of the financial statements.
- Detailed checking is not possible and hence errors and frauds cannot be detected easily and quickly.

Advantages

1. **No Inconvenience and Dislocation in Work:** The work of audit does

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not present any inconvenience and dislocation in the work of the concern as the auditor comes only once in a year.

2. **Less Expensive:** Periodical audit is less expensive and more useful for small business concern than continuous audit.

3. **Quick Finalisation of Accounts:** In annual audit, the work of the auditor can be finished quickly and within a reasonable time. The auditor ensures quick completion of work in one session due to continuity.

4. **No Chance of Collusion:** There is no undue collusion between the auditor and the clerk as in the case of continuous audit.

5. **No Chance of Tampering Books:** The possibility of tampering with the books of accounts during the audit is reduced as the audit work starts only after the books are closed.

6. **Time Effectiveness:** The auditor uses statistical sampling methods and techniques which lead to time effectiveness.

Disadvantages

1. **Detailed Checking not Possible:** In annual audit, detailed checking of accounts is not possible and hence there are chances of errors and frauds which remain undetected.

2. **Delayed Presentation of Audited Financial Statement:** The work of an auditor starts only after the close of the financial period, therefore there is undue delay in finalising the financial statements and in preparing the audit report.

3. **Difficulty in Fixing Responsibility:** Another major drawback is that all the errors and frauds are found at the end of the accounting year, which makes it very difficult to fix responsibility for defalcations.



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4. **No Moral Check on Clients Staff:** There is no sense of moral check on the employees in clients organisation as the auditor visits the company only after the end of the financial period.

[D] Interim Audit

Interim audit is an audit which is conducted in between two annual audits to find out interim profits to enable the company to declare an interim dividend. It involves complete and detailed examination of transactions and review of records and accounts upto the date of interim audit. It is an audit which is conducted in between two balance sheet audits. It is conducted for a specific period with an object of declaring interim dividend or to determine value of shares at a certain date.

Features or Characteristics

- It is an audit which is conducted in between two annual audits i.e., audit for a period of six months or half yearly audit.
- It involves complete and detailed examination of transactions and accounts upto the date of interim audit.
- It is conducted for a specific period with an object of declaring interim dividend or to determine value of shares at a certain date.
- The objective of conducting interim audit is to know the reliability and accuracy of financial statements of a business for a part of the year.

Advantages

1. **Quick Detection of Errors and Frauds:** Errors and frauds can be detected quickly and easily.
2. **Helps in making Improvement:** It helps the management to assess the financial position of business for part of a year. Any deficiency noticed during first part of the year can be improved during later part of the accounting year.
3. **Helps in Publication of Interim Results:** Interim audit helps in finalisation of interim results for the purpose of declaring interim dividend.
4. **Early Completion of Annual Audit:** It helps the financial auditor to complete the annual audit within a short period and submit the report as early as possible.
5. **Review Internal Control System:** It enables the external auditor to review the internal control system in detail as to their effectiveness and continuity.
6. **Moral Check on Clients Staff:** It helps in exercising moral check on the staff of the client.

Disadvantages

1. **Increase in Work load of Audit Staff:** Interim audit involves finalisation of accounting statements for some specific period of time which increases the work load of audit staffs.
2. **Possibility of Alteration of Accounts:** An inherent danger of interim audit is alteration of figures that are already checked and finalised.

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3. **Erosion of Capital:** Wrong assessment of profit may lead to erosion of capital through interim dividend.

2.2.3 Based on Objective

[A] Standard Audit

Standard Audit refers to detailed checking and analysis of certain transaction only and the remaining transactions are subjected to sample checking provided there is a good and effective system of internal check in operation. In other words, it is a sample checking after a satisfactory and detailed checking of some of the items.

It is defined as, " a complete check and analysis of certain items and contingent upon effective check, an appropriate test check on remaining items, the whole of the work being in accordance with general audit standards quite adequate to justify an unqualified person."

[B] Balance Sheet Audit

The term "Balance sheet Audit" is an American contribution. It is more popular in U.S.A. It is very rarely used in India and other countries. In balance sheet audit, the auditor verifies the balance sheet items such as capital, liabilities, reserves and provisions, assets and other items given in the balance sheet. The auditor checks only those documents, which are related to the items given in the balance sheet and does not review other items which are not connected with the Balance Sheet.

Although, Balance Sheet Audit concentrates on the items of Balance Sheet, it does not exclude audit of other business operations. As the balance of Profit and Loss Account itself is part of the Balance Sheet, it will invariably include the examination of the items recorded in the Profit and Loss Account. It is similar to an annual audit. In India, no distinction is made between Balance Sheet Audit and Annual Audit.

In this audit, a backward process is followed to audit the balance sheet. First the item is located in Balance Sheet, and then it is located in the original records for the purpose of verification. This audit is based on the assumption that there exists a reliable system of internal control. It presumes that auditor is highly skilled and experienced.

2.2.4 Based on Function of Special Entities

[A] Audit of Hotel

1. Auditor should examine the formation of establishment and check the related documents
2. He should verify the system of internal check with regard to cash collections, payments and services provided to customers.
3. He should check that cash collected from customers are properly recorded and deposited in bank on the same day.
4. He should ensure that all payments with regard to wages and salaries, purchase of consumable stores, crockery and utensils are authorised by a responsible person.
5. He should ensure that management of hotels conduct physical verification of fixed assets and stores at frequent intervals.

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[B] Audit of Hospital

1. Auditor should examine the Trust Deed or Constitution under which hospital has been established and review the provisions and laws governing the institution.
2. He should verify the internal check system practised in the hospital with respect to patient admission, billing, procurement and issue of medicines and equipments.
3. He should check all source of income to hospital in the form of collections from patients, donations and grants received are properly accounted.
4. He should vouch that all expenses in the form of salaries and wages to staff; honorarium paid to specialists and other incidental expenses are recorded and sanctioned by an authorised person.
5. He should ensure that hospital management conducts physical verification of stock, fixed assets and cash balance at frequent intervals.

[C] Audit of Education Institutions

1. Auditor should verify legal status of the institution by examining the constitution, trust deed or charter in case of schools or colleges.
2. He should verify the minutes of the meetings of managing committee or governing body and resolutions passed in the meeting.
3. He should evaluate the efficiency of internal check system in operation.
4. He should verify that all cash collections in the form of admission and tutition fees; donations and grants received from Government and Non-Government organisations are properly accounted.
5. He should check that all payments with respect to expenses like salaries, scholarships, purchase of furniture, books and stationaries are properly recorded and authorised by a responsible person.
6. He should ensure that management of education institution at frequent interval conducts physical verification of furniture, laboratory and sports equipments, library books and stationeries.

[D] Audit of Cinema Theatres

1. Auditor should examine the formation of establishment and check the related documents.
2. He should verify the internal control system with respect to sale of tickets, advance booking, collection from advertisement, canteen, parking etc.
3. He should check that all incomes received in the form of collections from sale of tickets, advertisement, sale of refreshments and parking fees collected are properly accounted in the books and cash deposited in the bank on the same day of collection.
4. He should check that all payments with regard to salaries, film hiring charges, advertisement expenses, repairs and maintenance charges are accounted and authorised.
5. He should ensure that management of cinema theatre conducts physical verification of furniture and fixtures, projector, generator and other equipments at frequent intervals.

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2.3 Difference between Continuous Audit and Annual Audit

S.No	Basis	Continuous Audit	Annual Audit
1.	Frequency of Auditors Visit	In case of Continuous Audit, auditor frequently visits and checks the accounts of the business.	In case of Annual Audit, auditors visits the business only once after the close of the year.
2.	Conduct of Audit	Audit is conducted periodically throughout the financial year.	Audit is commenced only after the close of the financial year.
3.	Regularity of Audit Staff	Client's staff becomes more efficient and regular.	It may not be so because client's staff knows well that audit work will start only after the close of financial year.
4.	Verification of Transactions	Each and every transaction is verified immediately after it is recorded.	Audit staff checks and verifies the transactions only after the close of the year.
5.	Cost involved in the Audit	It is very much expensive	It is less expensive and economical.

2.4 Difference between Continuous Audit and Interim Audit

Basis	Continuous Audit	Interim Audit
1. Objective	The main object is to detect errors and frauds.	The main object is to determine the profit or loss for the purpose of declaration of dividend to shareholders.
2. Duration of Audit	Audit is conducted up to any date according to the convenience of the auditor and his clients.	Audit work is done up to a definite ate according to the instructions of the client.
3. Preparation of Trial Balance	Trial balance is not prepared but the totals of certain accounts are noted.	Trial Balance must be prepared at the end of the period.
4. Verification of assets and liabilities	Assets and liabilities are verified after the preparation of the balance sheet at the end of the accounting year.	Assets and liabilities are verified when the audit work is conducted.

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SUMMARY / POINTS TO BE REMEMBERED:

The present unit discussed about the introduction to Audit, types of audit with their advantages and disadvantages. It also presented the differences between Continuous Audit and Annual Audit and Interim Audit and Continuous Audit.

KEY TERMS

- **Audit of sole propreietor:** Sole Proprietor or trader is a person who solely owns, manages and controls a business. Sole proprietor decides upon auditing the accounts and decides upon the scope of audit and appointment of auditor. There is no legal compulsion.
- **Audit of partnership firm:** The Indian Partnership Act, 1932 does not require audit of a partnership firm. Considering the benefits of audit many firms get their accounts audited by a qualified auditor. While conducting audit of partnership firm the auditor must refer to the deed of partnership.
- **Audit of joint stock company:** Companies formed and registered under the Companies Act, 1956 have to compulsorily its books of accounts as the owners (shareholders) and the management of the company is different. The company auditor's rights, duties, appointment, remuneration etc. are governed by the provisions of the Companies Act.
- **Continuous Audit:** Continuous audit implies a detailed examination of all the transactions by Auditor continuously throughout the year. At the end of financial period, the auditor checks the financial accounts.
- **Annual or final audit:** Annual or Periodical audit is done at the close of financial period after the final accounts are prepared.
- **Interim Audit:** Interim audit is conducted between two annual audits to find out interim profits to enable the company to declare an interim dividend.
- **Occasional Audit:** Occasional audit is conducted as a special event, normally in those organisations when routine audit are not taken place.
- **Standard Audit:** Standard Audit refers to detailed checking and analysis of certain transaction only and the remaining transactions are subjected to sample checking provided there is a good and effective system of internal check in operation.
- **Balance Sheet Audit**: Auditor verifies the balance sheet items such as capital, liabilities, reserves and provisions, assets and other items given in the balance sheet.

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EVALUATION

ONWK1

I. Multiple Choice Questions:

1. Audit is compulsory for _____.
   a. Sole proprietor
   b. Partnership firm
   c. Joint Stock Company
   d. Special

2. All the transactions verified by the auditor continuously throughout the year is _____
   a. Interim audit
   b. Continuous audit
   c. Balance sheet audit
   d. Special audit

3. _____ audit helps in settlement of claims and in resolving disputes among partners.
   a. Sole proprietor
   b. Partnership firm
   c. Joint Stock Company
   d. Trust

4. _____ is a person who individually owns, manages and controls the business entity.
   a. Sole proprietor
   b. Partner
   c. Directors
   d. Trustee

5. audit is done at the close of the finance year is called _____
   a. annual audit
   b. Continuous audit
   c. Balance sheet audit
   d. Special audit

6. periodical audit is called _____
   a. Special audit
   b. Continuous audit
   c. Balance sheet audit
   d. annual audit

7. audit conducted in between two annual audit is callled as _____
   a. Balance sheet audit
   b. Continuous audit
   c. Interim audit
   d. Annual audit

8. the term balance sheet audit is_____contribution
   a. India
   b. China
   c. England
   d. America

9. _____is suitable in case of small business concerns where there are only limited transactions.
   a. Continuous audit
   b. Annual audit
   c. Interim audit
   d. Occasional audit

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10. _____ is the basic document of the company.
    a. Partnership Deed
    b. Memorandum Of Association
    c. Articles Of Association
    d. Trust Deed

[Answers: 1.(c), 2.(b), 3.(b), 4.(a), 5.(a), 6.(d), 7.(c), 8.(d), 9.(b), 10.(b)

II. Very Short answer Questions

1. What are the different kinds of Audit?
2. What is meant by Continuous Audit?
3. What is Annual Audit?
4. State the purpose of conducting Interim Audit?
5. What is Balance sheet Audit?
6. Who is a Sole proprietor?
7. Why audit of Joint Stock Companies made compulsory?

III. Short answer Questions

1. State the features of Continuous audit?
2. Summarise the benefits and drawbacks of Annual audit?
3. Explain the scope and characteristics of Interim audit?
4. What are the disadvantages of Interim Audit?
5. What are the advantages of auditing the accounts of a Sole proprietor?
6. Explain briefly as how an auditor verifies his appointment.

IV. Essay Type Questions.

1. Explain briefly the various kinds of Audit?
2. What do you understand by Continuous Audit? Explain its advantages and disadvantages.
3. What do you understand by the term Annual Audit? State the advantages and disadvantages.
4. What do you understand by Interim Audit? Discuss its merits and demerits.
5. Write explanatory note on: (a) Balance sheet Audit (b) Standard Audit
6. Write an explanatory note on the audit of specific entities.
7. Distinguish between Continuous audit and Annual or Periodical audit.
8. Bring out the differences between Interim audit and Continuous audit.
9. What are the advantages of auditing the accounts of a partnership firm?
10. Discuss the principal objects of audit of accounts of the following: (a) Partnership firm (b) Joint Stock company (c) Sole proprietor

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11. Write a short note on: (a) Audit of partnership firm, (b) Audit of Joint Stock Company.
12. Briefly explain the benefits of auditing the accounts of a Joint Stock company.
13. "An auditor is expected to study various documents before commencing an audit of a company" - Discuss.
14. Explain the general procedure and preparation of an audit.

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Chapter 3 AUDIT PLANNING

Learning Objectives

- To understand the meaning, benefits and factors affecting audit planning.
- To understand the meaning, features, objectives, contents, advantages and disadvantages of audit programme.
- To understand the meaning, advantages and disadvantages of auditing in-depth.
- To understand the meaning, applicability, factors to be considered, advantages and disadvantages of test checking.
- To understand the auditor's duty regarding test checking.



TO BE RECALLED

RECAP

In the previous lesson, we have studied meaning, features, advantages and disadvantages of various types of audit.

3.1 Audit Planning

3.1.1 Introduction

An audit is a professional service to a client. The review of accounting, financial and other operations form a basis of such service. Before commencing audit, an auditor must prepare himself well. Preparation for an audit relates to audit planning, preliminary preparations by the auditor, audit programme, audit note book, audit working papers, audit evidence, commencement of a new audit, test checking, and routine checking.

3.1.2 Meaning of Audit Planning

Planning is required to complete the audit effectively within the specified time. Audit planning is a process of deciding in advance what is to be done, who is to do it, how it is to be done and when it is to be done by the auditor in order to have efficient and effective completion of work.

Audit planning can be done only when, the auditor is having knowledge of the business of the client. It helps in accomplishment of objectives of audit and enables the auditor

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to cover different aspects of audit work in a systematic manner within a preset time frame. It enhances the quality of audit work. Audit plans should cover knowledge about client's accounting systems and policies, internal control procedures and coordinating the work to be performed. Plans should be flexible so that they can be developed or revised as and when required by the auditor.

3.1.3 Benefits or Advantages of Audit Planning

An efficient and effective audit plan provides the following benefits:

1. **Accomplishment of Objectives:** Audit plan ensures that it provides right means to accomplish audit objectives. Further it also ensures that appropriate attention is devoted to important areas of audit.
2. **Identification of Problems:** A well drawn and established audit plan helps in identifying potential problems.
3. **Timely Completion of Work:** It ensures that work is completed properly within the specified time and no important area is left out. It also ensures that all important areas of management receive attention.
4. **Facilitates Coordination:** It facilitates coordination of the audit work done by auditors and other experts.
5. **Better Audit Work:** It helps in improving the quality of audit work and provides promptness and perfection in audit performance.

3.1.4 Factors affecting Audit Planning

The following factors should receive due consideration while planning:

- Size of the company and nature of its operations.
- Accounting system, internal control and adherence to standard.
- Environment in which the company operates.
- Previous experience with the client; and
- Knowledge of client's business.



3.2 Audit Programme

3.2.1 Meaning

An audit programme is a detailed, written statement designed by the auditor indicating the work to be performed by the audit assistants, specifying the time limit for completion of work, instructions and guidance to the audit staff. In short, it is a tool for planning, directing and controlling the audit work.

An audit programme is a detailed plan of the auditing work to be performed. It specifies the procedures to be followed in the conduct of audit more efficiently. The auditor outlines the whole procedure of audit from beginning till the finalization of audit report. Audit programme is generally contained in the audit notebook.

3.2.2 Definition

Prof. Meigs defines an audit programme as, "an audit programme is a detailed plan of the

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auditing work to be performed, specifying the procedures to be followed in verification of each item and the financial statements and giving the estimated time required."

3.2.3 Features or Characteristics of an Audit Programme

The features of an audit programme are as follows:

1. It is a set of procedures to be adopted to conduct the audit more efficiently.
2. It is a written scheme designed by the auditor.
3. It is a blue print of the audit work.
4. It facilitates delegation of work, based on the capabilities of audit staff.
5. It acts as evidence in future for the audit work being performed.
6. It specifies the work to be done by the audit staff, the manner and time limit for completion of the work.

3.2.4 Objectives of Audit Programme

The following are the objectives of audit programme:

1. To provide clear instructions to the audit assistants specifying the nature of work to be performed and fixing the time span for completion of each work.
2. To facilitate coordination among various parts of audit work.
3. To ensure uniformity in the performance of audit work and to avoid duplication and repetition of work.
4. To attain a fair allocation of work among the audit team.
5. To fix responsibility and accountability of each audit assistant.
6. To serve as a guide for planning the audit work in future.
7. To serve as evidence in future showing the date of completion of audit work, methods or procedures undertaken, persons involved in completion of audit work etc.

3.2.5 Contents of an Audit Programme

The following are the details of an audit programme:

1. Name of the client.
2. Nature of operations and business of client.
3. Review of system of internal check.
4. Date of commencement of audit work.
5. Duration of audit work.
6. Accounting system followed in client organization.
7. Review the report of the previous auditor.
8. Review the remarks, instructions or objections raised in the previous audit report.
9. Examine the various ledger accounts and subsidiary books.
10. Examine the statutory books and registers, profit and loss account, and balance sheet.

3.2.6 Types of Audit Programme

1. **General or Fixed Audit Programme:** It refers to an audit programme which contains general guidelines common for all audits.
2. **Specific or Flexible Audit Programme:** It refers to an audit programme designed for certain specific functional areas like purchases, stores, inventory control, production control etc.

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3.2.7 Advantages of an Audit Programme

An audit programme can give the following advantages:

1. **Helps in Estimation and Division of Work:** Audit Programme helps in estimating the quantum of audit work in advance and also helps in dividing the work among the audit assistants based on their capabilities.
2. **Helps in Fixation of Responsibility:** It enables to fix responsibility on the audit assistants by clearly defining the scope of work.
3. **Helps in Future Planning:** Audit programme serves as a basis for planning the audit work for subsequent year.
4. **Serves as a Guide:** It serves as a valuable guide for the audit staff in execution of the audit work for succeeding years.
5. **Valuable Evidence:** It serves as an evidence for the work done as initials of those who have done the particular work are appended to it. The auditor can produce the audit programme as a proof when a charge of negligence being brought upon him.
6. **Uniformity:** It provides for uniformity in audit work as the same work will be done every year.
7. **Continuity:** When an audit staff goes on leave others can continue the work by referring to the audit programme, hence, audit programme provides for continuity of work.
8. **Coordination:** If facilitates coordination and helps in supervising the work of the audit staff.

3.2.8 Disadvantages of an Audit Programme

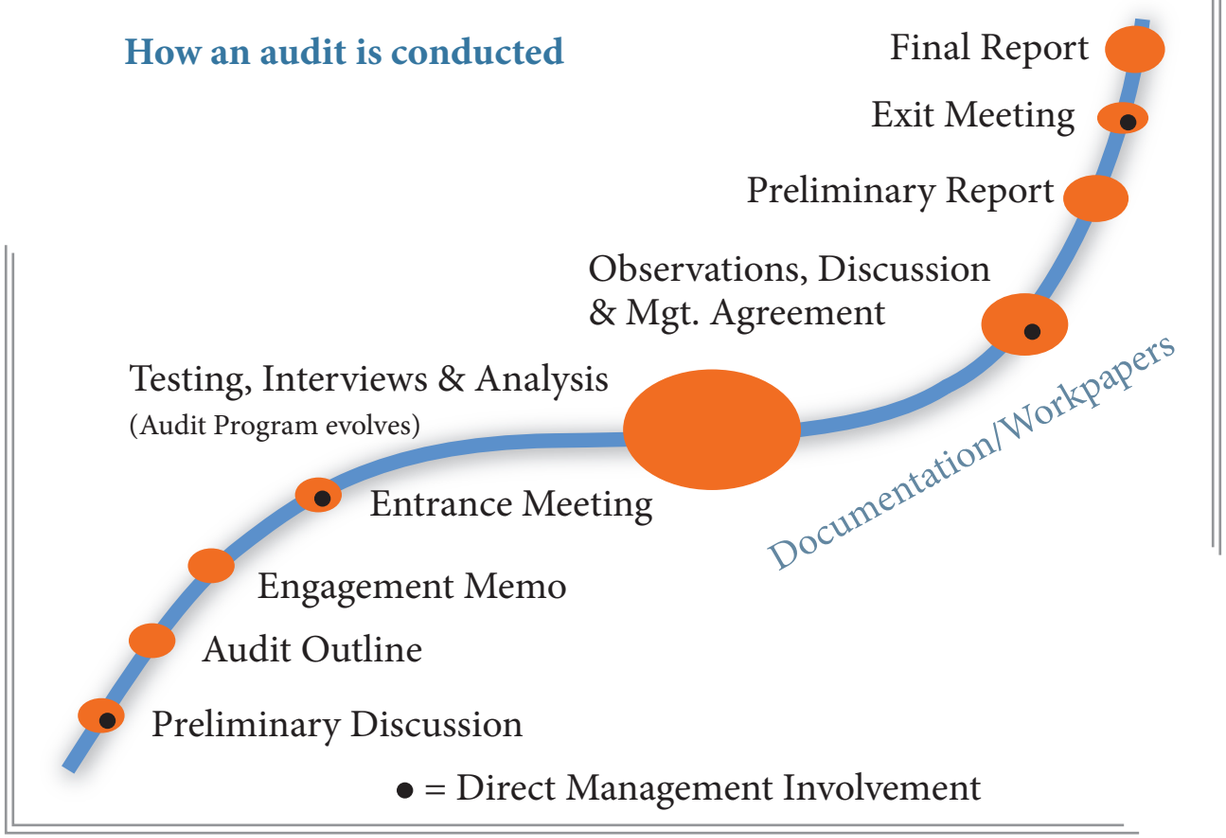
The disadvantages that may be experienced by conducting audit as per predetermined audit programme are -

1. **Mechanical:** When audit work is conducted mechanically every year based on the audit programme, it causes monotony and boredom to the auditor and audit staffs.
2. **No Quality in Work:** The audit staff will be more interested to complete the work in time rather than to maintain any standard in the work.
3. **Loss of Initiative:** Audit staff cannot take their own decisions and they are compelled to comply with the audit programme. Hence, an efficient audit clerk loses his initiative and interest as he cannot make any suggestions.
4. **Rigidity:** A rigid and inflexible audit programme cannot be laid for all types of business. During the course of audit, new areas to be verified may come to the notice of the audit staff. Unless the audit programme is revised, such areas may escape from auditing.
5. **Shelter for Inefficient Staff:** Inefficient audit staffs conceal their mistakes or weakness on the basis of audit programme. Hence, it provides shelter for inefficient audit staff.
6. **Unsuitable:** Pre-determined audit programme is not suitable for small business organizations.

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Summary of Advantages and Disadvantages of Audit Programme	
Advantages	**Disadvantages**
1. Helps in estimation and division of work	1. Mechanical
2. Helps in fixation of responsibility	2. No quality in work
3. Helps in future planning	3. Loss of initiative
4. Serves as a guide	4. Rigidity
5. Valuable evidence	5. Shelter for inefficient staff
6. Uniformity	6. Unsuitable
7. Continuity	
8. Coordination	

How an audit is conducted



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SPECIMEN OF AUDIT PROGRAMME
M/s. Ramani & Co. Ltd.,

Date of Commencement of Audit .....
Date of Completion of Audit .....
Any special information from previous audit .....
Nature of organization .....

Month	Cash Book Balanced	Bank Book Balanced	Cash & Bank Book Vouched	Bought Ledger Vouched	Sales Ledger Vouched	Returns Vouched	Stores Ledger Vouched	Journal Examined	Ledger Checked	Trial Balance Checked	Profit & Loss A/c Checked
Jan.											
Feb.											
Mar.											
Apr.											
May											
June											
July											
Aug.											
Sept.											
Oct.											
Nov.											
Dec.											

Note: Each Audit assistant has to put his initials in the relevant column after he has checked an item.

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3.3 Auditing in depth

'Auditing in depth' refers to an examination of a few selected transactions from the beginning to the end through the entire flow of the transaction. While auditing in depth, the auditor reviews all the accounting and operational aspects of the transaction from the origin to the end. This enables the auditor to have an overall view and evaluate the procedures through selected transactions. In other words, it is a method of auditing under which a few selective transactions are thoroughly examined to arrive at accuracy of the accounting data. The auditor adopts this technique to evaluate the operation of internal control and internal check system.

Summary of Advantages and Disadvantages of Auditing in-depth	
Advantages	**Disadvantages**
1. Quick completion of audit work	1. Possibility of wrong selection of items
2. Saves cost and time	2. Unsuitable for small business concerns
3. Safeguards against manipulation of accounts	3. No objective method
4. Helpful in planning the audit	4. Based on intuition

3.4 Test Checking

3.4.1 Meaning

Test checking is a process of selecting and checking of a few transactions from a large volume of transactions. If the entries checked are found to be correct then the auditor assumes that the remaining entries are also correct. The technique is based on the theory of sampling which is commonly used as a statistical method. Checking each and every transaction that occurs during the year is both redundant and uneconomical for the auditor. Therefore, the auditor verifies and examines a few representative transactions in order to obtain sufficient appropriate audit evidence to base his opinion. Test checking reduces the volume of work of the auditor, if, in test checking, the auditor finds that the records checked by him are correct then no further detailed checking is carried out.

3.4.2 Applicability of Test Checking

Test checking can be applied in the following situations:

1. When there are large volumes of identical or routine transactions.
2. When transactions are large.
3. When the auditor has to certify the accounts quickly after the close of the accounting period.
4. When the auditor has past experience about the nature of transactions of the clients organisation.
5. When a satisfactory system of internal control and check system exist.

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3.4.3 Advantages of Test Checking

Test checking can give the following advantages:

1. **Reduces Volume of Work:** The work of an auditor is reduced considerably as he checks only few transactions, extra time available can be utilised for concentrating on areas of considerable importance.
2. **Reduces Time and Cost:** Test checking is one of the technique which reduces time, cost and energy of both the auditor and the client.
3. **Quick Completion of Audit Work:** Test check enables the auditor to complete the work quickly as the auditor checks only a few or limited transactions.
4. **Effective means of Checking:** Test checking can be effective if the auditor selects the transaction to be checked carefully.
5. **Scientific Assessment of Risk:** The risk of material misstatement in the financial statement is assessed by the auditor in a scientific manner by drawing samples and studying them in detail.
6. **Serves as a Guide:** It serves as a guide for the auditor to arrive at conclusion regarding the true and fair view of the state of affairs of business.

3.4.4 Disadvantages of Test Checking

Test checking can give the following disadvantages:

1. **No Scientific Approach:** It is a traditional auditing technique where no scientific approach is used in selecting the samples, hence the results drawn on it tends to be incorrect.
2. **Risk cannot be measured:** It is not possible to measure the amount of risk involved.
3. **Complicated Transactions are not Checked:** The audit assistants select only simple transactions for checking and complicated transactions are left omitted.
4. **Carelessness of the Client's Staff:** The client's staff is aware that the auditor will not check all their work hence they become careless.
5. **Possibility of Errors and Frauds Remain Undetected:** When test check is adopted by the auditor there are possibility of errors and frauds left undetected.
6. **Unsuitable when there is no System of Internal Check:** The auditor cannot adopt test check when there is no proper system of Internal check and control in operation.
7. **Unsuitable for Small Business Concerns:** Test checking is not suitable for small business concerns as the number of transactions involved is not large.

Summary of Advantages and Disadvantages of Test Checking	
Advantages	**Disadvantages**
1. Reduces volume of work	1. No scientific approach
2. Reduces time and cost	2. Risk cannot be measured
3. Quick completion of audit work	3. Complicated transactions are not checked
4. Effective means of checking	4. Carelessness of the client's staff
5. Scientific assessment of risk	5. Possibility of errors and frauds remain undetected
6. Serves as a guide	6. Unsuitable when there is no proper system of internal check
	7. Unsuitable for small business concerns

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3.4.5 Auditor's duty regarding Test Checking

The following are the auditor's duty or precautions to be taken by an auditor while adopting test check:

1. Entries selected for test checking must be representative of all transactions and entries on random basis should be selected for checking.
2. Auditor should select the test independently without regard to the suggestions of the client's staff.
3. Entries selected for test check should be chosen by the auditor cautiously by applying his intelligence and professional skill.
4. Test check should not be adopted in vouching the entries in the cash Book and bank Pass book.
5. The auditor should not adopt test check while checking the entries of first and last month of the year and all the entries must be thoroughly checked.
6. Test check should be so devised that a sizeable portion of the work done by each employee is checked.
7. Auditor should consider his past experiences in selecting the nature and size of the samples for checking.

SUMMARY

- **Audit Planning** enables an auditor to cover different aspects of audit work in a systematic manner within a preset time frame.
- **Good planning** brings promptness and perfection in audit performance.
- **Audit Programme** is a written scheme prepared by the auditor to distribute work to be followed during the audit.
- **Auditing in-Depth** is a technique which facilitates test checking.
- **Test Checking** is examining a selected number of items. It is based on the Law of Statistical Inertia which means the selection and checking of a representative number of entries for each class of transaction.

KEY TERMS

- **Audit Planning** – The audit plan is the description of the activities and arrangements for an audit.
- **Audit Program** – An audit program includes all the activities necessary for planning, organizing, and conducting audits. The program typically includes an annual schedule of audits.
- **Auditing in-depth** – Audit in depth implies a detailed and step by step examination of transactions through its process of the activity from origin to conclusion.
- **Test Checking (or Selective Verification)** – Test checking is a substitute for detailed checking. It involves only a partial checking, verifying the entries at random.

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EVALUATION

I. Multiple Choice Questions:

1. Which of the following is considered as a blue print for the process of carrying out the audit.
   a. Audit note book
   b. Audit memorandum
   c. Audit planning
   d. Audit programme
2. A written plan containing the details regarding the conduct of a particular audit is known as _____ .
   a. Audit programme
   b. Audit note book
   c. Audit working papers
   d. Audit evidence
3. A sample of transactions of representative character is checked under _____.
   a. Walk through test
   b. Rotational test
   c. Test checking
   d. Routine checking
4. Drawing conclusion about the universe/ population by testing a few transactions of representative character is
   a. Assumption
   b. Sampling
   c. Inference
   d. Prediction
5. What is the name of process of examining a few transactions of representative character to arrive at conclusion _____ .
   a. Test checking
   b. Routine checking
   c. Sample checking
   d. In-depth checking
6. Which document discloses the detailed plan of work, auditing techniques and procedures to be applied to a given audit?
   a. Audit file
   b. Audit planning
   c. Audit note book
   d. Audit programme
7. Audit programme is prepared by _____.
   a. the auditor
   b. the client
   c. the audit assistants
   d. the auditor and his audit assistants
8. Typically, an audit planning memorandum would contain the following sections except:
   a. Objective of the audit
   b. Audit approach
   c. Background information
   d. Assessment of business risk.
9. _____ is a plan of action of an Auditor.
   a. Audit Programme
   b. Audit Working Papers
   c. Audit note book
   d. Audit files.
10. Test checking is also known as _____.
    a. Sampling process
    b. Selective process
    c. Verification
    d. Both (a) and (b)

[Answers: 1.(c), 2.(a), 3.(c), 4.(b), 5.(a), 6.(d), 7.(d), 8.(d), 9.(a), 10.(d)]

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II. Very Short answer Questions

1. What is audit planning?
2. What is audit programme?
3. What is auditing in depth?
4. What is test checking?
5. State the types of audit programme?

III. Short answer Questions

1. State the factors influencing audit planning.
2. Bring out the objectives of audit planning.
3. Outline the salient features of audit programme.
4. State the objectives of audit programme.
5. Point out the contents of audit programme.
6. Indicate the cases where test checking is applied.
7. Write an note fixed and flexible audit programme.

IV. Essay Type Questions.

1. Discuss the benefits of audit planning.
2. Explain the advantages and disadvantages of audit programme.
3. Discuss the advantages and disadvantages of auditing in depth.
4. What is test- checking? What are its advantages and disadvantages?

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Chapter 4 DOCUMENTATION

Learning Objectives

After going through this unit, the students will be able to,

- State the meaning and importance of documentation
- Explain the meaning and advantages of audit note book
- State the meaning and importance of Audit working papers

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TO BE RECALLED RECAP

- Audit procedures
- Audit program
- Works entrusted to audit staff
- Period allotted for completion of audit work

4.1 Introduction

4.1.1 Documentation – Meaning

In the process of audit, the auditor should document matters which are important in providing sufficient evidence that the audit was carried out in accordance with the basic principles governing an audit. The records maintained and preserved in the audit process are called as Documentation. Documentation in this connection refers to audit note book and audit working papers. Working papers are prepared or obtained by the auditor. It may be in the form of extracts, photocopy of documents, representation and explanation from the management.

Audit Documentation includes:

1. Audit Programme
2. Analysis
3. Issues memorandum
4. Summaries of significant matters
5. Letters of confirmation and representation
6. Checklists
7. Correspondendces concerning significant matters.

4.1.2 Importance of Documentation

Documentation is important in the course of audit work due to the following:

1. **Fixation of Responsibility and Accountability:** Documentation helps

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Overview of audit activities

Planning and scheduling audit

↓

Conducting document review

↓

Preparing for on-site activities

↓

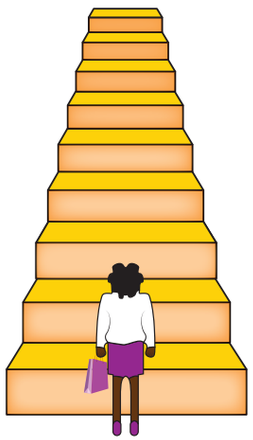
Conducting audit

↓

Prepare audit report

↓

Conducting follow-up



in determining and fixation of responsibility among the audit staff. It further creates accountability for the work performed by the audit staff.

2. **Permanent Record:** Documentation is a permanent record, it acts as a manual of reference for planning the audit for future and also in similar types of new audit engagements.
3. **Documentary Record:** Documentation acts as documentary evidence when a charge of negligence is charged against the auditor.
4. **Helps in Preparing Audit Report**: Adequately documented plan and control of audit work evidences the practices, procedures followed in audit and important things. It further helps in preparation of audit report.

SA-230 on Audit Documentation issued by ICAI state the factors that determine Audit Documentation

1. The size and complexity of the entity.
2. Nature of audit procedures to be performed.
3. The identified risks of material misstatement.
4. The significance of the audit evidence obtained.
5. The audit methodology and tools used.

4.2 Audit Note Book

4.2.1 Meaning

Audit Note Book is a register maintained by the audit staff to record important points observed, errors, doubtful queries,

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explanations and clarifications to be received from the clients. It also contains definite information regarding the day-to-day work performed by the audit clerks. In short, audit note book is usually a bound note book in which a large variety of matters observed during the course of audit are recorded. The note book should be maintained clearly, completely and systematically. It serves as authentic evidence in support of work done to protect the auditor against any legal charge initiated against him for negligence. It is of immense help to the auditor in preparing audit report. It also acts as a valuable guide for conducting future audits.

Example:

Following are the queries made in the Audit Note Book:

20.7.2017: Entry is Cash Book Folio 45 for ₹.500/- wrongly debited to Freehold land and building instead of Leasehold Improvement.

24.7.2017: Receipt for ₹.1000/- Paid to M/S. XYZ vide CB Folio 49, not available.

12.8.2017: Receipt for ₹.1000/- paid to M/S.XYZ. Seen and canceled.

4.2.2 Contents of Audit Note Book

The following matters should have been incorporated in an Audit Note Book.

1. A list of the account books normally used and maintained.
2. Names of the principal officers, their duties and responsibilities.
3. Nature of business carried on and important documents relating to the constitution of business like Memorandum of Association, Articles of Association, Partnership deed etc.,
4. Extracts of minutes and contracts affecting the accounts.
5. Extracts of correspondence with statutory authorities.
6. Copy of audit programme.
7. Accounting methods, internal control and internal check system in operation.
8. Routine queries like missing receipts and vouchers etc.
9. Details of errors and frauds discovered during the course of audit.
10. Points to be included in audit report.
11. Details of all important information to be used as reference for future audits.
12. Date of commencement and completion of audit.

SPECIMEN OF ENTRIES IN AUDIT NOTE BOOK

Voucher	Account Debited	Amount ₹	Query	Solution to Query
75	Advertisement	3,50,000	Managing directors sanction required	Sanction obtained
170	Rent	22,000	Rent bill and receipt required	Receipt and bill obtained
98	Stores	58,375	Invoice required	Copy of invoice obtained
245	Machinery	7,28,000	Board sanction required	Sanction obtained verified with minutes of meeting

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4.2.3 Advantages of Audit Note Book

1. **Facilitates Audit Work**: It facilitates the work of an auditor as all important details about the audit are recorded in the note book which the audit clerk cannot remember everything at all the time. It helps in remembering and recalling the important matters relating to the audit work.
2. **Preparation of Audit Report**: Audit note book helps in providing required data for preparing the audit report. An auditor examines the audit note book before preparing and finalizing the audit report.
3. **Serves as Documentary Evidence**: Audit note book serves as a documentary evidence in the court of law when a suit is filed against the auditor for his negligence.
4. **Serves as a Guide**: When a audit assistant is changed before the completion of audit work, audit note book serves as a guide in completion of balance work. It also acts as a guide for carrying on subsequent audits.
5. **Evaluating Work of Audit Staff**: It helps to assess the work performed by the audit staff and helps in evaluating their level of efficiency.
6. **Fixation of Responsibility**: Audit note book helps in fixing responsibility on concerned clerk who is responsible for any undetected errors and frauds in the course of audit.
7. **No Dislocation of Audit Work**: An audit note book contains all important details about audit hence any change in the audit staff will not disturb or dislocate the audit work.

4.2.4 Disadvantages of Audit Note Book

1. **Fault-finding Attitude**: It leads to development of a fault-finding attitude in the minds of the staff.
2. **Misunderstanding**: Very often maintenance of audit note book creates misunderstanding between the client's staff and the audit staff.
3. **Improper Preparation**: Since it serves as evidence in the court of law, it needs to be prepared with great caution. When the note book is prepared without due care it cannot be used as evidence against the auditor for negligence.
4. **Adverse Effects on Subsequent Audits**: Since audit note book is used in performing subsequent audits, any mistakes in the note book may have adverse impacts on the next audit.

Guidelines and Standards issued by The Institute of Chartered Accountants of India (ICAI)

1. AS – Accounting Standards
2. AAS – Auditing and Assurance Standards
3. International Standards on Auditing (ISA) was issued by the International Auditing and Assurance Standards Board (IAASB) which was later modified as Standard Auditing Practices (SAP) by the Institute of Chartered Accountants of India.

4.3 Audit Working Papers

4.3.1 Meaning

Papers and documents which contain important facts about accounts which are

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under audit are called as Audit Working Papers. Working papers provide the basis of conclusions and summarizations of the report prepared by the auditor at the end of the audit work. As per SA-230 "Audit Documentation" audit working paper refers to the documents prepared or obtained by the auditor and retained by him in connection with the performance of his audit.

The term 'audit working paper' mean the written paper and document containing details about accounts which are under audit, analysis, summaries and comments built up by an auditor during the course of a particular audit engagement.

Thus, all the documents gathered or prepared by auditors during the course of an audit constitute audit working papers, but broadly these are two types:

- Working papers **prepared** by the auditor himself, like audit note book, audit program, details of queries made and their explanations thereof.
- Working papers **collected** by the auditor from the client, like schedule of debtors and creditors, management representations, confirmations etc.,

4.3.2 Definition

- **Institute of Chartered Accountants of India** defines audit working paper as, 'working paper must include audit program, queries, explanations given for the queries, schedules for the important items like depreciation, inventories, confirmation from third parties, certificates issued by the management, banks, etc.,' .
- **Prof. Meigs**, "the term working paper is a comprehensive one and includes all the evidences gathered by the auditor to show the work he has done, the methods and procedures he has followed and the conclusions he has developed".

Guidelines of Audit working Papers as specified in SA-230, Audit Documentation

Working Papers prepared or obtained by the auditor in connection with the performance of audit are the property of auditor and it is the duty of the auditor to retain and preserve the working papers for a period of minimum seven years from the date of Auditors report.

4.3.3 Contents of Audit Working Papers

The documents obtained in the conduct of audit constitute the audit working papers. The content of audit working papers varies depending on the type and scope of audit. Auditing and Assusrance Statndards (AAS 3) issued by the Institute of Chartered Accountants of India states working papers should record the auditors plan, the nature, timing and extent of the audit procedure performed and the conclusions obtained from the evidence.

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In general audit working papers consists of the following:

1. Schedule of Debtors, Creditors and bank statement.
2. Correspondences and balance confirmations from Debtors, Creditors and bankers.
3. Correspondences from legal advisors and statutory authorities.
4. Certificates of officials with regard to bad debts.
5. Certificate from valuers for valuing stock-in-trade and investments.
6. Certificate confirming cash balance.
7. Certificate from authorized person with regard to outstanding assets and liabilities, contingent assets and liabilities etc.
8. Bank Reconciliation statement.
9. Adjusting entries.
10. Copies of the minutes of the meeting of directors and shareholders.

4.3.4 Objectives of Audit Working Papers

1. **Planning and Organizing Audit Work**: Working papers provide a means of planning, organizing and reviewing the audit work. They are the evidence for conducting the audit work against the generally accepted Auditing Standards and Practices.
2. **Support for Auditor's Opinion**: Working papers provide support for the report of the auditor. When the auditor's opinion on financial statement or recommendations given by the him is questioned, working papers support the opinion or recommendations given by the auditor.
3. **Division of Labour**: Working papers help in dividing the audit work among the audit staff so that each staff is responsible for his work to the auditor.
4. **Use as a Permanent Record**: Working papers are the permanent record of the auditing procedure employed and the financial records examined during the conduct of audit.
5. **Basis for Evaluation and Training of Audit Staff**: Working papers provide a means to test whether the auditor and his staff have done their job as per the standards. Training to the staff can be provided by reviewing the working papers of previous years.

4.3.5 Importance or Advantages of Audit Working Papers

1. **Planning the Audit Work:** It acts as the process of planning for the auditor so that he can estimate the time that is required for conducting the audit work.
2. **Helps in Fixing Responsibility:** It helps in fixing responsibility and to measure the work being performed by the audit assistants.
3. **Helps in Drawing Conclusions:** Working papers are necessary to draw conclusions from the evidence obtained.
4. **Helps in Preparing Audit Report:** The auditor prepares and finalises the audit report taking into account the informations or extracts contained in the working papers.
5. **Documentary Evidence:** It is a valuable documentary evidence in the Court or Tribunal of law when a charge of negligence is brought against the auditor.
6. **Permanent Record:** Working papers are the permanent record of the work done by the auditor during a particular period of time.

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FORMAT OF AUDIT WORKING PAPER
XYZ & Co.
Chartered Accountants
AUDIT WORKING PAPER

Page No.....

CLIENT .....

ACCOUNTING YEAR .....

WORKING PAPER TITLE/HEAD OF ACCOUNT .....

SAMPLE/DATA CHECKED .....

AUDIT TESTS DONE .....

AUDIT QUERIES .....

AUDIT FINDINGS .....

.....

.....

CONCLUSION .....

RECOMMENDATION .....

.....

SIGNATURE OF THE AUDITOR REVIEWED BY

Ownership of Audit Working Papers

In the case of Sockockinsky vs. Bright Grahm and Co. (1938) in England and Chantrey Martin & Co. Vs. Martin (London1953), whether the auditor has a right to retain the working papers as his own property even after payment of audit fee. The Court gave judgement in favour of the auditors on the ground that the auditors conduct audit on his independent capacity and not as an agent of the client. Hence, it is considered that the working papers prepared by the auditor or his assistants to carry on the audit work are the property of the auditor and the client has no claim on the papers.

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CASE STUDY

M/s. Health Zone, a partnership firm, running a nursing home have decided to discontinue you as an auditor for the next year and requests you to handover all the relevant working papers of the previous year.

Analysis: The working paper being the property of auditor he is under no obligation to hand them over to M/s. Health Zone. However the auditor may at his discretion, make proportions of working paper available to M/s. Health Zone.

SUMMARY

1. **Document:** Important papers related to auditing
2. **Documentation:** Preserving documents for reference.
3. **Audit Note book:** Book maintained for recording the audit remarks.
4. **Working Papers:** Summaries of audit works, statements and reports collected from the client.

KEY TERMS

1. **Documentation**: Preserving the Documents.

ORBPW

EVALUATION

I. Multiple Choice Questions:

1. A written plan prepared by the auditor to determine the period, distribution of work among the audit staff etc., is named as _____ .
   a. Audit Programme
   b. Audit Note Book
   c. Schedule
   d. Audit Plan.
2. The book which helps the auditor, for conducting his audit work is _____.
   a. Audit Note Book
   b. Audit Working Plan
   c. Audit Plan
   d. Audit Report.
3. The reports, queries made and explanations received during the audit are called _____ .
   a. Audit Report
   b. Audit Working Papers
   c. Audit Note Book
   d. Audit Program
4. Records maintained and preserved in the audit process is called _____ .
   a. Audit Program
   b. Audit Note Book
   c. Audit Working Papers
   d. Documentation

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5. Trial balance, statement of debtors and creditors, list of investments etc., obtained from the client are examples of _____ _____ .
   a. Audit Program
   b. Audit Note Book
   c. Audit Working Papers
   d. Audit Report
6. The document which can be produced as evidence _____ .
   a. Audit Program
   b. Audit Note Book
   c. Audit Working Papers
   d. Both (b) and (c)
7. Audit working papers are to be preserved for a period of _____ by the auditor.
   a. 2 years
   b. 4 years
   c. 8 years
   d. 7 years
8. The period of commencement and completion of audit are specified in _____.
   a. Audit Note Book
   b. Audit Working Papers
   c. Audit Report
   d. Audit Program
9. The owner of working paper is _____ .
   a. Client
   b. Auditor
   c. Audit staff
   d. None of the Above
10. This book helps in evaluating the efficiency of audit staff _____ .
    a. Audit Note Book
    b. Audit Working Papers
    c. Audit Report
    d. Audit Program

[Answers: 1.(a), 2.(a), 3.(b), 4.(d), 5.(c), 6.(d), 7.(d), 8.(a), 9.(b), 10.(a)]

II. Very Short answer Questions

1. What is a document?
2. What do you mean by documentation?

III. Short answer Questions

1. What is audit note book?
2. What do you understand by audit working papers?
3. State the contents of an audit note book?
4. What are the advantages of audit working papers?

IV. Essay Type Questions.

1. Prepare a model audit note book.
2. As an auditor comment on audit working papers.

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Chapter 5 VOUCHING OF CASH RECEIPTS

Learning Objectives

- To understand the meaning and definition of vouching
- To be acquainted with the meaning of vouchers and its types.
- To acquire knowledge on the objectives of vouching
- To explain the procedure in regard to vouching cash receipts or debit side of the cash book
- To enlighten on some aspects of vouching of cash transactions

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TO BE RECALLED RECAP

From the previous unit, the following can be understood

- Meaning of Documentation.
- Importance of Documentation
- The meaning of Audit Note Book
- Advantages of Audit Note Book
- Meaning and importance of Audit Working Papers.

5.1 Vouching

5.1.1 Meaning

The process of examining the documentary evidence to ascertain the accuracy and authenticity of entries in the books of accounts by the auditor is called as 'Vouching'. Vouching means a careful inspection of all original evidences supporting the transaction e.g. invoices, statements, receipts, etc., in order to ascertain the real accuracy, authenticity and validity of the transactions. It confirms that the amount specified in the voucher has been posted to an appropriate account which will disclose the nature of the transaction. Therefore, vouching is referred as the very essence of auditing. It helps an auditor in establishing the truth of entries appearing in the books of accounts.

5.1.2 Definition

- According to **Ronald A Irish** – "Vouching is a technical term which refers to the inspection of documentary evidence supporting and substantiating a transaction".
- According to **J.R. Batliboi** – "Vouching means testing the truth of the terms appearing in the books of original entry".
- **Dicksee** defines vouching "as an act of comparing entries in the books of accounts with documentary evidence in support thereof".

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5.1.3 Objectives of Vouching

The main objectives of vouching are:

1. To examine that all transactions and entries have been properly accounted for in the appropriate books of accounts.
2. To ensure that adequate documentary evidence exist to all the transactions.
3. To ensure that the transactions and entries relate to the business and to the period under audit.
4. To ensure that there is no omission of any record.
5. To evaluate the collected evidence and vouchers by determining the authenticity and validity of the documentary evidence.
6. To ensure that the transactions and entries are properly authenticated by the responsible officer.

Hence, vouching is called as backbone of auditing.

5.2 Voucher

5.2.1 Meaning

Documentary evidence in support of any business transaction is called as a Voucher. It may be a receipt, invoice, bill, cash memo, bank pay-in-slip, counterfoil of a cheque, correspondences, agreements, resolutions passed in the meeting etc. Voucher gives information about the nature and source of the transaction, its value and authority. It substantiates the entries in the book of accounts and confirms the genuineness of the transaction. All vouchers relating to the business transactions should be carefully preserved and properly filed.

5.2.2 Types of Voucher

There are two types of Voucher, They are:

1. Primary Voucher
2. Collateral Voucher

1. **Primary Voucher:** Primary voucher refers to the written evidence in original. Examples of primary voucher are purchase invoice, cash memo, bills, confirmation of balances, bank statements, contracts, etc.
2. **Collateral Voucher:** When the original voucher is not available, copies thereof are produced in support or as subsidiary to remove suspicion and to satisfy the auditor, such a voucher is known as Collateral Voucher. Examples of collateral voucher are copies of sales invoice, receipts, copy of resolution passed in a meeting etc.

Voucher

XY Pvt. Ltd.,
Canal Bank Road, Adayar, Chennai.

Voucher No. _____ Date: _____

Particulars	Amount (₹)
Credit:	
Being the	
Total	

Sd/-
Manager

Sd/-
Accountant

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Examples of Vouchers

The following are some of the examples of vouchers.

Cash Receipts: Vouchers regarding cash receipts include - carbon copies of receipts, contracts, minutes, correspondences, counterfoils, etc.

Cash Payments: Vouchers in connection with cash payments include - invoices, bills, demand notes, wage sheets, salary register, counterfoils, agreements etc.

Purchases: Invoices, Goods inward book, Copies of orders placed, Correspondence, etc. can be cited as examples of vouchers for purchases.

Sales: Copies of invoice, Orders received, Goods Outward Book, Correspondence, etc., are some of the examples of vouchers related to sales.

5.3 Missing Vouchers

While vouching vouchers or supporting documentary evidences are not available for the entries made in the books of accounts, such non-availability of vouchers is called as missing vouchers. It may be deliberate (purposeful or indicative of a big fraud) or accidental (innocent misplacement).

In this case, the auditor should obtain proper explanation and enquire reasons for missing vouchers. If he is not satisfied with the explanation, he should mention the fact in his report. Further, he should obtain a certificate from the competent official stating all the missing vouchers.

5.4 Vouching of Cash Transactions

All transactions whether it is cash receipts or payments should be accounted in the cash book. It is an important financial book of a business concern. While vouching, the auditor should verify and satisfy himself that vouchers in the form of receipts, bills, invoices, cash memos etc., correspond with the entries in the cash book. Further, he must go behind the books and establish accuracy and correctness of the entries after thoroughly examining all the original documentary evidences. Therefore, the auditor should ensure that all receipts have been recorded in cash book and no fictitious payments appear on the payment side of cash book.

5.4.1 Auditors Duty in Vouching Cash Transactions

The procedures in regard to vouching the transactions of various items which appear in the debit side of the cash book are discussed below:

1. Auditor should see that all the vouchers are properly filed, serially numbered and arranged date wise. He should also obtain duplicates of lost or missing vouchers.
2. He should pay attention to the dates, which must correspond with the cash book, name of the party to whom the voucher is issued, the name of the party issuing the voucher and the amount, etc.
3. The transactions must be in conformity with the nature of the client's business.

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All unusual transactions must be carefully enquired into.

4. Missing vouchers should be carefully noted and brought to the knowledge of the owner of the business.
5. All vouchers must be checked and passed for payment by some responsible official. Similarly any alteration in the vouchers must also be supported by a responsible official.
6. All the receipts of the day should be deposited in the bank at the end of the day or the next morning.
7. Bank reconciliation statement should be prepared frequently by the cashier to verify the bank balance with cash book and pass book. He should also examine the reasons for the difference between the bank balance as per pass book and that in the cash book.
8. All payments as far as possible, except for petty cash, should be made by cheques or online. If large amounts appear to have been paid in cash, contrary to the usual practice of the business, auditor must ascertain the circumstances in which it was considered necessary.
9. Auditor should ascertain that the vouchers have been correctly posted to the appropriate accounts and distinction has thoroughly been observed between capital and revenue expenditure.
10. Auditor should ascertain that the cashier do not sanction any payments of special nature without proper approval from the directors.

LEGAL DECISIONS

- In a case between Leeds Estate Building & Investment Co. Vs. Shepher, it was held that the auditor was liable for negligence for not verifying the true and fair view of Balance Sheet and accurate representation of affairs of the company.
- In a case between London Oil Storage Co. Ltd. Vs. Sears, Hasluck & Co., it was held that the auditor is liable for any damage sustained because of his omission to verify the existence of assets stated in the Balance Sheet of a company.

5.5 Vouching of Cash Receipts or Debit Side of the Cash Book

Cash book is one of the most important books of accounts. The auditor has to ensure that all receipts have been accounted for. Errors and frauds usually arise in connection with cash receipts. Hence, the auditor should vouch all the cash transactions as far as possible and should ensure that all receipts have been accounted. He has to ensure that there are no omissions of cash receipts and the auditor has to rely considerably on the internal check system in operation. Some of the important cash receipts which usually appear on the debit side of the cash book and the duty of an auditor in that connection are given below:

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Cash Receipt

Receipt Number _____

Date _____

Received From _____ the amount of ₹_____
For _____

Current Balance: ₹_____
Payment Amount: ₹_____
Balance Due: ₹_____

Received By: _____

5.5.1 Opening balance of Cash

Opening balance of the current year refers to the closing balance of last year. It should be compared with the balance shown in the duly audited balance sheet of the previous year. This is done to ensure that actual balance has been brought down.

Documents to be Vouched: Audited Balance Sheet of last year.

Example:
An auditor should vouch Opening Cash balance in the following manner:
1. Balance Sheet of last or previous year, and
2. Cash account for the current year.

Balance Sheet as on 31.3.2016

Liabilities	Amount ₹	Assets	Amount ₹
		Cash Balance	10,000

Cash Account
(for the year 2016–2017)

Dr. Cr.

Date	Particulars	J.F	Amount ₹	Date	Particulars	J.F	Amount ₹
2016 Apr 4	To Balance b/d (ope. balance)		10,000				

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5.5.2 Vouching of Revenue Receipts

(i) Cash Sales

The auditor should be very careful in verifying cash sales as there are greater chances of fraud. Firstly, the auditor should verify the system of internal check in operation with regard to cash sales. Secondly, he should verify cash sales invoices with the entries in the summary of daily cash sales with regard to name of the customer, date, quantity, rate, discount, tax, rounding off etc. Thirdly, the summary of daily cash sales should be compared and tallied with the sales which are accounted in the cash book. Fourthly, the auditor should counter check the entries of cash sales in the cash book with the carbon copies of cash memos. Lastly, the auditor should ensure that all cash received on account of cash sales is deposited in the bank on the next day itself. Fraud may take place in respect of cash sales, when salesmen sell goods and do not make entries in the cash book and misappropriate the money. In order to overcome such type of fraud, salesmen should be instructed not to receive cash from customers. The auditor should compare the dates on the cash memos and the cash book. If cash discount has been allowed on sales, he should see that a uniform policy and rate of discount has been followed.

Documents to be Vouched: Sales Invoice, Duplicate cash Memo, Summary of daily cash sales, Rough cash book and main cash book.

Example:
On 10.4.16, XY Co. sold goods worth Rs.60,000 for cash.

Vouching of Cash Sales:

Auditor should vouch the genuiness of the transaction in the following manner:

1. Verify Sales Invoice with regard to date of sale and sale value.
2. Verify entry in Cash Book with respect to date and amount.
3. Verify entry in Sales Account with respect to date and amount.

Sales Invoice
XY Co.
Dealers in Textiles
Golden Plaza, Ring Road, Chennai.

Invoice Number: **Date: 10/4/16**

Particulars	Quantity	Rate ₹	Amount ₹
Sarees	48	1250	60,000
Total			60,000

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Cash Book

Dr. Cr.

Date	Particulars	L.F	Amount ₹	Date	Particulars	L.F	Amount ₹
2016 Apr 10	To Sales a/c		60,000				

Sales Account

Dr. Cr.

Date	Particulars	J.F	Amount ₹	Date	Particulars	J.F	Amount ₹
				2016 Apr 10	By Cash a/c		60,000

(ii) Receipts from Debtors

When cash is received from customers, a cash memo is issued to the customer and a carbon copy of cash memo is retained by the clerk. Fraud can take place by accounting lesser amount than what is actually received. Sometimes, fraud may occur when payment received from a customer is misappropriated without making entry in the account and later on when cash is received from another customer. This practice is called as "Teeming and Lading of Fraud."

Auditor to overcome such type of fraud, he should verify the sales invoices and counterfoils of the receipt to ensure the amount received against the invoice. Cash received from a customer should be compared with the entries in the cash book and in the customers account. At frequent intervals, the auditor should obtain statement of accounts and confirmation of balances from the debtors and cross check with the entries and balances in the debtors account. He should also ensure that all cash received on account of cash sales should be deposited in the bank on the next day.

Documents to be Vouched: Sales invoices, Counterfoils of cash receipts, Statement of accounts from debtors, Correspondences and confirmations from the debtors and bank statement.

Example:
On 25.10.2016, Received cash from Gopal Bros. for ₹25,000 towards sale made on 20.10.2016.

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Vouching of Cash received from Debtors.

Auditor should vouch the transaction in the following manner:

1. Verify Cash receipt or memo with respect to date of receipt, amount and name of customer from whom received.
2. Verify entry in Cash Book with reference to date, name of debtor or customer and amount.
3. Verify entry in Debtor or Customers Account with reference to date and amount.

Specimen of Cash Receipt
ABC Ltd.,
Paper Mills Road, Chennai.

Receipt No. 1513 **Date: 25.10.2016**

Received with thanks from Gopal Bros., a sum of ₹25,000\- (Rupees Twenty five thousand only) by cash on account of Invoice No.216 dated 20.10.2016.

Authorised Signatory

Dr. **Cash Book** **Cr.**

Date	Particulars	L.F	Amount ₹	Date	Particulars	L.F	Amount ₹
2016 Oct 25	To Gopal Bros.		25,000				

Gopal Bros. Account
(Debtors/Customers)

Dr. **Cr.**

Date	Particulars	J.F	Amount ₹	Date	Particulars	J.F	Amount ₹
				2016 Oct 25	By Cash a/c		25,000

(iii) Other Revenue Receipts

(a)Interest Received

Interest income may arise from loans granted, bills of exchange accepted by customers, debentures, deposits, bonds and other investment securities. Vouching of interest received should be from instruments carrying interest bearing obligation. The auditor should ensure that accrual/receipt of interest is in accordance with terms of the instrument concerned, and properly recorded in the books of accounts. For example, interest received on account of Fixed Deposits in the bank should be vouched with the Bank Pass book. He should also verify the accuracy

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of the interest calculation. Vouching of interest received on securities should be vouched from the securities or from the Investment ledger as to the date of the receipt of interest, amount, rate of interest etc. Interest received for any particular fund like Provident Fund should be credited to that fund and not to the revenue account. Further, the auditor should obtain confirmations from the parties owing interest payment and should check with the entries in the interest received account and cash book.

Documents to be Vouched: Loan agreement or Fixed deposit receipts, Counterfoil of cash receipts, Bank pass book.

(b)Dividend Received

Vouching of dividends should be done by referring the relevant dividend warrants, shares, and securities. The auditor should ensure that the client has indeed received and properly recorded all dividends that are due to it. When dividend is collected through bank, amount received should be verified with the bank pass book. He should check the rate of dividends, amount of gross and net dividends and the tax deducted at source. He should also check the actual receipts either from the cash book or bank pass book.

Documents to be Vouched: Dividend warrants, Counterfoils of cash receipts and Passbook.

(c)Others

The auditor should vouch the receipt of other receipts like rent received from building, commission received, Subscription received, sale of old news papers, Ground rent received, Royalty received. Receipts from Bills receivable , Insurance claims received, Bad Debts recovered etc.,He has to check by referring related Vouchers, documents, Bank Statements, Insurance Policy, statements of accounts and other correspondences.

Documents to be Vouched: Documents, Bank Statements, Insurance Policy, statements of accounts and other correspondences.

5.5.3 Vouching of Capital Receipts

(i) Sale of Investments

The amount received on account of the sale of investments should be vouched with broker's sold note. When investments are sold through bank, then bank advice should be verified.

Documents to be Vouched: Bank advice and Broker's Sold note.

(ii) Sale of Fixed Assets

The auditor should verify the sale agreement and correspondences and ascertain the sale value of fixed assets. He should verify the calculation of profit or loss on sale of fixed assets and that the

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amount is treated as capital profit and is transferred to capital reserve.

Documents to be Vouched: Sale deed or agreement, Minute book of directors, Fixed Assets Register, Bank statement, Auctioneer's sold note or broker's sold note and correspondences.

(iii) Other Capital Receipts

Legacy ,life membership fees, patron fees, specific donation and other like items by referring related voucher and documents

Documents to be Vouched: Trust deed , Minute books, and other correspondences.

Example

On 12th December 2016, sold office furniture for ₹11,000 for cash which costs ₹96,000.

Vouching of Sale of Fixed Assets.

Auditor should vouch the transaction in the following manner:

1. Verify entry in Cash Book with reference to date, amount and nature of asset sold.
2. Verify entry in Asset Account with respect to date and sale amount.
3. Verify entry in Fixed Assets Register with respect to date, invoice number, cost, rate of depreciation and specification or description of asset sold.

Cash Account

Dr. Cr.

Date	Particulars	L.F.	Amount ₹	Date	Particulars	L.F	Amount ₹
2016 Dec 12	To Office Furniture a/c		11,000				

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Office Furniture Account

Dr. Cr.

Date	Particulars	J.F	Amount ₹	Date	Particulars	J.F	Amount ₹
				2016 Dec 12	By Cash a/c		11,000

Fixed Assets Register

Name of the Asset	Date of Sale	Invoice No.	Quantity	Rate of Depreciation	Cost ₹	Sale Price ₹	Specification
Office Furniture	12.12.2016	356	12	5%	96,000	11,000	

SUMMARY

- **Missing Vouchers** – While vouching if a number of vouchers or supporting documentary evidences are not available for the entries made in the books of account, such non-availability of vouchers is called as missing vouchers.
- **Vouching** – It is the technique used by the auditor to examine documentary evidence to ascertain the authenticity of entries in the books of accounts.
- **Voucher** – Documentary evidence in support of any business transaction disclosing the nature, source, its value and authority. It may be in the form of a receipt, bill, invoice, counterfoils, memos, agreements or resolutions of a meeting.
- **Vouching of Cash Book** – All transactions whether it is cash receipts or payments should be accounted in the cash book. The auditor should verify the correctness of the entries by examining the original documentary evidences. Therefore, the auditor should ensure that all receipts have been recorded in cash book and no fictitious payments appear on the payment side of cash book.
- **Vouching Receipts Side of Cash Book** – Errors and frauds usually arise in connection with cash receipts. Hence, the auditor should vouch all the cash transactions as possible and should ensure that all receipts have been accounted. The receipt side or debit side of cash book contains transactions such as opening balance, cash sales, cash received from debtors, interest and dividend received, sale of fixed assets and investments.

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EVALUATION

MAOT8

I. Multiple Choice Questions:

1. Vouching _____.
   a. Involves verification of transactions
   b. Unearths fraud
   c. Examines the documentary evidence in support of the transactions
   d. All the above
2. _____ is a documentary evidence in support of a transaction.
   a. Vouching b. Voucher
   b. Verification d. All the above
3. Routine checking is a part of _____
   a. Vouching
   b. Documentation
   c. Application of knowledge
   d. Verification of transactions
4. Vouchers are of two types, namely _____
   a. Primary and duplicate
   b. Primary and Collateral
   c. Collateral and Secondary
   d. None of the above
5. Voucher which is produced in support of entries in the absence of an original Voucher, is called as a _____
   a. Primary Voucher
   b. Collateral Voucher
   c. Missing Voucher
   d. Valid Voucher
6. Voucher which denotes written evidence in original is known as _____
   a. Primary Voucher
   b. Collateral Voucher
   c. Missing Voucher
   d. Valid Voucher
7. While vouching, if a number of vouchers or supporting documentary evidences are not available for the entries made in the books of account, such non-availability of vouchers called _____
   a. Primary Voucher
   b. Collateral Voucher
   c. Missing Voucher
   d. Valid Voucher
8. Vouchers to be vouched in case of sale of fixed assets are _____
   a. Counterfoil, Dividend warrants and Passbook
   b. Counterfoils, Correspondence, etc
   c. Bank Advice and broker's Sold Note
   d. Pass Book, Agreement, and Counterfoils
9. Vouchers to be vouched in case of income from dividend warrants _____
   a. Counterfoil, Dividend warrants and Passbook
   b. Counterfoils, Correspondence, etc
   c. Bank Advice and broker's Sold Note
   d. Pass Book, Agreement, and Counterfoils

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10. Vouchers to be vouched in case of receipts from debtors _____
    a. Counterfoil, Dividend warrants and Passbook
    b. Counterfoils, Correspondence, etc
    c. Bank Advice and broker's Sold Note
    d. Pass Book, Agreement, and Counterfoils

[Answers: 1.(d), 2. (b), 3.(a), 4.(b), 5.(b), 6.(a), 7.(c), 8.(c), 9.(a), 10.(b)]

II. Very Short Answer Questions

1. Define Vouching.
2. What is a Voucher?
3. What is a Missing Voucher?
4. What is a Primary Voucher?
5. What is a Collateral Voucher?

III. Short Answer Questions:

1. What do you mean by Vouching?
2. What are the objectives of Vouching?
3. Write short notes on vouching of cash transactions.
4. Why Vouching of cash receipts is necessary? Illustrate.

IV. Essay Type Questions

1. Define Vouching. What are its Objectives?
2. Explain the procedure with regard to vouching debit side of the cash book.
3. As an auditor of a business concern, how will you vouch cash receipts.
4. Write a note on (i) Vouching (ii) Vouchers (iii) Missing vouchers.
5. How would you vouch the following? (a) Sale of investments (b) Interest received (c) Dividend received

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Chapter 6 VOUCHING OF CASH PAYMENTS

Learning Objectives

After going through this unit the students will be able to describe the procedure in regard to vouching the cash payments or credit side of the cash book.

OARWP

TO BE RECALLED

RECAP

In the previous lesson, we have studied the meaning of vouching and voucher, and procedure in regard to vouching the debit side of the cash book. The debit side items such as Opening balance, cash sales, receipts from debtors, income from interest and dividend, sale of investments and sale of fixed assets have been discussed in the previous lesson

6.1 Vouching of Cash payments or Credit Side of the Cash Book

The auditor vouches cash payments with an objective to ensure that all cash payments pertaining to business activities are genuine and properly authorized. The auditor in vouching cash payments or credit side of Cash Book should ensure that payments are made for the purpose of business, payment relates to the period under audit, payment is properly sanctioned and recorded, payment has been made to the right person, and payment is properly supported by a voucher and same as entered in Cash Book.

6.2 Auditors Duty in Vouching Cash Payments

The auditor should pay special attention to the following points while vouching cash payments.

1. The auditor should evaluate the effectiveness of Internal check and Internal control system for cash payments.
2. He should ensure that all the vouchers are made in the name of the business concern and payments are made pertaining to business.
3. He should ensure that vouchers have been correctly posted to the appropriate accounts and properly distinguished between capital and revenue expenditure.
4. He should ensure that all cash payments are within the period under audit.
5. When cash payments are made in excess of ₹10,000 the auditor should ensure the same made through electronic mode.
6. Auditor should verify that all payments are recorded as per the provisions of Companies Act, 2013.

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7. He should also compare the rough cash book with the cash book to identify the fictitious payments.

6.3 Vouching of Revenue Payments

Revenue expenditure is an expenditure which is incurred to maintain the revenue earning capacity of the business. Expense which are incurred in day – to – day running of the business and which does not increase the earning capacity of the business are called revenue expenditure.

The Procedure in vouching the various items of Revenue Payments are as follows :

6.3.1 Cash Purchase:

- The Auditor should check the entries in the cash book with cash memo or Invoices issued by the suppliers.
- The Auditor should compare the entries in the cash book with the Goods Inward Book.
- The Auditor should ensure that the cash purchases are made after obtaining proper authorization from a responsible officer.
- Auditors should also check that only net amounts are paid.

Documents to be Vouched:

Cash memo or Invoice issued by the supplier.

Goods Inwards Book and Bank statement.

6.3.2 Cash Paid to Creditors

While vouching cash payment to creditors, the auditor should examine the system of internal control in existence. He should check the entries in the cash book with the receipts issued by creditors or counterfoils of cheque book and bank statement. He should compare the ledger balances of creditor with statement of account sent by them. Further, the auditor should ensure that all payment made to creditors are properly authorized by a responsible official. When payment was made as full and final settlement, auditor should verify whether the company has been availed any discount and is accounted as discount received.

Documents to be Vouched:

Receipts issued by creditors, Invoices, Statements of accounts of creditors, Bank statement.

LEGAL CASE STUDIES

- In a case between **Irish Woollens Co. Ltd. Vs. Tyson** and others, it was held that auditor was negligent for not verifying the liabilities. He was liable to pay damages for the loss suffered by the client.
- In another case, **Arthur E. Green & Co. Vs. General Advance and Discount Corporation**, it was held that the auditor was liable for accepting the schedule of debtors without verifying thereof.

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Example

On 12.3.17, Paid cash to Rakesh Rs.22,000 being supplier of goods.

Vouching of Cash paid to Creditors.

Auditor should vouch the transaction in the following manner:

1. Verify entry in Cash Book with respect to date, name of creditor or supplier and amount paid.
2. Verify entry in Creditor or Supplier Account with reference to date and amount.

Cash Book

Dr. **Cr.**

Date	Particulars	L.F.	Amount ₹	Date	Particulars	L.F.	Amount ₹
				2017 Mar 12	By Rakesh a/c		22,000

Rakesh (Creditors) Account

Dr.							Cr.
Date	**Particulars**	**J.F**	**Amount ₹**	**Date**	**Particulars**	**J.F**	**Amount ₹**
2017 Mar 12	To Cash a/c		22,000				

6.3.3 Cash Paid To Bills Payable

The auditor should vouch the entries in the Bills Payable Book and the Bank Pass Book if payment is made by bank. He should ensure that bills when honored on the date of maturity and returned by the payee after receiving the payment should be properly canceled after payment.

Documents to be Vouched:

Bills payable book, pass book and Receipts

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6.3.4 Cash Paid To Wages And Salaries

Vouching of payment of wages and salaries is an important duty of an auditor as there are many chances of misappropriation of cash. The following are some of the duties of an auditor in vouching wage and salaries payments.

(i)Wages

1. The auditor should verify the effectiveness of the system of internal check in operation with regard to the preparation of wage sheet, maintenance of records and payment of wages.

2. He should verify the arithmetical accuracy in calculation of wages.

3. He should verify the attendance register of the employees and vouch it with the wage sheet to ensure that the wages has been correctly calculated only for the days worked by the employee.

4. Auditor should carefully scrutinize the wage sheet to identify that no dummy workers or ex-employees are included in the wage sheet.

5. Auditor should vouch the entries in the cash book with the wage sheet. He should also vouch the entries in the cash book with the bank statement to ensure that correct amount is withdrawn for payment of wages.

6. The auditor should compare the signature or thumb impression of the workers with previous months to check the genuineness of the person receiving the payment.

7. He should ensure that unclaimed or unpaid wages has been deposited in the bank. He should vouch the unpaid amount in the wage sheet with the entry in the bank statement. Payment for unpaid wages should be made only against authorization signed by a responsible official.

8. Auditor should verify that there is a proper system of wage payment to casual laborers.

Documents to be Vouched:
Attendance register Time or piece records, Leave register, Overtime register, Wage sheet, Bank statement, Register of casual labourers

Example:
On 5/7/2016, Paid wages by cash for ₹8,000.

Vouching of Payment of Wages
Auditor should vouch the transaction in the following manner:

1. Verify entry in Cash Book with respect to wages paid amount and date of payment.
2. Verify entry in Wages Account with regard to date and amount of payment.
3. Verify entries in Wage Sheet.
4. Verify entries in Pay Roll.

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Cash Account

Dr. **Cr.**

Date	Particulars	L.F	Amount ₹	Date	Particulars	L.F	Amount ₹
				2016 July 5	By Wages a/c		8,000

Wages Account

Dr. **Cr.**

Date	Particulars	J.F	Amount ₹	Date	Particulars	J.F	Amount ₹
2016 July 5	To Cash a/c		8,000				

Specimen of Wage Sheet

No.---------- **Week ending ----------**

Job No.10			Job No.11			Job No.12			Job No.13		
Clock No.	Hrs.	Amt. ₹	Clock No.	Hrs.	Amt. ₹	Clock No.	Hrs.	Amt. ₹	Clock No.	Hrs.	Amt. ₹
Total			Total			Total			Total		

Prepared By ---------- **Checked By ----------**

Specimen of Payroll

Name	No. of worker	Rate	Total Hrs.	OT Hrs.	Wages	DA	Gross Wages	Deductions				Total Deductions	Net Wages
								ESI	PF	IT	Others		
		₹			₹	₹	₹	₹	₹	₹	₹	₹	₹
Total													

Prepared By ---------- **Checked By ----------**

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DEBIT OR PAYMENT VOUCHER

Vinodh & Sons (P) Ltd.,
Gandhi Road, Chennai.

Voucher No. _____ Date: _____

Particulars	Amount ₹
Debit Account:	
Being the	
Total	

Sd/-
Manager

Sd/-
Accountant

(ii)Salaries

1. Auditor should check the system of internal check in maintenance of attendance of the employees, preparation of salary bills, disbursement of salary.

2. He should check the calculations in the salary register.

3. He should ensure that salary has been paid only after obtaining sanction and in the presence of a responsible officer.

4. He should compare the salary bill of the current month with previous month.

5. He should verify deductions with regard to provident fund, income tax, insurance and repayment of advance etc.,

Documents to be Vouched: Salary register, Attendance register, bank Statement.

6.3.5 Directors Fees

Directors of a company are paid fees for attending the Board meetings, they are known as Directors fees or Sitting fees. Directors are entitled to get remuneration only when the Articles of Association of the company provide. Hence the auditor should examine the Articles and the resolution passed by the shareholders in the general meeting. Auditor should check the attendance register which will provide the name of directors who attended the board's meetings and the minutes of the Board meeting to confirm the presence of the directors for payment of remuneration. He should ensure that amount paid towards fees or remuneration to directors is shown separately in the Profit and Loss account.

Documents to be Vouched:
Articles of association, Minutes book, Attendance register, Resolution passed by shareholders.

6.3.6 Other Revenue Expenses:

(i) Rent Paid

1. Auditor should verify the rental agreement and receipt given by the Land Lord in connection to the Rent Paid.

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2. Auditors should verify whether rent is authorized for payment by a responsible person.
3. Entries with regard to outstanding and prepaid rent should be checked with the entries in the books.

Documents to be Vouched: Rental Agreement, Receipt given by the Landlord

(ii)Interest Paid :

1. When interest is paid on loan, the auditor should examine the loan agreement.
2. Auditor should check that all interest payments are supported by vouchers and receipts.
3. When interests in paid on debentures, debentures interest book should be checked with the entries in the cash book.

Documents to be Vouched: Loan agreements, Debenture Interest book, Bank Statement.

(iii) Insurance Premium

1. **Auditor should carefully examine the Insurance Policy and check the policy amount, date of maturity, premium amount etc.,**
2. **Insurance premium paid should be vouched with the receipts issued by the Insurance Company.**
3. **Auditors should ensure that proper entries are recorded in the books of accounts with regard to prepaid insurance premium.**
4. **When the company has many insurance policies, the auditor should verify all the policies.**

Documents to be Vouched: Insurance Policy, Receipt issued by insurer, Bank Statement.

6.4 Vouching Of Capital Payments

Capital expenditure is an expenditure which is incurred in the acquisition or improvement of a permanent fixed asset for the purpose of earning revenue.

6.4.1 Purchase Of Land And Buildings

Auditor should examine the title deeds and sale agreements of the property purchased. When assets are purchased on leasehold basis, lease agreement should be verified with regard to lease rent, period, terms and conditions. In case of purchase of freehold asset, auditor should examine the correspondence directly from the seller. He should ensure that all expenses incurred in connection with purchase of a asset like auctioneers commission, brokerage, architects fees, registration fees and legal charges, are capitalized. He should also vouch all such payments with reference to receipts. When asset is purchased through broker, the auditor should verify the brokers note. When asset is purchased in auction, the account submitted by the auctioneer should be examined. Similarly, auditor should ensure that all expenses incurred in connection with

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construction of a building like materials purchased, wages paid, cartage has been capitalized. In case of construction of a building, auditor should examine the construction contracts and architects certificate.

Documents to be Vouched: (1) Title deeds, sale Agreements, (2) Lease Agreement, (3) Correspondences with Seller, (4) Auctioneers Statement, (5) Architects Certificate, (6) Contractors Agreement, (7) Receipts

Example

On 20th April 2016, purchased a piece of land for Rs.1,00,000 and paid cash.

Vouching of Purchase of Land and Buildings

Auditor should vouch the transaction in the following manner:

1. Verify entry in Cash Book with respect to date of purchase, cost and nature of asset purchased.
2. Verify entry in Land and Buildings Account with regard to date and amount of purchase.

Cash Account

Dr. **Cr.**

Date	Particulars	L.F	Amount ₹	Date	Particulars	L.F	Amount ₹
				2016 Apr 20	By Land and Buildings a/c		1,00,000

Land and Buildings Account

Dr. **Cr.**

Date	Particulars	J.F	Amount ₹	Date	Particulars	J.F	Amount ₹
2016 Apr 20	To Cash a/c		1,00,000				

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6.4.2 Purchase of Plant and Machinery / Furniture and Fixtures

When plant and machinery are purchased, auditor should vouch the invoices and receipts received from the vendors. He should ensure that all incidental charges connected with the asset are capitalized and added with the cost of asset. He should also carefully scrutinize that expenses in connection with repairs and maintenance are not capitalized. When the asset is purchased on hire purchase, he should verify the hire purchase agreement and related vouchers. When the asset is purchased on auction, auctioneers statement of account should be verified. In case of purchase of imported machinery, any import duty and clearing charges should be debited to asset account.

Documents to be Vouched: (1) Invoice from Vendors, (2) Receipts, (3) Auctioneers Statement of Accounts, (4) Hire Purchase Agreement

6.4.3 Purchase of Motor Vehicles

Contract of purchase, invoice, broker's note, payee's acknowledgement, asset receiving report and the registration book showing the ownership in the name of the client should be examined.

Documents to be Vouched: (1) Invoice, (2) contract of purchase, (3) Registration boook, (4) Brokers note and (5) Payees acknowledgement

6.4.4 Purchase of Investments

Auditor should vouch payments made for purchase of investments with the Brokers Bought Note. He should verify that investments purchased are properly authorized and registered in the name of the company. He should physically examine the actual investment held by the company. In case of new issue of securities, auditor should examine letters of allotment, bank receipt for installments paid, share certificates etc. If investments are purchased cum-dividend, auditor should verify that the expenditure has been properly apportioned between capital and revenue. In case of inscribed stock, certificate from the bank in whose books the stock is inscribed should be obtained.

Documents to be Vouched: (1) Brokers bought note, (2) Schedule of Investments, (3) Share certificate, (4) letters of Allomen and Bank Receipt, (50 Bank Certificate fo inscribed Stock.

6.4.5 Purchase of Patents and Copyrights

Patent is an exclusive right or privilege to make or produce something and copyright is a right to produce an item of a particular design. In case of purchase of patents and copyrights, auditor should obtain the patents and copyrights list from the client and examine it with reference to

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registration number, date, name of the seller, consideration paid etc. He should verify the registration certificates, certificates for grant of patent, documents of assignment, copyright agreements and receipt for renewal fees. When patent is purchased through broker, brokers commission should be accounted as capital expenditure and should be included in the cost of patent. Similarly, when patents are received through research, research expenses should also be capitalized. On the other hand, he should ensure that renewal fees paid should be not be capitalized but instead should be treated as revenue expenditure. He should also ensure that lapsed patents have been written off from the books of accounts.

Documents to be Vouched: (1) list of patents and Copyrights, (2) patent and Copyright Agreement, (3) Registration Certificates, (4) document of Assignment, (5) Receipts

6.4.6 Other Capital Expenditures

(i).Preliminary Expenses :

a. The Auditor should check the correctness of items which are included in the preliminary expenses.

b. The Auditor should check the preliminary expenses amount as stated in the balance sheet.

c. Auditor should examine the vouchers relevant to preliminary expenses

(ii). Expenses on issue of debentures :.

a. The auditors should verify the payment made towards commission and brokerage on issue of debentures.

b. He should verify the agreement made with the under writers and brokers and ensure whether it is authorized by the Articles of Association.

6.5 Closing Balance of Cash:

a. The auditor should verify the closing balancing of cash by comparing cash book, Bank Statement and Other Sources.

b. Auditor should verify closing balance of cash with cash book and balance as shown in assets side of balance sheet.

c. He should also check physical cash denominations at the end of the accounting period

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FORM OF CASH BOOK IN TALLY

Universal Enterprises
Plot No. 113 & 114,
Industrial Estate, Hongasandra
Bangalore

Cash Book
1-Apr-2008 to 30-Apr-2008

Date		Particulars		Vch Type	Vch No.	Debit	Credit
2-04-2008	To	HDFC Bank		Contra	1	20,000.00	
	By	(as per details)		Purchase	3		832.00
		Purchase @ 4 %	800.00 Dr				
		Input VAT @ 4 %	32.00 Dr				
3-04-2008	By	(as per details)		Purchase	4		12,480.00
		Purchase @ 4 %	12,000.00 Dr				
		Input VAT @ 4 %	480.00 Dr				
5-04-2008	To	HDFC Bank		Contra	2	50,000.00	
6-04-2008	By	Travelling & Conveyance		Payment	1		1,500.00
10-04-2008	By	New Era Computers		Payment	3		2,920.00
15-04-2008	By	Travelling & Conveyance		Payment	5		630.00
16-04-2008	By	Subscriptions		Payment	6		350.00
17-04-2008	To	Travelling & Conveyance		Receipt	7	610.00	
19-04-2008	By	Travelling & Conveyance		Payment	10		72.00
30-04-2008	By	Postage & Telegraph		Payment	13		420.00
	To	Supreme Computers Peripherals		Receipt	9	1,00,000.00	
						1,70,610.00	19,204.00
	By	Closing Balance					1,51,406.00
						1,70,610.00	**1,70,610.00**

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SUMMARY

Vouching of Cash Payments

- Cash Payments should be vouched to ensure that the payments made were exclusively and wholly for the business and are a proper business charge.

Auditors Duty

- Vouching of cash payments should be made to determine that the payments are supported by the required documentary evidence. The name of client, date in the payee's acknowledgement, authorization by competent person, revenue stamp should be verified with respect to cash payments.

Cash Paid to Creditors

- The Cash Paid to Creditors should be vouched referring statement of accounts, receipts issued by creditors, invoices and goods inward book.

Wages

- Wages should be vouched referring wage book, wages sheets, wage records, job cards, etc.

Salary

- Salary should be vouched referring Salary Register, employees Attendance Register and deduction of Income Tax, Provident Fund, etc.,

Capital Expenditure

- Capital Expenditure should be vouched by verifying invoice, agreements, letter of contract, receipts, etc.

Bills Payable

- Bills Payable should be verified referring bills payable register, payee's acknowledgement and pass book.

Directors' Fees

- Directors' Fees should be verified referring Articles of Association, receipts, minutes book, special resolution and attendance register.

KEY TERMS

- **Bills Payable:** Payable against goods or services received on credit.
- **Bills Receivable:** Receivable against sale of goods/service provided to the customer.
- **Capital Expenditure:** Money spent by a business or organization on acquiring or maintaining fixed assets, such as land, buildings, and equipment.
- **Cash Payments:** Payments made in cash for various business transactions.
- **Creditors:** The person or a company to whom the money is owed.
- **Director's fees:** Fees paid to the Company Director for attending the meeting.
- **Wages:** Remuneration paid by the employer to the worker for the work done.

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EVALUATION

H8LTA

I. Multiple Choice Questions.

1. Vouching implies _____
   a. Inspection of receipts
   b. Examination of vouchers to check authenticity of records
   c. Surprise checking of accounting records
   d. Examining the various assets

2. Payment for goods purchased should be vouched with the help of _____
   a. Creditors statement
   b. Correspondence with suppliers
   c. Cash memos
   d. Ledger accounts

3. Payment for wages should be vouched with the help of _____
   a. Working hours statement
   b. Wage sheets
   c. Minutes book
   d. Bank pass book

4. Payment for building purchased should be vouched with the help of
   a. Title deed
   b. Correspondence with Brokers
   c. Building account
   d. Cash book

5. Process of checking the evidence of the entries called _____.
   a. Verification
   b. Observation
   c. Vouching
   d. Inspection

6. Voucher should be addressed to the _____.
   a. Auditor
   b. Client
   c. Employee
   d. Worker

7. Serial number of vouchers should be _____.
   a. Colored
   b. Continuous
   c. Even number
   d. Odd number

8. Which of the point is not to be considered while checking a voucher?
   a. Name of party
   b. Serial number of voucher
   c. Credit period of payment
   d. Accounting entry

9. Checking the date of voucher helps the auditor to obtain evidence that _____.
   a. The transaction relates to current year
   b. The transaction has taken place
   c. The transaction is genuine
   d. The transaction is legal.

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10. The auditor does not check the following while auditing wages:
    (a) Calculation of the salary
    b. Whether the calculation was verified by department heads
    c. Whether dues like PF, PT, TDS have been deducted and deposited
    d. Payment has been made to all the employees on first of the month

[Answer: 1(b); 2(a); 3(b); 4(a); 5(c); 6(b); 7(b); 8(c); 9(a); 10 (d)]

II. Very Short Answer Questions.

1. What do you mean by vouching of bills payable?
2. What are the documents to be verified while vouching wages?
3. What are the important items covered under capital expenditure?
4. What is meant by patent?
5. How the vouching of motor vehicle purchases can be made?
6. what is meant by Revenue Expenditure?
7. what is meant by Capital Expenditure?

III. Short Answer Questions.

1. Discuss the objects of vouching cash payments.
2. What are the points to be carefully considered while examining the evidence of payments?
3. How the vouching of payments to creditor can be made?
4. What are the steps to be followed in vouching the director's fee?
5. Explain in short the procedure for vouching bills payable?

IV. Essay Type Questions.

1. Explain the procedure for vouching of wages and salaries.
2. Discuss the steps involved in vouching capital expenditure.
3. Discuss the duties of an auditor and steps to be taken while vouching the cash payments.

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Chapter 7 VOUCHING OF TRADING TRANSACTIONS

JOVNR

Learning Objectives

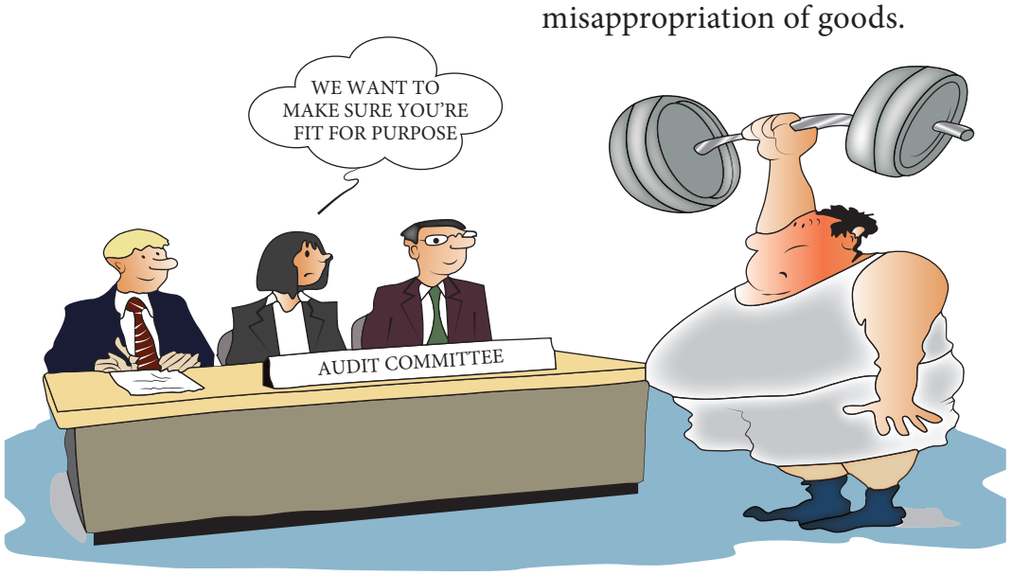
- After going through this unit the students will be able to describe the procedure with regard to vouching of credit purchases, credit sales and goods sent on sales or return system and goods maintained in stores.

TO BE RECALLED RECAP

The students learnt the auditing procedure with regard to vouching of cash payments i.e. payment to creditors, wages, capital and revenue payments, bills payable, and director's fee from the previous lesson.

7.1 Vouching of Trading Transactions - Introduction

After having completed the vouching of cash transactions, the auditor should proceed to examine the trading transactions. Trading is a business process starting with the purchase of goods and ending with sales. The major trading transactions are purchases, purchase returns, sales and sales returns. The main objective of vouching trading transactions is to detect misappropriation of goods. Therefore, the auditor should take great care in vouching trading transactions to prevent misappropriation of goods.



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7.2 Vouching of Credit Purchases

Transactions relating to credit purchases of goods are recorded in Purchase Book. The main objective of vouching purchase book is to ensure that all the goods purchased during the year are being received and the client makes payment only for the goods being delivered by the supplier. The auditor before vouching the purchase book should satisfy himself about the effectiveness of the Internal check and Internal control system relating to purchases.

Auditors Duty

While vouching purchase book the auditor should consider the following points:

1. The auditor should carefully check the entries in the Purchase Book with the purchase invoices. While examining the purchase invoice the auditor should pay attention to the following points:-
   a. Invoices are in the name of the client.
   b. The date of the invoice should relate to the period under audit.
   c. The name of the creditor in the invoice agrees with the name entered in the purchases book.
   d. Orders should be placed by a responsible officer and there should be another responsible officer to pass the invoice for payment.
   e. Invoice should be initialed by the Invoice clerk as being checked.
2. The auditor should vouch the entries in the Purchases Book with the invoices, copies of orders placed, Goods Inward Book and delivery notes.
3. He should ensure that only credit purchases are recorded in the Purchases Book.
4. He should also ensure that purchase of capital goods, i.e., purchase of plant and machinery or any capital asset are not entered in Purchase Book. Instead they should be accounted in fixed assets account.
5. Auditor should check the totalling and casting of the purchases book and ensure that all taxes, octroi and freight are added to the purchases and trade discount allowed are deducted.
6. When directors or partners purchase goods for personal use, auditor should ensure that such purchases are charged to their personal accounts.
7. Auditor should compare the Gatekeepers Goods Inward Book and the stock sheets with the purchases book to ensure that all goods taken into stock have been entered in the purchases book.

Books and Documents to be Vouched:
(1) Purchase Invoice (2) Purchase Book (3) Suppliers ledger account (4) Gatekeepers Goods Inward Book.

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Example:

On 5.1.2017, X Ltd. purchased 30 cotton shirts @ Rs.150 each worth Rs.4,500 from Goyal Mills, Ahmedabad on credit.

Vouching of Credit Purchases

Auditor should vouch the transaction in the following manner:

1. Verify entry in Purchase Day Book with respect to date of purchase, invoice number, name of supplier and amount of purchase.
2. Verify entry in Suppliers Account with regard to date and amount of purchase.

Purchase Day Book

Date	Purchase Invoice No.	Name of the Customer	L.F.	Details Qty	Amount ₹
2017 Jan. 5	210	Goyal Mills, Ahmedabad		30	4,500

Goyal Mills (Creditor/Supplier), Ahmedabad Account

Dr. **Cr.**

Date	Particulars	J.F	Amount ₹	Date	Particulars	J.F	Amount ₹
				2017 Jan. 5	By Purchases		4,500

7.3 Vouching of Credit Sales

In Sales Book, only credit sales of goods are recorded. Auditor before vouching the sales book should check the effectiveness of the system of internal check and Internal control in operation.

Auditors Duty

The auditor should carry out vouching of credit sales in the following manner:

1. The auditor should verify the efficiency of the system of Internal check in operation by test checking the transactions.
2. Auditor should vouch Sales Book with the copy of the invoices, Orders Received Book and Goods Outward Book and ensure that all sales made are accounted.
3. He should check the casts, postings and carry forwards of the Sales Book.
4. He should see whether there is any omission or inflation of sales.

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5. Auditor should ensure that sale of capital assets are not considered as ordinary sales and accounted in Sales Book.
6. Trade discounts allowed to customers should be checked and differences if any observed should be enquired.
7. Auditor should check that cancelled invoices are properly cancelled and kept separately.
8. To detect fraud, the auditor should prepare a statement of accounts of the customers and send it to the customers to confirm the accuracy of the balance.
9. Auditor should carefully vouch the entries made in the sales book of the last few weeks to ensure sales related to the next financial period are not treated as current year's sales or fictitious sales not being recorded in the books which will inflate the profit.

Books and Documents to be Vouched: (1) Sales Invoice, (2) Sales Book, (3) Customers ledger account, (4) Goods Outward Book.

Example:

On 5.2.2017, X Ltd. sold 20 shirts for Rs.200 each to Ram & Co., Bangalore on credit.

Vouching of Credit Sales

Auditor should vouch the transaction in the following manner:

1. Verify entry in Sales Day Book with respect to date of sale, invoice number, name of customer and sale amount.
2. Verify entry in Debtors or Customers Account with regard to date and amount of sale.

Sales Day Book

Date	Sales Invoice No.	Name of the Customer	L.F.	Details Qty	Amount ₹
2017 Feb. 5	112	Ram & Co., Bangalore		20	4,000

Ram & Co. (Debtors / Customers) Account

Dr. **Cr.**

Date	Particulars	J.F	Amount ₹	Date	Particulars	J.F	Amount ₹
2017 Feb. 5	To Sales A/C		4,000				

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7.4 Goods Sent on 'Sale or Return Basis'

When goods are delivered to a customer on condition that if goods are not approved within a particular period the customer can return the goods. Such a type of sale is called as Goods on 'sale or return' basis.

Auditors Duty

The auditor should vouch 'sale or return' basis by considering the following points:

1. Auditor should verify that a separate sale or return journal with necessary columns for sale price of goods, value of goods returned and retained should be maintained.
2. Auditor should vouch the goods on 'sale or return' journal with invoices, correspondences with the client or other documentary evidences available with the client.
3. The auditor should ensure that goods sold on approval should not be treated as complete sale unless the customer approves the sale.
4. He should check that until the goods are approved it should be shown as goods with customers in closing stock in Balance Sheet. If this is not done, the profit of the concern will be inflated and will not show the correct financial position.

Vouching of Goods Sent on Sale or Return Basis

Auditor should vouch the transaction in the following manner:

1. Verify entries in the Goods sent on 'sale or return' basis with respect to date, invoice number, name of customer and amount at which goods are sent for sale.
2. Verify entries in Goods Inward Book with regard to date and value of goods returned and retained.
3. Verify entries in Goods on 'sale or return' Account with regard to date and amount of goods returned and retained.

Goods Sent on 'sale or return' Book

Date	Invoice No.	Name of Customer	L.F	Amount ₹

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Goods on Return Inward Day Book

Date	Proforma Credit	Name of Customer	L.F.	Retained ₹	Retained ₹

Goods on Sale or Return Account

Dr. Cr.

Date	Particulars	J.F	Amount ₹	Date	Particulars	J.F	Amount ₹

7.5 Vouching with regards to Stores

Stores is a place where different kinds of materials, consumables, spare parts are kept under the control of a person known as storekeeper. The storekeeper maintains and has control over the materials kept in stores. He maintains a ledger known as Stores Ledger where he accounts quantity and value of materials received, issued to production department and maintains balance of materials left in the stores. Every organization has to maintain the stores of different kinds of materials like, finished goods, semi-finished goods and raw materials in a proper way. Stock of goods kept in the Stores Department should be properly protected against pilferage, theft or misappropriations. Hence a proper system of internal check in relation to stores must be given careful attention.



while vouching goods maintained in stores. the auditor should bear in mind the following

1. **Location of Stores:** Stores should be located at a convenient place and should have proper facilities so that goods may not be misplaced, misused or wasted.

2. **Receipt of Stores:** The Stores Department on receiving the goods in stores should prepare a Goods Received Note in triplicate. One copy of the note should be sent to the Purchase Department, second

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copy to the Accounts Department and the third copy will be retained by the Stores Department. The particulars of the goods received should be entered in the note.

3. **Preservation of Stores:** Stores should be properly preserved the following are the points to be noted in this regard.

   - A separate place should be earmarked for each type of stores.
   - All items in stores should be serially numbered and the place where they are to be kept also should be numbered.
   - Entries relating to stores such as, receipts, issues and balance of stores should be recorded in the bin cards. Such bin cards should be kept hanging on the places where stores are reserved.
   - A responsible officer at frequent intervals should check the stores and should also compare the bin cards with the stores ledger.
   - At regular intervals stock taking should be conducted. Differences if any noticed between the actual stock and the balance of stock as shown by the books should be properly adjusted after obtaining sanction from the higher officials.

4. **Issue of Stores:** The following system should be adopted for issuing stores:

   - Stores should be issued only against proper requisition slip received from the department. The requisition slip should be signed by the responsible person of the department.
   - Issue of stores should be made only by an authorized person. The Stores officer should be seated near the
   - so that all the issues should be made under his supervision.
   - When materials or stores are returned from the job or department, it should be properly accounted in the Materials Return Note.
   - When materials or stores are transferred from one department or job to another entry should be made through the Materials Transfer Note.
   - Proper instructions should be given to the gate-keeper not to allow any materials out of the factory without obtaining permission from the storekeeper.

5. **Recording:** When materials are issued under the Material Requisition Slip from the department, the requisition slip should be sent to the stores accounts section for recording. At frequent intervals the bin cards should be checked and compared with the entries in the stores records.

Books and Documents to be Vouched: (1) Bin Card (2) Stores Ledger (3) Goods Received Note (4) Material Requisition Slip (5) Material Transfer Note (6) Material Return Note.

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Records to be verified by the Auditor

Auditor should check entries relating to stores with the following records:

1. Bin Card: Maintained by the Storeskeeper in Stores Department.
2. Stores Ledger Account: Maintained by Accountant in Accounts Department.

Example

On 5th July 2016, received 1000 units at Rs.10 each vide Goods Received Note No.121

On 15th July 2016, issued 100 units vide Material Requisition No.78

BIN CARD

ABC Company

Receipts			Issues			Balance	Remarks
Date	GRN No.	Qty.	Date	MR No.	Qty.	Qty.	
2016 Jul. 5	121	1000	-	-	-	1000	
-	-	-	2016 Jul. 15	78	100	900	

STORES LEDGER

ABC Company

Date	Particulars	Receipts			Issues			Balance		
		Qty.	Rate ₹	Amt. ₹	Qty.	Rate ₹	Amt. ₹	Qty.	Rate ₹	Amt. ₹
2016 Jul. 5	GRN No.121	1000	10	10,000	-	-	-	1000	10	10,000
2016 Jul. 15	MR No.78	-	-	-	100	10	100	900	10	9,000

SUMMARY

- Trading transactions include credit purchases and credit sales. The main objective of vouching trading transactions is to detect misappropriation of goods. The following are some of the books vouched under audit of trading transactions namely, purchases book, sales book, goods sent on 'sale or return' basis and stores ledger. Vouching of such transactions involves scrutinizing the efficiency of the internal check system to be followed by the client in respect of these items and examining the relevant vouchers, correspondences etc.
- While vouching the credit purchases the auditors have to carefully examine the invoices, and the goods received books and ensure that correct entries have been made in the purchase book. Similarly, while vouching the credit sales he must examine the orders received book, the invoice book, the goods outwards book and the sales book.

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KEY TERMS

- **Purchase Book:** Transactions relating to credit purchases are recorded in Purchase Book. The main objective of vouching purchase book is to ensure that all the goods purchased during the year are being received and the client makes payment only for the goods being delivered by the supplier.
- **Sales Book:** Transactions relating to credit sales are recorded in Sales Book.
- **Purchase Invoice:** Document containing description of goods purchased, quality, rate, amount payable, name of the supplier, date of purchase etc.
- **Sales Invoice:** Document containing description of goods sold, quantity, rate, amount receivable, name of the customer, date of sale etc.
- **Goods Sent on 'sale or Return' Basis:** When goods are delivered to a customer on condition that if goods are not approved within a particular period the customer can return the goods. Such a type of sale is called as Goods on 'sale or return' basis.
- **Stores Ledger:** Stores is a place where different kinds of materials, consumables, spare parts are kept under the control of a person known as a storekeeper. The storekeeper maintains a ledger known as Stores Ledger where he accounts quantity and value of materials received, issued to production department and balance quantity of materials remains in the stores.

EVALUATION

J13A6

I. Multiple Choice Questions:

1. Purchases book records _____
   (a) Credit purchases only
   (b) cash purchases only
   (c) both cash and credit purchases
   (d) none of the above

2. Sales book records _____
   (a) Credit sales only
   (b) Cash sales only
   (c) Both cash and credit sales
   (d) None of the above

3. Payment for goods purchased should be vouched with the help of _____
   (a) Creditors statement
   (b) Correspondence with suppliers
   (c) Cash memos
   (d) Ledger accounts

4. Verification refers to
   (a) Examination of journal and ledger
   (b) Examination of vouchers related to assets
   (c) Examining the physical existence and valuation of assets
   (d) Calculation of value of assets

5. Which of the following statements is correct?
   (a) Valuation is a part of verification
   (b) Verification is a part of valuation

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(c) Valuation has nothing to do with verification

(d) Auditor is a valuer

6. The store keeper maintains a ledger called _____

(a) Store ledger

(b) Stock ledger

(c) Materials ledger

(d) Materials issued ledger

7. Materials transformed from one department to another department is entered through the document called _____

(a) Materials transfer Note

(b) Materials received Note

(c) Goods inward Register

(d) Goods outward Register

[Answers: 1.(a), 2.(a), 3.(a), 4.(b), 5.(a), 6.(a), 7.(a)

II. Very Short answer Questions

1. Explain the auditor's duty with regard to credit purchases?
2. How will you vouch sales day book?
3. What is Purchase invoice?
4. What is sales invoice?
5. Who is a Storekeeper?
6. What is meant by Stores ledger?

III. Short Answer Questions

1. As an auditor of a company explain in detail as to how your will vouch the purchases book?
2. Explain the points you would keep in view while vouching credit sales?
3. How would you vouch goods sent on sales or return basis?

IV. Essay Type Questions

1. Explain the points you would keep in view while auditing credit purchase and credit sales?
2. Write a note on vouching with regard to stores ledger?

References

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2. Auditing: Principles and Practice, Ravinder Kumar and Virender Sharma, PHI Learning Private Limited, Delhi, Third Edition, 2015.
3. Auditing Principles & Techniques, S.K.Basu, Pearson Education, New Delhi, 2007
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Chapter 8 ELECTRONIC DATA PROCESSING AUDIT

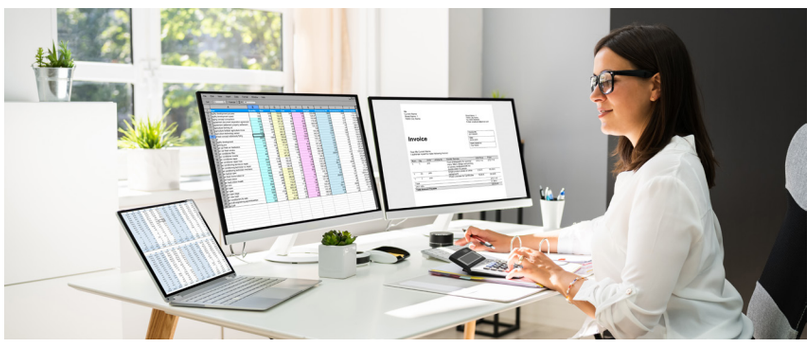
Learning Objectives

- After going through this unit, the students will be able to know the meaning, characteristics, approaches, advantages and disadvantages of EDP audit.
- Students will know the differences between manual accounting and computerised accounting system.

TO BE RECALLED

RECAP

The students learnt the meaning of trading transactions and auditors duty in vouching credit purchases, credit sales, "Goods sent on sale or return basis" and stores.



8.1 Meaning

Electronic Data Processing (EDP) or Information Systems (IS) Audit refers to the examination and validation of systems which are used to process the data. In EDP audit data's are processed by the computer and its program in an environment involving electronic communication. The managements are now installing new electronic devices in accounting system. This will create new opportunities and reduce the cost.

The work of recording the transactions and preparation of accounts can be done with greater speed under the new mechanized device. Arithmetical and manual errors are much reduced. The mechanized system of accounting is much helpful to find statistical data. This is much helpful for the management in decision making. The basic information is fed into the computers and it can be arranged in different ways. There are many types of accounting packages available. The accounting packages are much useful and processed whenever required. The usage of computer in accounting system improves the function of management.

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8.2 Features or Characteristics of EDP Audit

1. **Simple and Integrated:** Computerized audit is designed to integrate all the business operations such as purchase, sales, finance, inventory, payroll etc. Hence, verification of accounts and records by an auditor in computerised environment is faster and simple.
2. **Accuracy of Transactions:** Use of computerized template provides accurate data entry of the transactions. All documents and records can be generated automatically by click of a button.
3. **Quick Records:** In a computerized environment auditor can get statements, reports, extracts and other financial informations in various ways, which makes work a pleasure.
4. **Storage of Voluminous Transactions:** In computerised environment auditor gets the ability to handle huge and large volume of transactions of business organization without compromising on speed or efficiency.
5. **Quick Decision-making:** Generation of real time data's and management information reports enables auditor to take quick decisions.

8.3 Manual Accounting System Vs. Computerized Accounting System

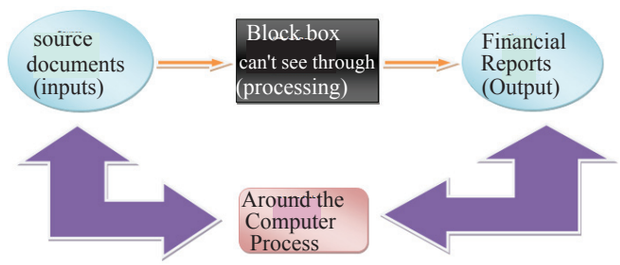
Basis of Difference	Manual Accounting	Computerized Accounting
1. Meaning	It is an accounting system in which physical register of journal and ledger for keeping record of the transactions.	It is an accounting system in which computer and accounting softwares are used for digital record of the transactions.
2. Maintenance of Books	In manual accounting books, records, vouchers and documents are physically maintained	In computerized accounting, there is no physical existence of books, records, vouchers and documents. All transactions are recorded in computer hard disk.
3. Accounting System	In manual accounting, based on accounting principles transactions are journalised and later posted in books of accounts.	In computerized accounting, after entry of a particular transaction system automatically posts respective transactions in related books of accounts based on accounting principles.
4. Calculations	In manual accounting, all arithmetical calculations are done manually.	In computerized accounting, all calculations are done by computer system, only entry of a transaction should be done by an accountant.

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5. System of Audit	In the manual system of accounting the auditor verifies each and every transaction in the books with related documents, supporting vouchers, invoices etc. and traces the transaction to the end of the accounting process.	In computerized accounting, an auditor verifies accounting of a transaction with related documents, invoices, vouchers etc simultaneously.
6. Verification of Books of Accounts	In a manual accounting system, the processing of accounting entries in the books of accounts and the accounting information are transparent and can be observed by the auditor.	In an EDP environment, the auditor can access the accounting entries and records only when printouts are taken.

8.4 Approaches to EDP Audit

1. **Auditing Around the Computer:** It is the type of auditing done in a traditional method. The auditor summarizes the input data and ignores the computer's processing but ensures the correctness of the output data generated by the computer, this approach is generally referred to as "auditing around the computer". This methodology was primarily focused on ensuring that source documentation was correctly processed and this was verified by checking the output documentation to the source documentation.



2. **Auditing with the Computer**

The utilization of computer by the auditor for some audit work and he uses some general software for the purpose of calculating depreciation, growth rates, percentages, printing letters and duplicate checking and comparison of datas. The computer is used as a supporting tool in the manual audit environment.

31 Best Accounting Software List for Small Business in 2022

Here's the list of top 30 accounting software for small business to ensure smooth and efficient accounting transactions.

Tally.ERP 9, Ezy Rokad, Profitbooks, PEASx GST Inventory & Accounting Software, Busy Accounting, Software, Marg Accounting Software, Saral Accounting Software, Zoho Books, MProfit, Quickbooks, Wave Accounting, Zoho Expense, FreshBooks, NetSuite ERP, FreeAgent, Vyapar, HDPOS Smart Accounts & Billing, Xero, Giddh Accounting Software, Reach Accountant, Book Keeper, SlickAccount, Reeleezee for Accounting, myBooks, Logic ERP, Horizon ERP, Billing 360 Accounting Software, CraveInvoice, AlignBooks, Fraxinus Books, ZipBooks Computer Accounting System

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3. **Auditing Through the Computer:** Due to the "real time" computer environments and limited use of source documentation or paperwork, the auditor may employ an approach known as "Auditing Through the Computer". In this EDP environment, an auditor appraises the internal control and determines the nature, timing and extent of audit. The auditor verifies and analyses the reliability and accuracy of the results through the computer.



Auditor has to ensure the following in conducting auditing through the computer:

- Verify the logic and syntax of software
- Verify the output generated by the system
- Verify the procedure of initiation, execution and recording of a transaction
- Verify the controls that are incorporated in software.

What is 'real-time' in Computer environment?
There is only a very short time between a computer system receiving information and dealing with in.

8.5 Auditors duty in EDP Audit

The auditor has to bear in mind the following points while auditing accounts in an EDP environment.

1. **Possibilities of errors and frauds:** In EDP environment processing is highly decentralized. The possibilities of errors and frauds may occur in a decentralized EDP environment. The auditor has to bear this in mind while auditing accounts.
2. **Knowledge about software:** The auditor should possess knowledge about software like Computer Aided Software Engineering and Data Base Management System (DBMS)
3. **Reduction of audit evidences:** The linkage of networking within the branches due to electronic data interchanges (EDI) has reduced paper work. This has reduced the availability of audit evidences.
4. **Audit Techniques:** In an EDP environment the auditor has to change his audit techniques and method of

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collecting evidences due to introduction of electronic devices like scanners, voice recorders etc.

8.6 Advantages of EDP Audit

1. **Availability of Detailed Records:** In computerized accounts detailed and up to date records are readily available for accounting purposes. This improves the overall control of the management and assists the auditor in verifying the transaction and records.
2. **Saves Time:** Computerized accounts save time and involvement of labor to a great extent. It further saves time and money in documenting and processing the accounts.
3. **Less Testing:** Computerized accounts have a high degree of mechanical ability when compared to manual system of accounting. Therefore,computerized accounts require less testing.



4. **Facilities for Frequent Reconciliations:** The computer offers the facilities of more regular and frequent reconciliations, like, reconciling the bank balance, stock levels, customers and suppliers balance etc.
5. **Quick Information to Management:** In a computerized environment, data or information can be provided to the management quickly which enables the management to take decisions.



6. **Audit Testing:** Computerised accounting helps the auditor in audit testing. The auditor can use "test packs" to determine whether the clients programme controls are working efficiently.
7. **Reduction of Paper Work:** The usage of Electronic Data Interchange and other computer hardware and software systems have reduced the paper work to a very great extent.
8. **Reduction of Errors and Frauds:** The possibility of errors and frauds in an computerized environment are much less due to the usage of electronic devices like scanners,voice recognizing systems etc.

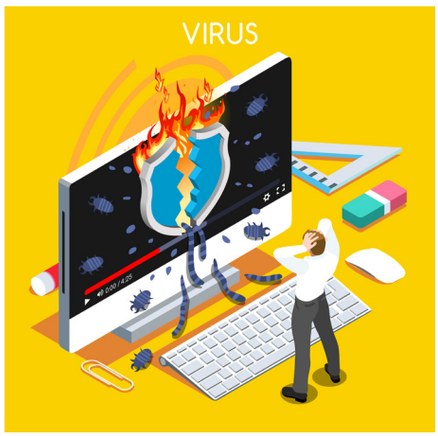
8.7 Disadvantages of EDP Audit

1. **No Proper Authorisation:** In a computerized environment, transactions are fed into the computer without, proper authorization in a conventional form. This creates suspicion and difficulties in checking from outside what and how they are recorded.
2. **Loss of Storage Devices:** Data and programme are stored in hard disks and other storage devices like disks, thumb

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nails, floppy etc. There are chances that these storage devices can be stolen, lost or may be infected due to computer virus.

3. **Exposed to Computer Virus:** Computer Virus is a programme that affects the working of target area of the computer. It enters computer in many ways. One major problem in using computer is the infection of computer virus. The virus infected in a computer can slowdown the programme or make the system dead.
4. **Computer Frauds:** Fraud in computerized environment may arise due to unauthorized use of computers physical manipulation of framework of system, theft of confidential output, editing final output etc. Hence, it is difficult to ensure accuracy and reliability of information.
5. **Lack of Physical Accessibility:** In a computerized system of accounting, the auditor cannot have physical accessibility of scrutinizing the entries, books, records etc. Unless printouts are taken.



SUMMARY

- **EDP Audit** refers to examination and validation of systems which are used to process the data.
- **Auditing Around the Computer:** The auditor views the computer as a black box, as the application system processing is not examined directly.
- **Auditing Through the Computer:** In this approach, the auditor examines the system and the software which is used to process the data. This is also known as White Box approach.
- **Audit Trial** means tracing of the transaction in sequence through the system from the beginning source to completion and vice versa.

KEY TERMS

- **EDP Audit –** Electronic Data Processing Audit
- **Real Time –** Short time between a computer system receiving information and dealing with in
- **Computer Aided Software Engineering and Data Base Management System (DBMS)** – It is a software
- **Test Packs** – It is collection of tests that evaluate a coherent set of device capablities

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EVALUATION

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I. Multiple Choice Questions

1. Examination and validation of systems which are used to process the data is _____
   a. Audit
   b. Internal Audit
   c. Statutory Audit
   d. EDP or Computerized Audit

2. Which approach uses the computer as a book-keeping device,
   a. Auditing with computer
   b. Auditing through computer
   c. Auditing around computer
   d. All of the above

3. Audit software were used to make different calculation as a supporting device under _____ approach.
   a. Auditing with computer
   b. Auditing through computer
   c. Auditing around computer
   d. Computerized Audit

4. Tracking the data from initiation to end in Computerized environment is _____
   a. Audit Trial
   b. Test Trial
   c. Transaction control
   d. None of the above

5. Data taken from the bulk of data for testing the efficiency of a transaction is called as _____
   a. Input data
   b. Output data
   c. Test data
   d. Data control

[Answers: 1. (d); 2. (c); 3. (a); 4. (a); 5. (c)]

II. Very Short Answer Questions.

1. What is meant by EDP Audit.
2. What is meant by Audit Trial.
3. State the approaches of EDP Audit.

III. Short Answer Questions.

1. State the key difference between Manual and Computerized Accounting.
2. Write a very brief note on Auditing through Computer
3. Explain the concept of Auditing with Computers.
4. State any two duties of an auditor in a computerized environment.
5. State any two advantages of EDP Audit.

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IV. Essay Type Questions.

1. Discuss the salient features of EDP Audit.
2. Write a note on Auditors duty in EDP Audit.
3. Differentiate Manual Accounting and Computerized Accounting.
4. Discuss the advantages and limitations of EDP Audit.
5. Explain in detail the process of EDP Audit.

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2. Practical Auditing - Dr.K.Sundar & K.Paari, Vijay Nichole Imprint Pvt Ltd.
3. Computer Applications in Business - Dr.P.Rizwan Ahmed, Margham Publications

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Chapter 9 IT-ITeS & KEYBOARDING TECHNIQUES

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Learning Objectives

- Enable the students to gain knowledge about IT & ITes, that performing in Business Operations.
- To acquire knowledge about various IT applications used now-a-days.
- Students learn about keyboard techniques, ergonomics, fingering charts and pointing devices.
- Students will self guard by learning to maintain healthy and safety measures.

9.1 Introduction - IT & ITes

Information and communication technology (ICT) has become one of the inevitable requirements of the day to day activities of our modern society. Daily usage of mobile phones, laptops, electronic gadgets brings a lot of benefits to the common people and also to the industries those who are engaged in various fields of expertise. Information Technology (IT) is one of the world's fastest growing economic activities, which envisages easier flow of information at various levels in the desired pattern. The Information Technology enabled services (ITeS) sector has also made significant contributions to the growth and development of our Country.



Information Technology

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9.1.1 Meaning

Information technology (IT) means creating, managing, storing and exchanging information. It includes all types of technology used to deal with information, such as computer hardware and software technology used for creating, storing and transferring information. Computer takes data as input and processes it and produces the results as output.

Information Technology that enables the business by improving the quality of service is Information Technology enabled services (ITeS) is also called web-enabled services or remote services that cover the entire operations which exploit Information Technology for improving the efficiency of an organisation.

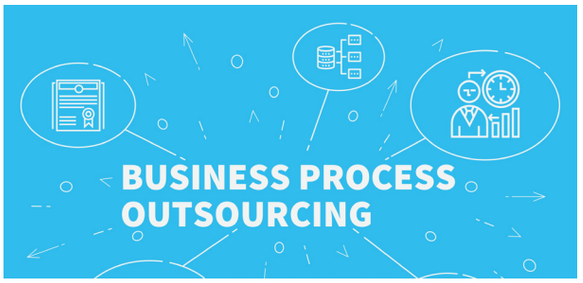




Information Technology Enabled Services

9.2 Business Process Outsourcing (BPO) Services

Business Process Outsourcing (BPO) services means performing business operations through an outside service provider. BPO also comes under IT services as IT plays a very useful role in optimising the business performance.



Business Process Outsourcing

9.2.1 Some important BPO Services:

(i) Financial and Accounting services
(ii) Taxation and Insurance services
(iii) E-Publishing and Web Promotion
(iv) Legal Services and Content Writing
(v) Multimedia and Design Services
(vi) Health care Services

9.2.2 Advantages of BPO Services:

Some of the important benefits or advantages of BPO services as follows:

(i) Decreased Costs: Outsourcing reduces costs for labour, generally when it comes to staffing and training
(ii) Able to concentrate on core competencies
(iii) Increased flexibility
(iv) Expand Global Presence
(v) Improved speed and efficiency
(vi) Security issues
(vii) Communication issues

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9.2.3 BPO Services in India

Business process outsourcing or BPO service in India refers to tasking out certain functional tasks to a third-party service provider. Internal business functions such as billing and purchasing are outsourced, while front-of-house functions including customer support, marketing, and product customization are outsourced. All you need to do is to understand what services you wish to outsource and services you want to keep in-house.

BPO services in India are growing at a fast pace and expanding to assist with services like conventional back and front office functions to services like digital marketing services and social media marketing. Moreover, BPO services can help you save big on cost, offer flexibility, agility, and access to tools and processes.

9.2.4 CLASSIFICATIONS OF BPO SERVICES IN INDIA

(i) ITES (Information Technology enabled services) - It is a type of BPO service that manages and handles IT solutions over the internet. It involves handling IT services like technical support, production support analyst, and service desk analyst.

(ii) KPO (Knowledge Process Outsourcing) - In this type of outsourcing, the service provider offers advanced expertise for any particular business process.

(iii) LPO (Legal Process Outsourcing) - It offers services related to a high level of legal work. They also perform complex tasks like writing legal agreements, doing legal research, and drafting patent applications.

(iv) RPO (Requirement Process Outsourcing) - RPO deals with processes like data analysis and research processes. The services it offers include investment research, data analytics, and market research.

9.2.5 Advantages of BPO SERVICES INDUSTRIES

(i) BPO service providers in India invest in hi-tech hardware and software to deliver the best of services. They follow quality checks to ensure error free and exceptional service.

(ii) Government of India is encouraging the BPO Industry in India by providing necessary Infrastructure and logistical support.

(iii) BPO Industry in India is highly developed and capable of delivering numerous types of BPO services in exceptional quality.

9.3 Business Process Management (BPM) Industry in India

The IT BPM (Business Process Management) industry has been fuelling India's growth. In addition to contributing towards the country's Gross Domestic Product (GDP) and exports, the growth of the IT BPM industry has provided India with a wide range of economic and social benefits which includes creating employment, raising income levels, and promoting exports. It has placed India.

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Business Process Management

On the world map with an image of a technologically advanced and knowledge-based economy. This sector attracts amongst the largest investments by venture capitalists and has been credited with enabling the entrepreneurial ventures of many in the country. The IT-BPM industry has almost doubled in terms of revenue and contribution to India's GDP over the last decade (2008–18).

9.3.1 Definition

Business process management (BPM) is "an organizational discipline where a company takes a step back and looks at all of these processes in total and individually. It analyses the current state and identifies areas of improvement to create a more efficient and effective organization."

9.4 Structure of the IT-BPM Industry

(i) Multinational Companies (MNCs): MNCs have their headquarters outside India but operate in multiple locations worldwide including those in India. They cater to external clients (both domestic and/or global).

(ii) Indian Service Providers (ISPs): ISPs started with their operations in India. Most of these organisations have their headquarters in India. While having offices in many international locations. While most have a client base, which is global as well as domestic, there are some that have focussed on serving only the Indian clients.

(iii) Global In-house centres (GIC): GIC organisations cater to the needs of their parent company only and do not serve external clients.

(iv) The Indian IT industry has more than 16,000 registered companies in the sector across GIC, MNC and SME categories as of 2016. Concentration Ratio in the IT-BPM industry is very high with 11

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players contributing to more than 40% of the revenue.

The Indian IT-BPM sector is home to the world's 3rd largest start-up community with more than 2000 start-ups across e-Commerce, aggregator platforms, analytics, consumer services and IT alone.

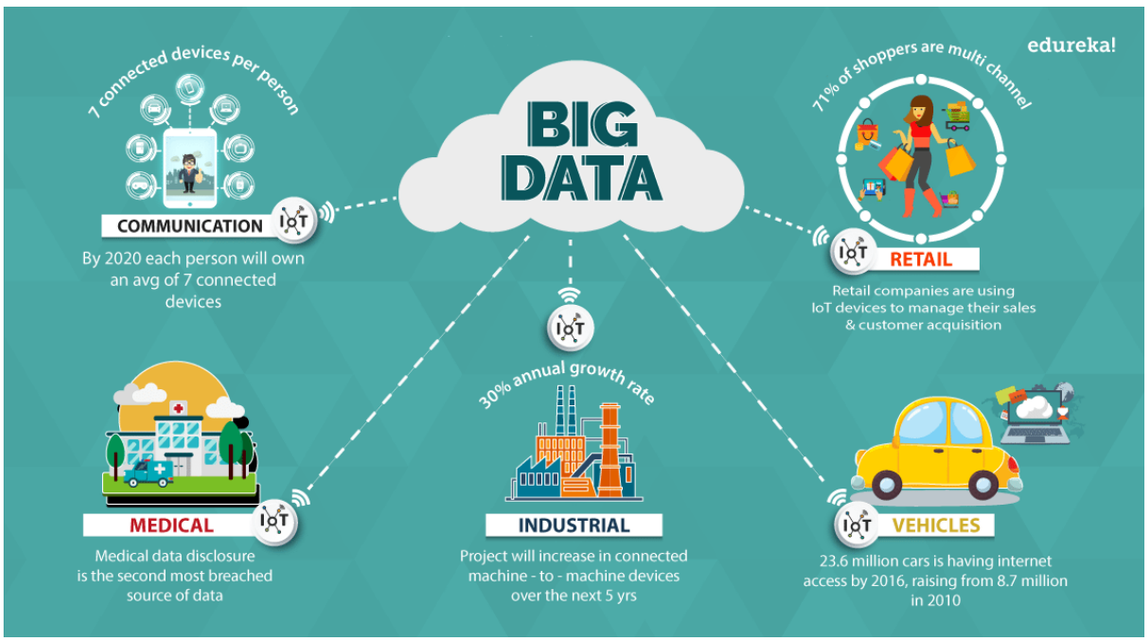
9.4.1 Parameters of IT-BPM Industry

The organisations within the IT-BPM industry are categorised along the following parameters:

- Sector the organisation is serving
- Type as well as range of offering the organisation provides
- Geographic spread of operations
- Revenues and size of operations

9.5 Various IT Applications

The various application areas are business, banking, insurance, education, marketing, and health care, engineering design, military, communication, animation, research, agriculture and government In technologically developed nations, Information Technology has become a part of everyday life. For a user, a computer is a tool that provides the desired information, whenever needed. The use of computer and Information Technology can be observed at home, workplace, in the modern service industry and in all aspects of our life. It includes listening to music, watching movies, playing games, doing office work, chatting and sending messages, managing daily planner, reading books, paying utility bills, booking tickets to travel, bank operations, etc. Computers and ICT are used in industries, in offices, and in houses also. .



Various IT Applications

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Points to be Remembered

(i) Information technology means creating, managing, storing and exchanging information.

(ii) IT that enables the business by improving the quality of service is ITeS.

(ii) BPO means performing business operations via an outside service provider.

(iv) The IT BPM industry provides India, wide range of social and economic benefits.

(v) MNC, ISP and GIC are the structure of the IT – BPM Industry.

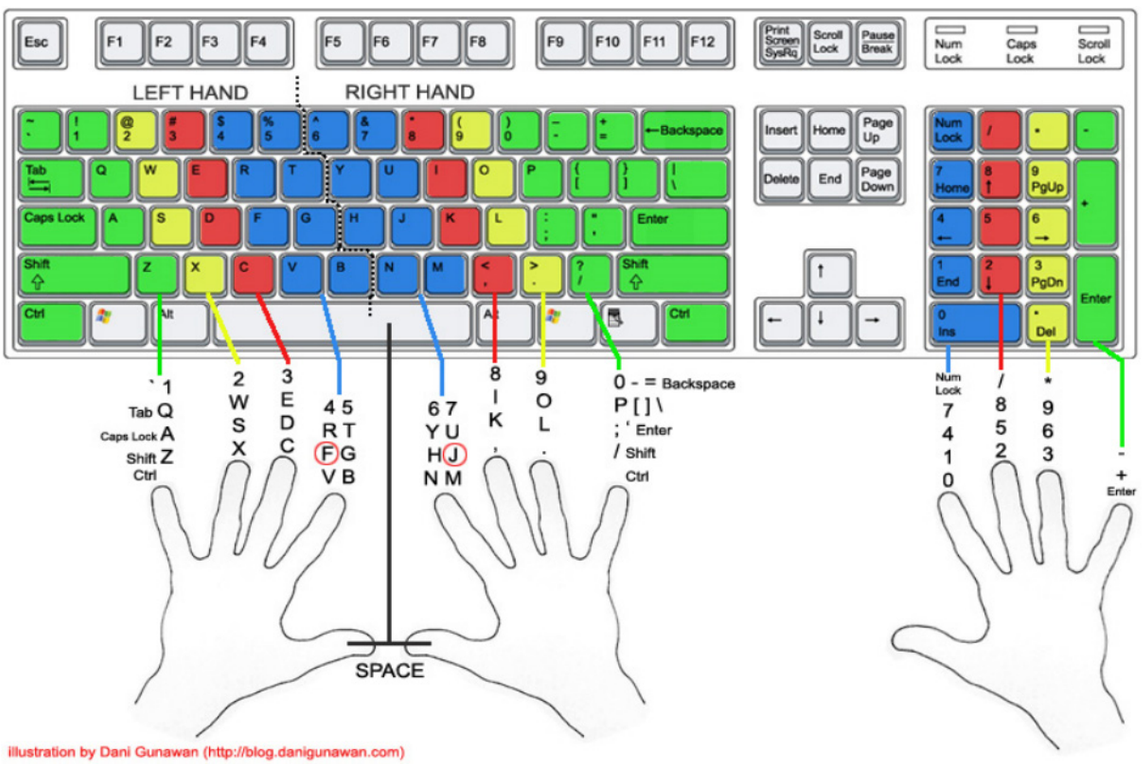
9.6 Introduction to Typing

Typing is the art and technique of using letters and characters in a readable, legible and appealing format when displayed. The arrangement of type involves selecting typefaces, point sizes, line lengths, the spacing, letter spacing and adjusting the space between pairs of letters.

9.6.1 Keyboarding Skills

Keyboard is the most common text-based input device. Computer keyboards are similar to electronic typewriter keyboards with additional keys. A keyboard generally has more than 100 keys.

Keyboarding Techniques



Keyboarding Techniques

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9.6.2 Types of Keys

Though there are several input devices viz. mouse, touch screen, character or voice recognition, etc., used for giving input to the computer, yet the use of keyboard is the most common method adopted for input of data into a computer. A computer keyboard contains the following types of keys:

- **Alphanumeric keys:** All of the alphabet (A-Z) and numbers (0-9) on the keyboard.
- **Punctuation keys:** All of the keys associated with punctuation, such as the comma (,), period (.), semicolon (;), brackets ([]), and parenthesis ({ }) and so on. Also, all of the mathematical operators such as the plus sign (+), minus sign (-), and equal sign (=).
- **Alt key:** Short for Alternate, this key is like a second control key.
- **Arrow keys:** There are four arrow keys to move the cursor (or insertion point) up (↑), down (↓), right (→), or left (←).
- **Shift or Alt keys:** To move the cursor in more than one position at a time.
- **Backspace key:** Deletes the character just to the left of the cursor (or insertion point) and moves the cursor to that position.
- **Caps Lock key:** It is a toggle key, which when activated, causes all alphabetic characters to be uppercase.
- **Ctrl key:** The control key is used in conjunction with other keys to produce control characters. The meaning of each control character depends on which program is running.
- **Delete key:** The Del key deletes the character at the current cursor position, or the selected object, but does not move the cursor. For graphics-based applications, the delete key deletes the character to the right of the insertion point.
- **Enter key or Return key:** It is used to enter commands or to move the cursor to the beginning of the next line.
- **Esc key:** The Escape key is used to send special codes to devices and to exit (or escape) from programs and tasks.
- **Function keys:** Special keys labelled F1 to F12. These keys have different meanings depending on which program is running.

9.6.3 Typing and Deleting Text

For typing text in a document you should

- Click on the letters on the keyboard.

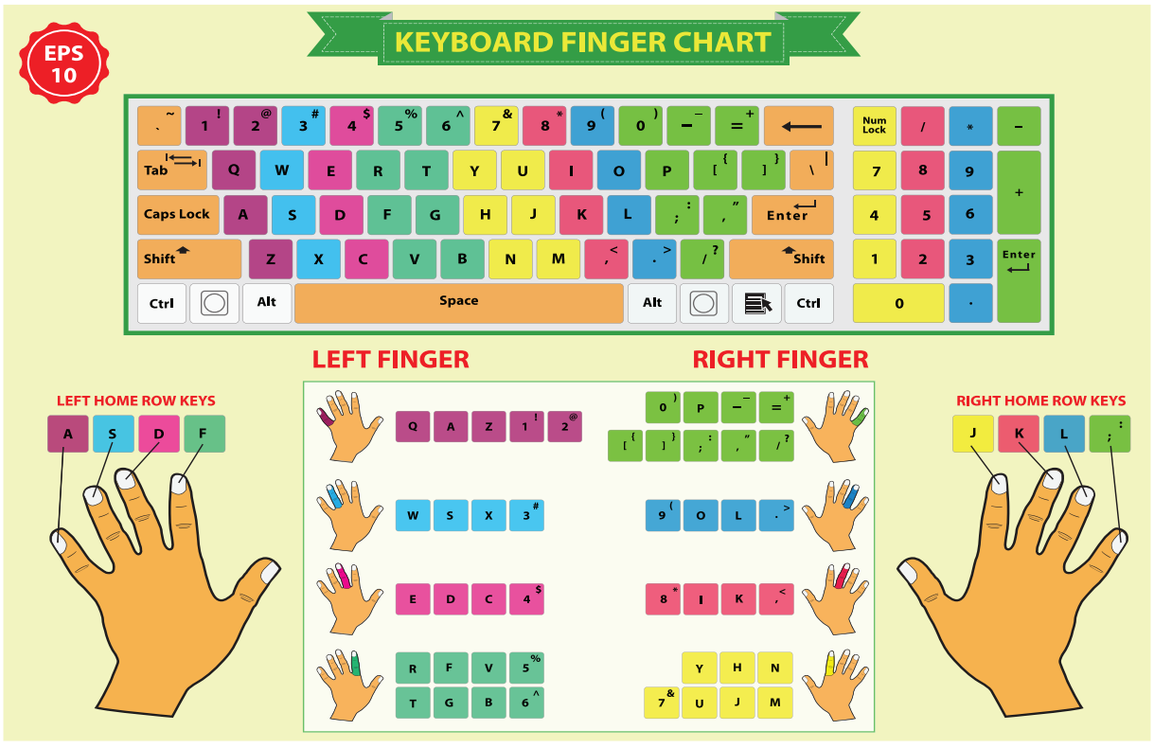
For deleting text in a document you should

- Use the backspace key or the delete key.

9.7 Fingering Charts:

Keyboard finger charts left and right finger, include home row keys, for lessons, to improve or learn how to type faster. Each finger rests on a particular key in the home row of the keyboard when not typing.

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Fingering Chart

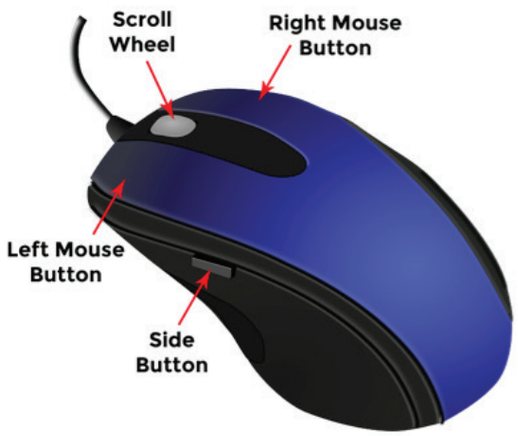
1st Row 1 2 3 4 5 6 7 8 9 0

2nd Row Q W E R T Y U I O P

3RD Row A S D F G H J K L ;

4TH Row z x c v b n , . -

Left hand covers the "ASDF" in the home row keys while the right hand covers the "JKL," and the thumb covers the space bar.



Mouse

9.8 Pointing Device

Mouse

Mouse is a pointing device used to point a particular place on the screen and select to perform one or more actions.

The common mouse actions are as follows:

(a) **Click or left click:** It is used to select an item. Press down once on the left button with your index finger.

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(b) **Double click:** It is used to start a program or open a file or trigger an action.

(c) **Right click:** It is used to display a set of commands and available options. Move the mouse pointer to the desired position; position your middle finger on the right mouse button, keeping the mouse still, and click lightly.

(d) **Drag and drop:** It allows selecting and moving an item from one location to another. Position the mouse on an object, hold down the left side of the mouse, and drag the object.

(e) **Scroll:** Instead of using page down key or arrow keys, one can use the scroll key of a mouse to scroll up or down.

9.9 Typing Ergonomics

Typing ergonomics provides the logistic support for efficient and effective typewriting. They are important to attain and maintain accuracy and speed. Some of these factors included are as given below.

- Sitting posture
- Position of hands
- Monitor placement
- Mouse and keyboard placement
- Chair and table placement
- Placement of matter to be typed

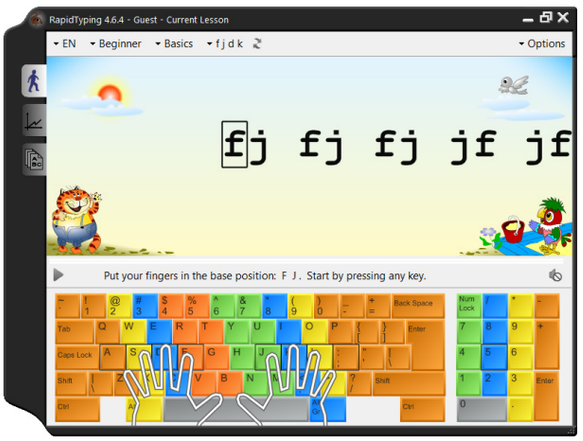
9.10 Touch Typing Technique

Touch typing improves typing speed and accuracy. Touch typing can be learned by performing special exercises.

Stage one of the process begins with learning the Home Row of the keyboard (the row beginning with the Caps Lock key). Looking at the keyboard is strictly forbidden. This is followed by learning the lower and upper rows, the numbers row, uppercase letters and special symbols.

Stage two involves memorising frequently used syllables and typing words containing these syllables.

Stage three involves typing actual text to perfect the skills acquired.



9.11 Calculating Typing Speed

The typing speed can be measured with different accuracies, such as

- How many words are typed for a certain time period (the least accurate)?
- How many characters are typed for a certain time period?
- How many keystrokes are made for a certain time period (the most accurate)? Also there are
- Simple speed (Gross speed)
- Net speed (takes into account the errors)

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Example

A student typed 240 characters per 2 min with errors in 20 characters.

Simple speed = 240 characters / 2 min = 120 cpm

Net speed = 120 cpm - (20 errors / 2 min) = 110 net cpm

9.12 Maintaining Healthy and Safety of Office Equipments

Office environment has an important bearing on the efficiency of employees. It is a common experience that people work better if they are given the surroundings and equipment appropriate to their work.

According to **Terry**, "an individual's performance is significantly familiarized by the environment in which he works".

9.12.1 Lighting

Lighting is the most important of all the physical conditions in the office. Proper lighting is important because it offers the following advantages:

- Increased productivity
- Better quality of work
- It results in fewer errors
- Reduction in eye strain and mental fatigue
- Better employee morale
  - Quantity of Light
  - Brightness of Light
  - Diffusion of Light

9.12.2 Ventilation

Ventilation in the office refers to the supply of clean and fresh air in the right amount, at the right temperature and of the right humidity. Proper ventilation is an important aspect of the office environment. Fresh air must pass through the office regularly. Arrangements of rooms and partitions should be such as to allow free circulation of fresh and dustless air. The following methods are generally used to maintain proper ventilation:

(i) Natural Ventilation

(ii) Artificial Ventilation

9.12.3 Temperature and Humidity

Temperature and humidity are two vital factors in the offices that exercise a great influence over the worker and their output. Temperature and humidity in the rooms should be maintained at a proper level.

9.12.4 Freedom from Noise

A noisy place is never an efficient office. Noise is one of the great disturbances. Noiseless and quiet atmospheres are must for an office to maintain the efficiency of the employees at a high level.

9.12.5 Cleanliness

A clean and tidy office is important as it offers the following advantages:

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(i) It is healthier as a workplace for different types of office workers.

(ii) Since people react to their surroundings, a clean and healthy office contributes to accuracy and efficiency

(iii) A clean and tidy office also projects a good image of the organization in the eyes of the people who visit it.

9.12.6 Disposal of Waste

Proper Disposal of Waste and Waste Paper is Very Essential.

Toilets: Proper provision of toilets and their proper cleanliness are important.

Toilets should be conveniently located with adequate numbers.

How do you maintain healthy and safety in workplace

(i) Train employees well.

(ii) Reward employees for safe behavior.

(iii) Partner with occupational clinicians.

(iv) Use labels and signs.

(v) Keep things clean.

(vi) Make sure employees have the right tools and have regular equipment inspections.

(vii) Encourage stretch breaks.



Pandemic Safety Guidelines

9.13 Safety Measures at Workplace

One of the vital functions of a modern office is to keep and preserve documents and records for future guidance or reference. All documents or records of office should therefore be kept under proper security. The following precautions should be taken to secure documents and employees:

(i) Fire Precautions: Adequate fire precautions should be taken for

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the preservation of office records and documents, machines against risk of loss or destruction by fire. Similarly precautionary measures to safeguard the employees in the office should also be provided in the office. Fire alarms should be fixed in conspicuous places. Such appliances should be regularly inspected to ensure that they are in working order.

(ii) **Accident Prevention:** Most accidents occur due to overcrowding in the office; use of obsolete machines and equipment, improper and careless handling of machines etc. Hence Adequate precautionary steps to prevent accidents should be taken in the office.

(iii) **Provision of Safe Working Place:** Arrangements should be made to provide a safe working place for the employees. Shape and size of the office rooms, location and size of doors, gangways, etc., must be such as to eliminate hazards of accidents.

(iv) **Provision of First Aid Service:** To ensure immediate treatment to injuries, there should be a first aid box in every office with sufficient medicines.

(v) **Safety Education and Training of Employees:** Each employee should be made thoroughly aware of the dangers of their job. Training should be given to employees and Safety regulations should be carefully framed and strictly enforced.



Safety Equipments



First Aid Kit

9.14 Accidents and Emergencies

An accident is an unplanned, uncontrolled or unforeseen event resulting in injury or harm to people and damages to goods. For example, a person falling down and getting injured or a glassware item that broke upon being knocked over. Emergency is a serious or crisis situation that needs immediate attention and action.

9.15 Workplace Safety

Workplace safety refers to the working environment at a company and encompasses all factors that impact the

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safety, health and wellbeing of employees. Work environment is the basic right of every worker.

(i) Responsibilities of employer at workplace:

An employer should ensure a safe and healthy workplace for their employees and also for any customers who may visit the workplace.

(ii) Training to employees for prevent accidents and emergencies:

1. Individual roles and responsibilities
2. Threats, hazards and protective actions.
3. Notification, warning and communication procedures
4. Means for locating family members in an emergency
5. Emergency response procedures

Experiment: 1

Left-hand type

Objective:

students will be able to type left-hand.

Tools Required:

1. Computer-1
2. MS office 2019
3. Rapid typing software

Procedure:

i) Open MS Office word document or Rapid typing software



ii) Type the following line 50 times (2 days)

Subject:

a s d f a s d f a s d f a s d f a s d f a s d f a s d f a s d f a s d f a s d f a s d f a s d f a s d f f d s a f d s a f d s a f d s a f d s a f d s a f d s a f d s a f d s a f d s a f d s a

Result

Left hand typing has been completed successfully.

Experiments – 2:

Right-hand type

Objective:

Students will be able to type left-hand.

Tools Required:

1. Computer-1
2. MS office 2019
3. Rapid typing software

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Procedure:

i) Open MS Office word document or Rapid typing software

ii) Type the following line 100 times (4 days)

Subject:

;lkj ;lkj ;lkj ;lkj ;lkj ;lkj ;lkj ;lkj ;lkj ;lkj ;lkj ;lkj ;lkj ;lkj

Result:

Right hand typing has been completed successfully.

Experiment: 3

Both your hands type

Objective:

Students will be able to do both your hands.

Tools Required:

Computer-1

MS office 2019

Rapid typing software

Procedure:

i) Open MS Office word document or Rapid typing software

ii) Type the following each lines 15 times

Subject:

juut jut jute kiit kit kite juut jut jute kiit kit kite juut jut jute kiit kit kite jud judder jug jugger judge judged juud judder jug jugger judge judged igh high thigh ight fight right fright igh high thigh ight fright right fright

Result:

Both your hands have been practiced successfully.

Experiments – 4:

Practice of Typing in Rapid typing Software.

Objective :

Students will be able to Practice Rapid Typing Tutor software.

Tools Required :

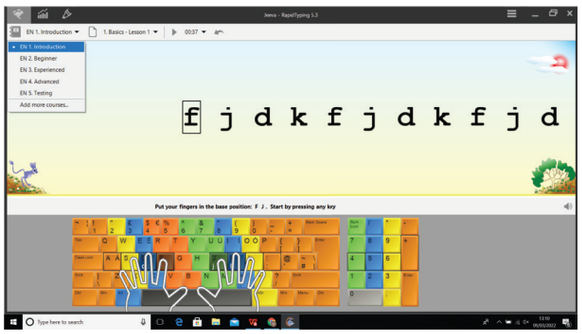
1. Computer-1
2. Rapid typing software

Procedure :

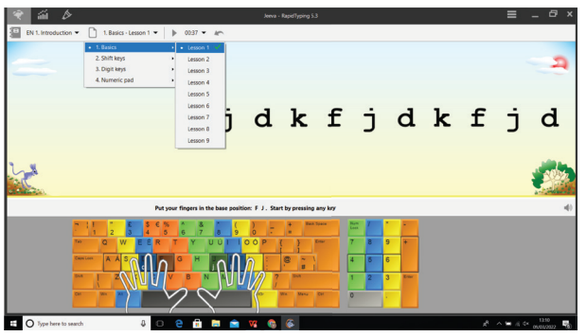
Step 1: Install the software (Rapid typing tutor 5.3) on the computer.

Step 2: Open Rapid typing software and click EN.1 introduction and click the 1.Basics lesson 1.

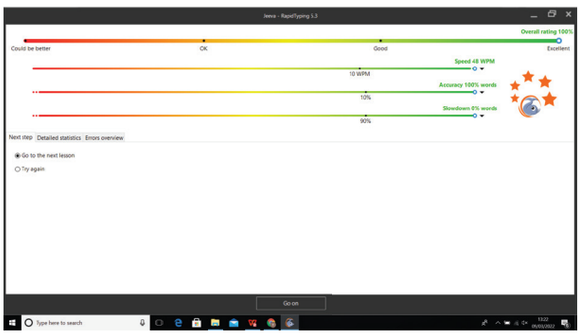
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Step 3: Practice the Basics lesson 1 to Basics lesson 9.



Step 4: Take the screenshots of the result of lesson 1 to lesson 9.



Result :

Thus the lesson 1 to lesson 9 in introduction has been viewed successfully(In rapid typing software).

POINTS TO BE REMEMBERED:

How do you maintain healthy and safety in workplace:

- Train employees well.
- Reward employees for safe behavior.
- Partner with occupational clinicians.
- Use labels and signs.
- Keep things clean.
- Make sure employees have the right tools and have regular equipment inspections.
- Encourage stretch breaks.
- Implement safety protocols from the start.

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KEY TERMS

- **IT** – Information Technology (IT) is one of the world's fastest growing economic activities, which envisages easier flow of information at various levels in the desired pattern. The Information Technology enabled services
- **ITes** – ITeS sector has also made significant contributions to the growth and development of our Country.
- **Information** – Information is processed, organized and structured data.
- **Technology** – Technology refers to methods, systems, and devices which are the result of scientific knowledge being used for practical purposes
- **BPM** – Business process management (BPM) is "an organizational discipline where a company takes a step back and looks at all of these processes in total and individually.
- **Outsourcing** – Outsourcing is the business practice of hiring a party outside a company to perform services or create goods that were traditionally performed in-house by the company's own employe**es and staff.**
- **BPO services** – Business Process Outsourcing (BPO) services means performing business operations through an outside service provider.
- **Humidity** – A quantity representing the amount of water vapour in the atmosphere.
- **Incandescent** – Producing a bright light from a heated filament.
- **Landscape** – A landscape includes the physical elements of landforms and different forms of land use, buildings and structures.

EVALUATION

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Objective Type: (1 Marks)

I. Choose the correct answer:

1. One of the world's fastest growing economic activities, which envisages easier flow of information at various levels in the desired pattern in _____
   a. Information technology
   b. Informative theory
   c. Information Theory
   d. Internet Times
2. BPO stands for _____
   a. Business Process Optimization
   b. Business Process object
   c. Business Process outsourcing
   d. Business Programs office.
3. _____ is one of the advantages of BPO Services.
   a. Increased Costs
   b. Decreased Flexibility
   c. Decreased costs
   d. Inefficient.

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4. _____
_ is the type of outsourcing, offers advanced expertise for any particular business process.
   a. RPO
   b. BPO
   c. KPO
   d. LPO

5. G D P stands for _____
   a. Gross Domestic product
   b. Good Distribution Practice
   c. General Data Processor
   d. General Domestic Product

6. Which one identifies areas of improvement to create a more efficient and effective organization?
   a. Business process outsourcing
   b. Business process Management
   c. Information technology
   d. Level process outsourcing

7. _____
organization caters to the needs of the parent company only and does not serve external clients.
   a. Indian service providers
   b. Global In – house centres
   c. Multinational Companies
   d. SME

8. Indian IT Industry has more _____ registered companies in the sector across GIC, MNC and SME categories as of 2016.
   a. 18,000
   b. 7,000
   c. 16,000
   d. 15,000

9. ICT Abbreviation is _____
   a. Information & Communication Technology
   b. Information & Computer Technology
   c. Information centre Technology
   d. International currency technologies.

10. The IT – BPM Industry has almost _____ in terms of revenue and contribution to India's GDP over the last decade.
   a. Doubled
   b. Singled
   c. Tripled
   d. First

11. Which of the following is not a key for punctuation marks?
   a. comma (,)
   b. period (.)
   c. semicolon (;)
   d. equal sign (=)

12. Which of the following is not an arrow key?
   a. top (^)
   b. down (↓)
   c. right (→)
   d. left (←)

13. Which of the following operations is not performed by a mouse?
   a. Left Click
   b. Right Click
   c. Middle Click
   d. Double Click

14. Roof ventilation and internal tube ventilators provide _____ ventilation.
   a. Natural
   b. Artificial
   c. Direct
   d. Indirect

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15. The ideal office temperature is approximately _____ Fahrenheit.
    a. 58 degree
    b. 68 degree
    c. 78 degree
    d. 48 degrees

16. The cleaning work should be undertaken _____ the business hours in the office.
    a. During
    b. Before
    c. After
    d. Either before or after

Answers: 1. (a);2. (c); 3. (c); 4. (c); 5.(a)]6. (a);7. (b); 8. (c); 9. (a); 10.(a) 11. (d); 12. (a); 13. (c); 14.(a)15.(b) 15.(d)

Part - B

II. Very Short Answer Questions.

1. Write important BPO Services?
2. Write any 5 advantages of BPO services?
3. Define BPM
4. What are the various IT applications areas?
5. What are the parameters of IT – BPM Industry?
6. Discuss the various types of keys available on a computer keyboard.
7. Mention the finger allocation of keys of the Bottom Row of the computer keyboard.
8. A student typed 480 characters per 4 min with errors in 30 characters. Calculate Simple speed and Net speed
9. What is artificial ventilation?
10. How do you prevent accidents in the workplace
11. What are safety measures?

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Chapter 10 AUDITING RELATED COMPUTER APPLICATIONS

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Learning Objectives

- Enable the students to understand the concept of DBMS.
- To know about the steps to create a table using table wizard and to retrieve data using query
- To Know about structured Query Languages (SQL)
- To analyze and create forms and reports using wizard.

10.1 Introduction of Computer Applications

Computers are seen everywhere around us, in all spheres of life, in the field of education, research, travel and tourism, weather forecasting, social networking, e-commerce etc. Computers have now become an indispensable part of our lives. Computers have revolutionised our lives with their accuracy and speed of performing a job, it is truly remarkable. Today, no organisation can function without a computer. In fact, various organisations have become paperless. Computers have evolved over the years from a simple calculating device to high-speed portable computer.

10.2 Microsoft Office

Microsoft Office (or simply Office) is a family of server software, and services developed by Microsoft. It was first announced by Bill Gates on August 1, 1988, in Las Vegas. The first version of Office contained Microsoft Word, Microsoft Excel, and Microsoft PowerPoint. Microsoft Office is a suite of desktop productivity applications that is designed specifically to be used for office or business use. It is a proprietary product of Microsoft Corporation and was first released in 1990. Microsoft Office is available in 35 different languages and is supported by Windows, Mac and most Linux variants. It mainly consists of Word, Excel, PowerPoint, Access, OneNote, Outlook and Publisher applications.

10.2.1 Microsoft Word

Microsoft Word is a text processing application. It allows the user to configure the attributes of a document, such as layout and the styles of content, and to add their content in a variety of ways and formats to produce documents.

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Proprietary source Word processing software	
Package	**Developer**
Microsoft Word	Microsoft Corporation
WPS Word	Kingsoft
WordPro	Lotus Corporation
Open Source Word processing software	
Package	**Developer**
OpenOffice Writer	Apache
LibreOffice Writer	The document Foundation
Abiword	Abisource

10.2.2 Microsoft Excel

Microsoft Excel is an application used for creating and editing spreadsheets. Spreadsheets are commonly used for working with sets of data containing text and numbers and for generating graphs and charts.

10.2.3 Microsoft Powerpoint

Microsoft PowerPoint is commonly used to create presentations using slides. Though often used to make simple, bullet-pointed presentations, it has a range of features that can allow a range of media in your presentation. Our guide to Presentations takes you through how to use PowerPoint effectively.

It is also a great tool for creating posters, as the size of a slide can be changed to suit paper sizes and then the image options utilised to create posters without using image software. We will do some of the experiments below using MS Office.

10.3 Arrangements of various gadgets and accessories of computer for its operations:

Objective:

To learn the procedure of connecting and disconnecting different external Input and Output devices with the computer.

Operations/Experiments Covered Under the Project:

- Identification of parts of computer

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- Identification of ports in CPU
- Connecting the devices

Safety Measures:

1. Before placing your computer on a desk or table make sure it is set up near an electrical outlet and network/phone jack.
2. The keyboard should be reachable, the CPU should be well-ventilated, the monitor should be in full view and the mouse should be set up depending on which hand you plan on using.
3. Turn off the power and unplug equipment before performing service.
4. Cover sharp edges inside the computer case with tape.
5. Never open a power supply or a CRT monitor.

Tools and Equipment Required:

Activity Title	Sl.No	Name of the apparatus/ components	Range/Value	Quantity
Identification of parts of computer	1	Central Processing Unit	I5-Dual Core	1
	2	Keyboard	108 Keys	1
	3	Monitor	14" LED	1
	4	Mouse	Optical	1
	5	Printer	Laser/Inkjet	1
Identification of the ports in CPU		Central Processing Unit	15 Dual core	1
Connecting the devices		Central Processing Unit	I5-Dual Core	1
		Keyboard	108 Keys	1
		Monitor	14" LED	1
		Mouse	Optical	1
		Printer	Laser/Inkjet	1

Procedure:

Section 1. Identification of Parts:

a) CPU: The Central Processing Unit (CPU), also called as **processor**, is located inside the **computer case** on the motherboard. It is also called the brain of the computer and its job is to carry out commands. Whenever you press a key or click the mouse or start an application you are sending instructions to the CPU.

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CPU



Monitor

b) Monitor or Screen: This is the TV-type screen on which you can see the work you are doing on your computer.

c) Keyboard: The **keyboard** is one of the main ways to communicate with a computer. There are many **different** types of keyboards, but most are **very similar** and allow you to accomplish the same basic tasks.



Keyboard



Mouse

d) Mouse: The **mouse** is another important tool for communicating with computers. Commonly known as a **pointing device.** It lets you to **point** the objects on the screen, to **click** on them, and **move**.

Section 2 . Identification of Ports in CPU :



Identification of ports in CPU

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Step 1: Identify the power connector, smps cooling fan, CPU cooling fan, switch and screw.

Step 2: Identify the PS/2 port, USB port, Parallel port, VGA port, Ethernet port and Audio jacks in CPU.

Step 3: Identify the expansion slots and expansion cars in the CPU.

Section 3: Connecting the devices:

A) Setting up a Desktop omputer

Step 1**:** Unpack the monitor and computer case from the box. Remove any plastic cover or protective tape. Place the monitor and computer case on a desk or work area.



Desktop computer



Ventilated CPU

Be sure to place your computer in an area that is well ventilated and has good airflow. This will help you to prevent the computer from overheating.

Step 2 : Locate the monitor cable. There are several types of monitor cables. The one for your computer may not look a like the other one shown below.



Monitor cable

If you are finding trouble with your monitor cable, refer to the instruction manual of your computer.

Step 3 : Connect one end of the monitor cable port on the back of the computer case and the other end to the monitor. If you're using a VGA cable like the one in the picture below, you have to tighten the screws on the monitor cable to secure it.

Many computer cables only fit in a specific way. If the cable doesn't fit, don't force it. It might damage the connectors. Make sure the plug aligns with the port, then connect it.

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VGA cable

Step 4: Unpack the keyboard and determine whether it uses a USB (rectangular) connector or a PS/2 (round) connector. If it uses a USB connector, plug it into any of the USB ports on the back of the computer. If it uses a PS/2 connector, plug it into the purple keyboard port on the back of the computer.



USB cable

Step 5**:** Unplug the mouse and determine whether it uses a USB or PS/2 connector. If it uses a USB connector, plug it into any of the USB ports on the back of the computer. If it uses a PS/2 connector, plug it into the green mouse port on the back of the computer.



PS/2 connector

If your keyboard has a USB port, you can connect your mouse to the keyboard instead of connecting it directly to your computer.

If you have a wireless mouse or keyboard, you may need to connect a Bluetooth dongle (USB adapter) to your computer. However, many computers have built-in Bluetooth, so an adapter may not be necessary.

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Step 6: If you have external speakers or headphones, you can connect them to your computer's audio port (either on the front or back of the computer case). Many computers have colour-coded ports. Speakers or headphones connect to the green port, and microphones connect to the pink port. The blue port is the line in, which can be used with other types of devices.



Colour coded ports

Some speakers, headphones, and microphones have USB connectors instead of the usual audio plug. These can be connected to any USB port. In addition, many computers have speakers or microphones built into the monitor.

Step 7: Locate the two power supply cables that came with your computer. Plug the first power supply cable into the back of the computer case and then into a surge protector. Then, using the other cable, connect the monitor to the surge protector.



Power supply cable

You can also use an uninterruptible power supply (UPS), which acts as a surge protector and provides temporary power if there is a power outage.

Step 8 : Finally, plug the surge protector into a wall outlet. You may also need to turn on the surge protector if it has a power switch.



Surge protector

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If you don't have a surge protector, you can plug the computer directly into the wall. However, this is not recommended because electrical surges can damage your computer.

Step 9: If you have a printer, scanner, webcam or other peripherals, you can connect them at this point. Many peripherals are plug and play, which means they will be recognized by your computer as soon as they are plugged in.



Printer

Other peripherals may include software that needs to be installed before you can begin using them. Use the instructions included with the device to install it if necessary. Generally, peripherals are optional, and you can add new ones at any time; you don't have to add all peripherals during the initial setup of your computer.

Costing sheet:

S. No	Name of the Equipments/ components required	Range/ Specifications	Quantity	Cost (approx.)	Value in the nearby store
1	CPU	i5, Dual Core MotherBoard, 500 GB, 4GB	1	17000	
2	Keyboard	108 keys	1	1500	
3	Monitor	14" LED	1	7000	
4	Mouse	Optical	1	400	
5	Printer	Ink jet	1	3000	
			Total		
Wages and overhead : 25% of Material Cost					
Total Cost to create/service on the product					
Selling price in the market					
Profit					

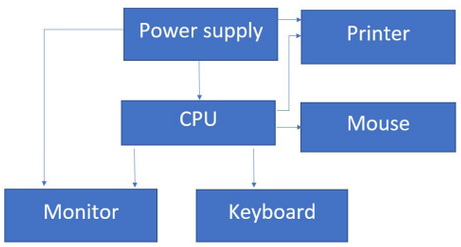
Result:

Thus the procedure of connecting and disconnecting different external Input and Output devices with the Computer has been learned successfully.

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Simple Assessment:

1. Connect the parts as per this block diagram



Block Diagram

2. What are the safety precautions to be taken while assembling the computer?

- Remove your watch and jewellery and secure loose clothing.
- Turn off the power and unplug equipment before performing service.
- Cover sharp edges inside the computer case with tape.
- Never open a power supply or a CRT monitor.
- Do not touch areas in printers that are hot or that use high voltage
- Bend your knees when lifting heavy objects to avoid injuring your back

Table showing Video suggestions:

S.No	Title/purpose	Link	
1	Setting up a desktop computer	https://youtu.be/KdQeU5QTfYE	GCFLeanaFree.org
2	How to Setup a Desktop Computer at Home	https://youtu.be/avaOf-kdb7w	Palmetto technology group
3	Computer Fundamentals - Setting Up a Computer - How to Set a Desktop Computers and How to Plug In PC	https://youtu.be/SM0qsvQBEPg	Professor Adam Morgan

Student project	Students are asked to set up three computers.
Guest lecture suggestions	Invite a computer field technician for a guest lecture. Invite an IT engineer for a guest lecture.
Industrial/ Field visit suggestions	A Visit to a Computer centre for field visit. A Visit to a software company for industrial visit.

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1 Word Processing :

Word Processing refers to the act of using a computer to create, edit, save and print documents.

In order to perform word processing, specialized software (known as a word processor) is needed.

Ex: MS Word, Open Office Writer and Google Drive Document.

2 Introduction

Microsoft Word (MS Word) is a popular commercial word processor created by Microsoft. It is also one of the widely used programs in the suite.

It is available for both windows and Apple Operating Systems (OS)

Microsoft Word is in the Microsoft office productivity package and is also available as a standalone application.

Microsoft Word was first released in 1983 and has seen various revisions since then. It's compatible with both Windows and Mac computers.

Although many other applications give it a competition, nothing has defeated it to date.

3 Features of MS WORD:

i. It helps to make professional write-ups, editing and formatting the existing documents.

ii. It also helps in creating graphical documents comprising images and more.

iii. Millions of Office Workers, students and home users create, read and edit documents using this software program.

iv. MS-Word not only supports Word Processing textures but also DTP textures.

4 Application – MS – Office:

MS Office is a powerful service and it helps the worldwide business community to improve their efficiency and productivity.MS Office can be used in different operating systems namely Window OS, Mac OS, Android ios etc.,

MS Office provides tools enabling businesses to be productive and communicate effectively regardless of location.

10. 4 Create a MS word documents and its various options

Objectives:

To create a MS word documents and use its various options.

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Operations / Experiments Covered Under the Project:

1. Creating a document
2. Parts of writer window
3. Cursor and mouse pointer
4. Text editing
5. Undo and redo
6. Moving and copying text
7. Copy and paste
8. Selecting text
9. Selecting a vertical block of text
10. Find and replace
11. Using synonyms & the thesaurus
12. Save and reopen the file

Tools and Equipment Required:

S.no	Name of the tools/ equipment	Range/Value	Quantity
1	Computer or Laptop	I5 processor/4GB RAM	1
2	Microsoft office	MS office 2019	1

Shortcut Keys:

Table showing shortcut keys

Sl.no	To do this	Press
1	Open a document.	**Ctrl+O**
2	Create a new document.	**Ctrl+N**
3	Save the document.	**Ctrl+S**
4	Close the document.	**Ctrl+W**
5	Cut the selected content to the Clipboard.	**Ctrl+X**
6	Copy the selected content to the Clipboard.	**Ctrl+C**
7	Paste the contents of the Clipboard.	**Ctrl+V**
8	Select all document content.	**Ctrl+A**
9	Apply bold formatting to text.	**Ctrl+B**
10	Apply italic formatting to text.	**Ctrl+I**
11	Apply underline formatting to text.	**Ctrl+U**

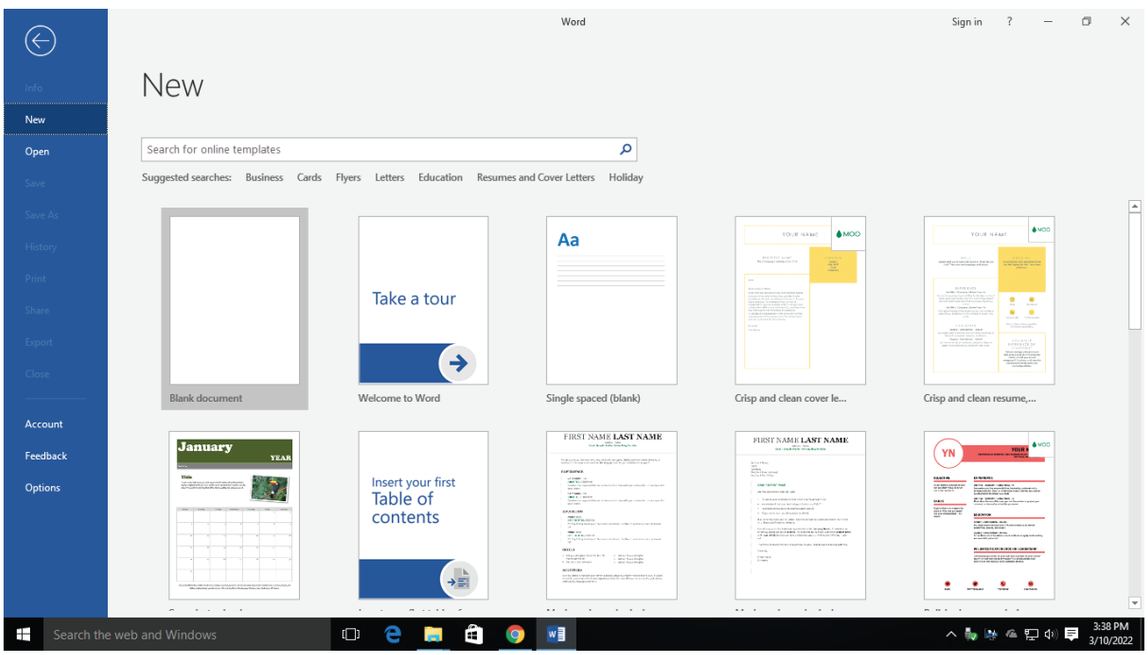
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12	Decrease the font size by 1 point.	**Ctrl+Left bracket ([)**
13	Increase the font size by 1 point.	**Ctrl+Right bracket (])**
14	Center the text.	**Ctrl+E**
15	Align the text to the left.	**Ctrl+L**
16	Align the text to the right.	**Ctrl+R**
17	Cancel a command.	**Esc**
18	Undo the previous action.	**Ctrl+Z**
19	Redo the previous action, if possible.	**Ctrl+Y**
20	Adjust the zoom magnification.	**Alt+W, Q, then use the Tab key in the Zoom dialog box to go to the value you want.**
21	Split the document window.	**Ctrl+Alt+S**
22	Remove the document window split.	**Alt+Shift+C or Ctrl+Alt+S**

Procedure:

Section 1. Creating a document:

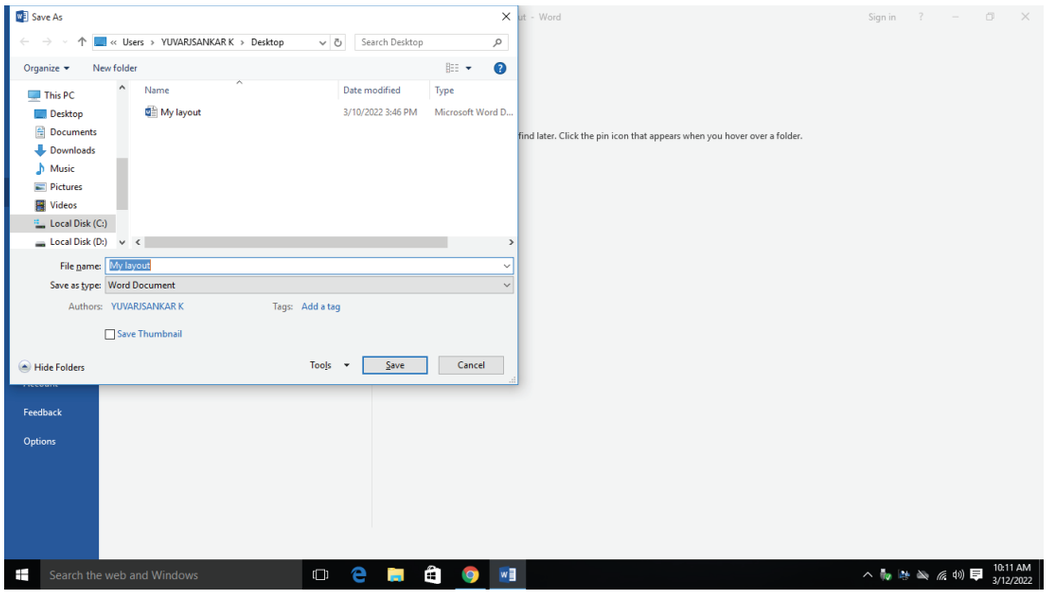
Step 1: Create a new text document by using File → New → Blank Document.



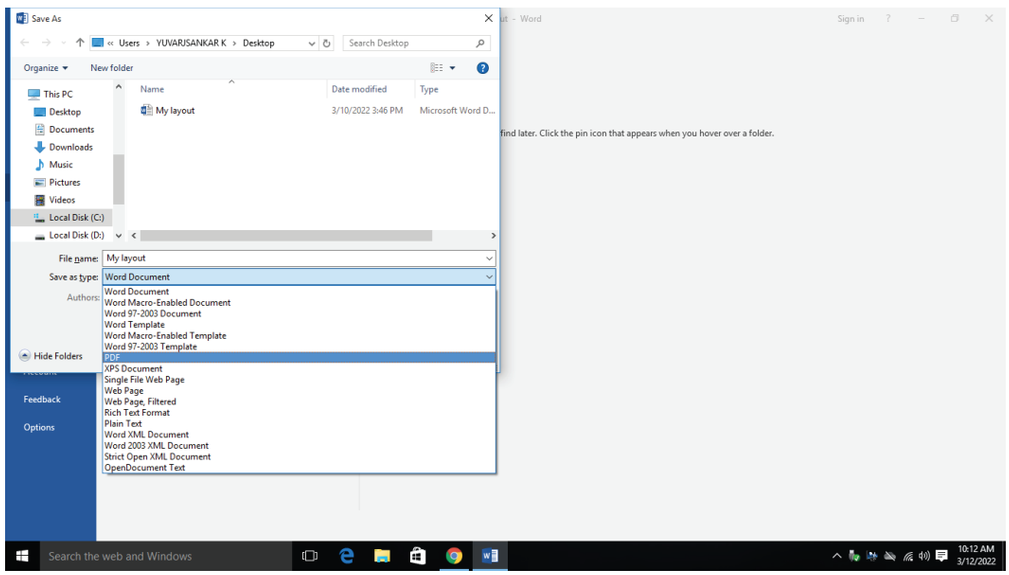
Create a new document.

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Step 2: Now save the file by clicking on the File → Save. Give the name of the file (for example:report). By default, the file is saved in .docx format. Different file formats are under Save as->Save as type->Choose the different format.



Type file name

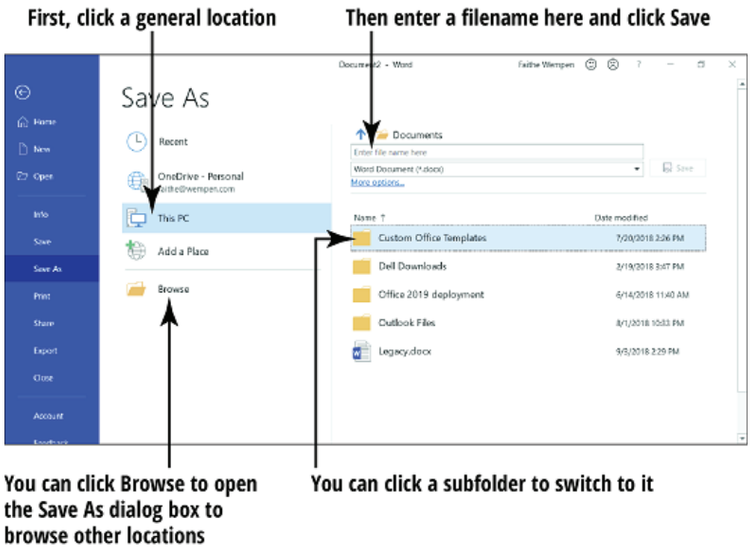


Save as type

Step 3: Saving the file by another name

It is possible to make another copy of the file by saving it with another name using the Save As option. Once the user saves the document by giving a name, it is called a 'File'. The user can save the file with another name in another location with another format using the Save As option. The user will get two files: the previous one and the one with the new name.

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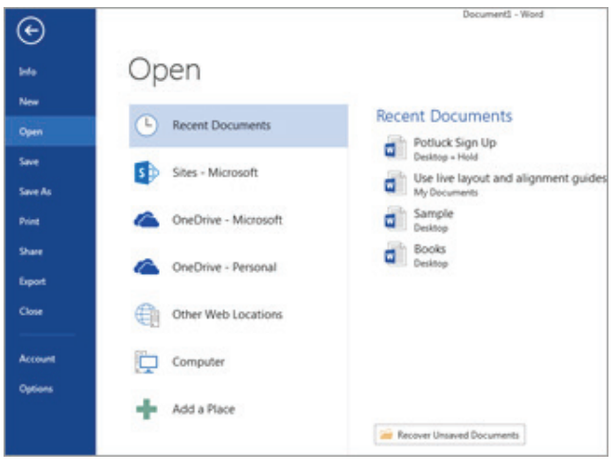
Save the file

Step 4: Closing the document

After finishing the work, close the file, as too many opened files will cause a disturbance in working. To close the file, select File → Close

Step 5: Opening the document

It may further require opening a file for editing. Select File → Open (Ctrl+O) and the document will be open for editing.



Open the document.

Section 2. Parts of a Writer Window:

Title bar: Title bar is located on the top of the Writer window. It shows the title of the currently opened document. The name of the document means the file name of the document saved on the disk. For a new document, it shows the title of the document as Untitled X, where 'X' is the document number Untitled 1, Untitled 2, Untitled 3... etc., as we go on opening the new document

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Menu bar: It appears below the Title Bar. It shows the menu items File, Edit, View, Insert, Format, Tables, Tools, Window and Help. On selecting a menu item, its submenu will open below the menu item. We can select any item in the submenu as per the requirement. Selecting the File menu. The submenu item which shows three dots '...' just after the submenu name, means, clicking on it will open the dialog box. The submenu item which shows right hand side arrows '▶' just after the submenu name, means, clicking on it will open another submenu.

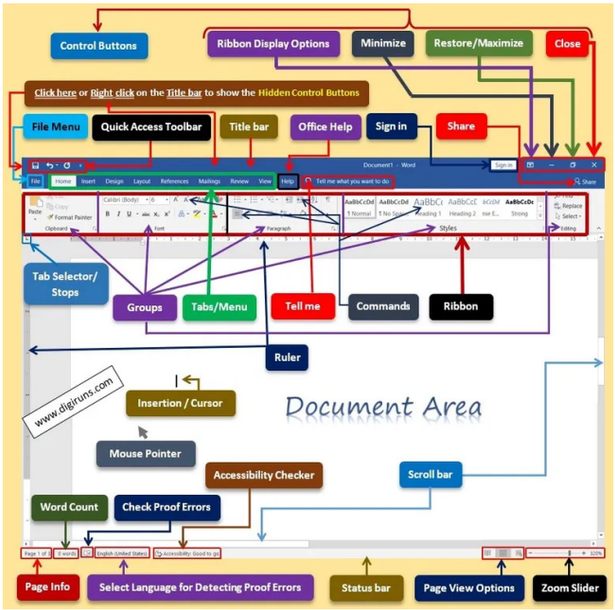
Toolbars: The tool bar appears below the Menu Bar. By default, the Standard Tool Bar and Formatting ToolBar will appear. The other toolbars can be activated by clicking on the 'View' menu, and selecting the 'Toolbars' of the submenu. The user can choose the required toolbars by clicking on it. Standard toolbar: It contains commands in the form of icons.

Formatting toolbar: It contains the various options for formatting a document. A graphical representation of commands is shown in the form of icons.

Status bar: This is positioned at the left bottom of the Writer window and displays the number of pages, words, the language used, zooming, etc. It is located at the bottom of the workspace.

Scroll button and Scroll bar: It is used to scroll the document.

Zoom: It allows you to change the scale of the text and pictures in the document only for view. It does not affect the physical document. It is used to check the finishing quality of the document. To know the meaning of other tools, position the mouse pointer on the tool and see the Tool Tip.

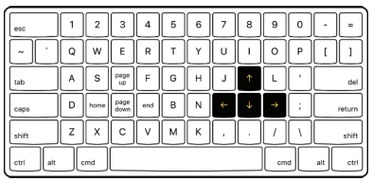


Part of writer windows.

Section 3. Cursor and Mouse Pointer:

Text Cursor: The Text Cursor is a flashing vertical line in the body of the text. The 4 arrow keys (←↑↓→) on the keyboard are called as cursor control keys

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Text cursor

Mouse Pointer:

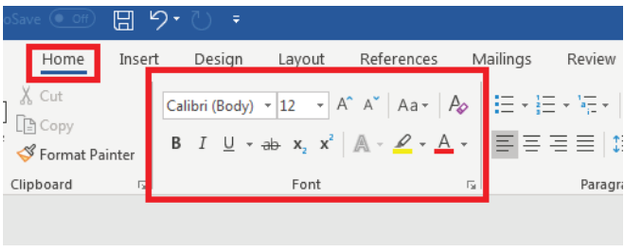
This is the mouse pointer. It takes the pointer shape while moving it around the screen. The mouse pointer changes to I shape, when moved over the text in a document. Moving the 'I' shaped mouse pointer over the text and clicking on the desired text, helps to get the text cursor while editing the document. Thus, the mouse is used to control the Text Cursor location.

Section 4. Text Editing:

Step 1: Click Home Button

Step 2: Select the text that you want to edit.

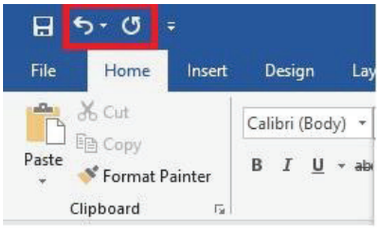
Step 3: Using the tools in the edit toolbar, change the required formatting including font style, paragraph alignment, list formatting, and indentation options.



Text editing

Section 5. Undo and Redo:

Open the existing file (For example, report.docx) and then start editing in it. If, by mistake, you have made some changes and now you want to erase the last change done, then use the Undo option. After undo command, again if you want to go back then use the Redo option.

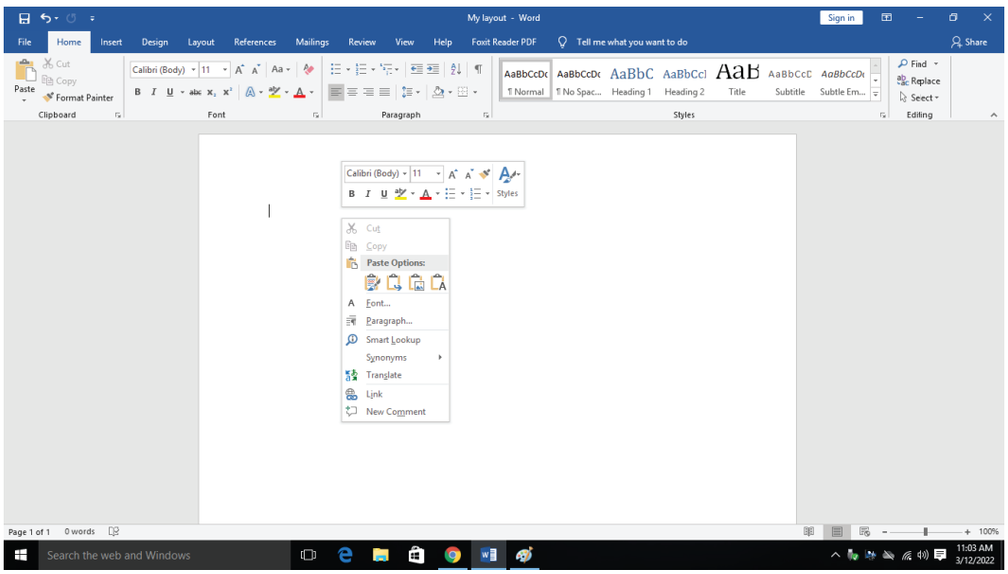


Undo and Redo

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Section 6. Moving and Copying Text from One place to Another:

Select the text and click on Select the text → Right click the mouse and select Cut option or press CTRL+X. Place the cursor where the text has to be moved. Right click the mouse and select Paste options or press CTRL+V.



Copying, pasting the text

Section 7. Copy and Paste:

Step 1: Select the text.

Step 2: right click and select **COPY** option or press **CTRL+C**

Step 3: Place the cursor where the text has to be duplicated. Right Click and select **Paste** option or press **CTRL+V**

Section 8. Selecting Text:

The editing can be done by left long click and drag the mouse require select text. It is necessary to select the text to perform copy and paste operation. The selected text will be highlighted. For editing the text, you must first select the required text, for selecting all select press Ctrl+A.

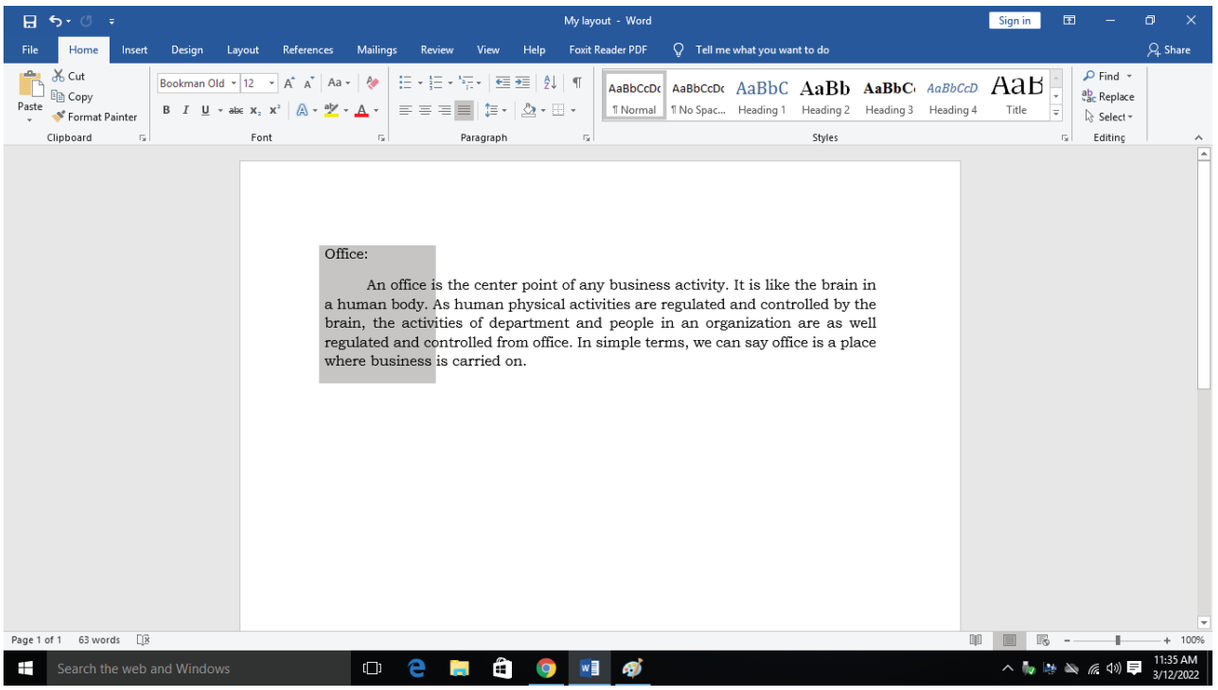
Section 9. Selecting a Vertical Block of Text:

Step 1: Press **CTRL+A** for selecting all text.

Step 2: A vertical block of text Press CTRL+SHIFT+F8, and then use the arrow keys or Use Alt key and select the required text for the vertical block of text.

Step 3: Press ESC to turn off the selection mode.

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Selecting a vertical block of text

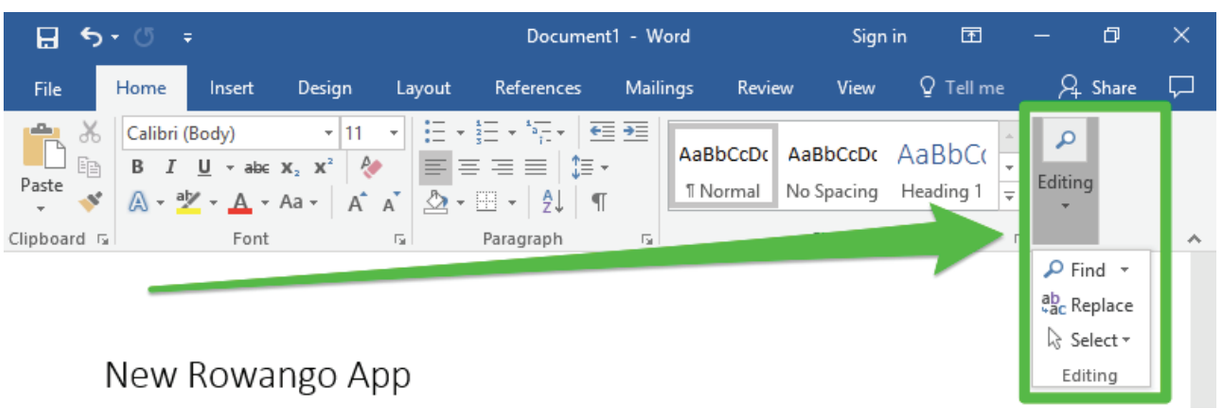
Section 10. Find and Replace:

Step 1: Click on Find & Replace option in Home toolbar.

Step 2: Write text under Search for option and click on Find button to locate the entered word. This will select the word which you want to search for text in your document.

Step 3: Write the text under Replace with option.

Now click on Replace if you want to change only the first occurrence of it and use Replace All to replace all the matching occurrences.



Find and replace

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Section 11. Using Synonyms & Thesaurus:

Sometimes you may search for a word having a similar meaning to the word. A word processor helps to look up synonyms (different words with the same meaning) and antonyms (words with the opposite meaning) in the thesaurus. The list of synonyms can be accessed from a context menu Right-click on a word and point to Synonyms on the context menu. A submenu of alternative words and phrases are displayed. Click on a word or phrase in the submenu to replace it with the highlighted word or phrase in the document. Synonyms are different from a dictionary. A dictionary contains definitions and pronunciations, whereas thesaurus will have words with similar meanings or opposite meanings.

Section 12. Save and Reopen the File:

Step 1: Select File → Save

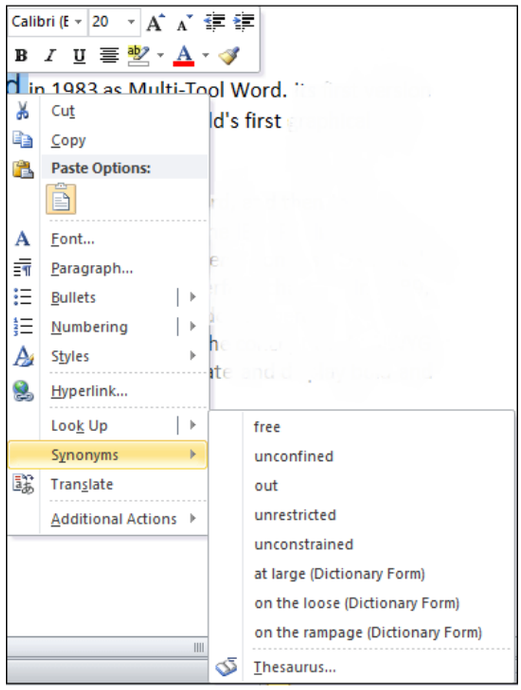
Step 2: Select the location on disk to save the file

Step 3: Type a suitable name for the document

Step 4: Click on Save button.

Step 5: Reopen the file by clicking the File option and Click the open option.

Step 6: Enter the name and location of the document and open the document.



Synonyms & Thesaurus

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Result:

Thus the MS word document has been created and its various options are used successfully.

Video Suggestions:

S.No	Title/Purpose	Link
1	Create a new document	https://youtu.be/4M5sjPGLZks
2	Parts of window in MS word	https://youtu.be/COzqY5TBXD8
3	Text editing in MS word	https://youtu.be/nHNTK8QQiUE
4	Undo and redo in MS word	https://youtu.be/pnMrQ6U_vtA
5	Moving and copying text in MS word	https://youtu.be/mGbOlT2cdVU
6	Copy and paste in MS word	https://youtu.be/sOqaakHHSQY
7	Selecting text in MS word	https://youtu.be/zNXZD0cS0VM
8	Selecting a vertical block of text in MS word	https://youtu.be/vIbxrddLLj8
9	Find and replace in MS word	https://youtu.be/8ZSlu4DWJ5k
10	Using synonyms & the thesaurus, in MS word	https://youtu.be/hXhpd0kehfg
11	Save and reopen the file in MS word	https://youtu.be/0rnx5HoxO5s

Simple Assessments:

Student project	1. Students should create a voucher for organization. 2. Should prepare an advertisement poster for a function.
Guest lecture suggestions	1. Invite a MS office specialist for a guest lecture. 2. Invite a computer technician for a guest lecture. 3.Invite an office assistant working in MS office platform.
Industrial/ Field visit suggestions	1.A field Visit to an office nearby the school. 2. Visit nearby banks for field visits. 3.A field Visit to the nearby auditing office.

10. 5 Instructions to format the MS word document

Objectives:

To practice to use formatting instructions in MS word document.

Operations / Experiments Covered Under the Project:

1. Formatting the document
2. Formatting text, removing manual formatting

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3. Formatting paragraph and using bullets and numbering
4. Assigning color, border and background to paragraph
5. Formatting the page

Procedure:

Tools and Equipment Required:

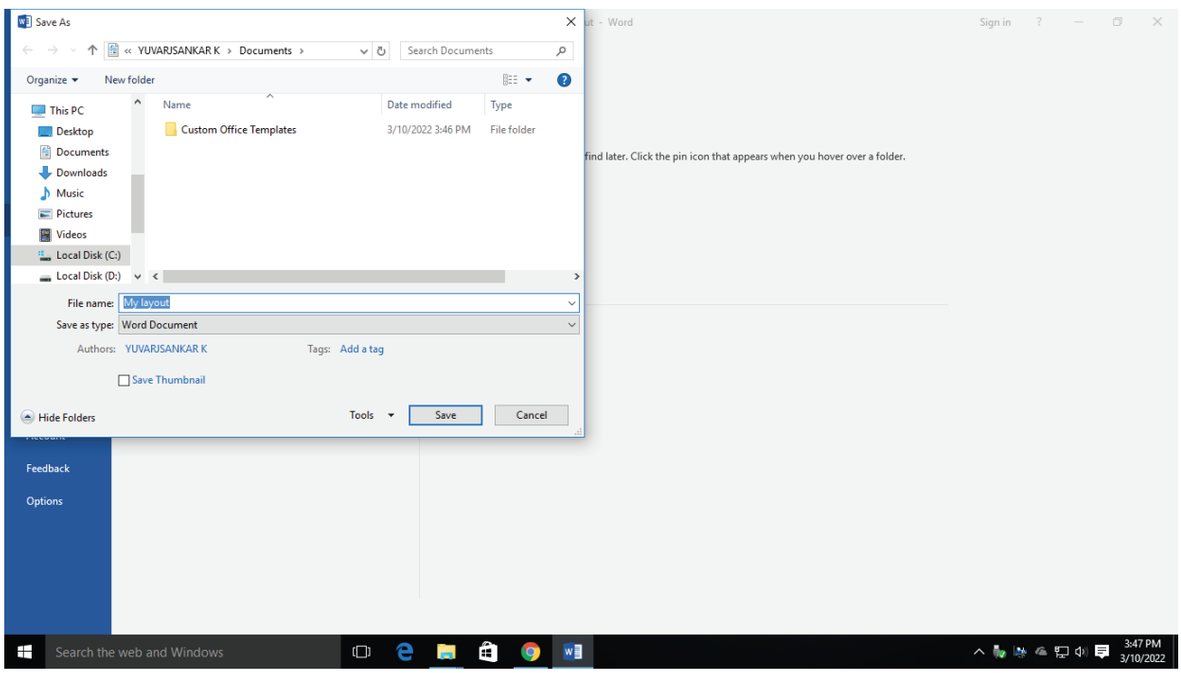
s.no	Name of the tools/ equipment	Range/Value	Quantity
1	Computer or Laptop	I5 processor/4gb ram	1
2	Microsoft office	MS office 2019	1

1. Format the Document:

Step 1: Open Word and type Ctrl+N to open word's default blank document

Step 2: Type Ctrl+S to save this blank document

Step 3: Save the document as 'My layout.docx' to a chosen location (e.g. Favorites) on your computer.



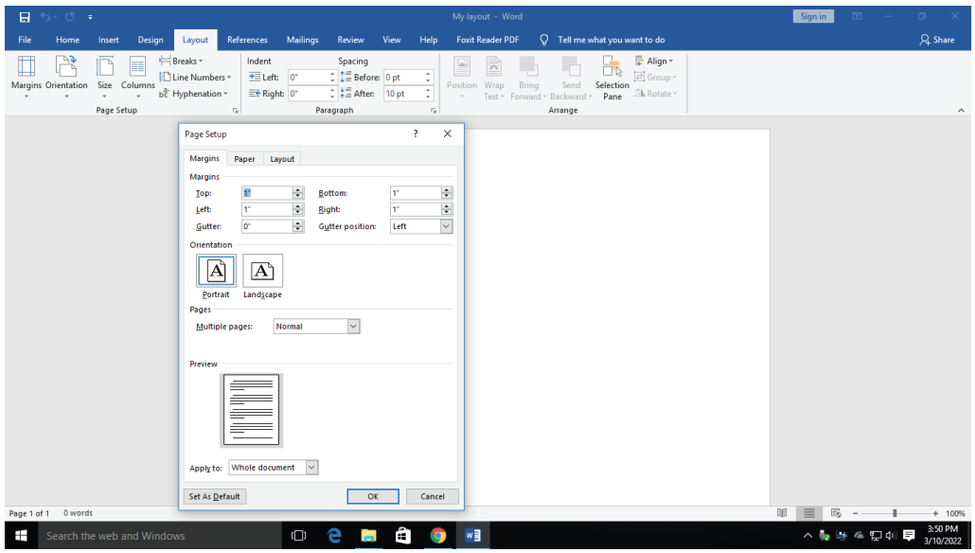
Format the document

You now have created a new document in which to save your preferred layout. To set the page margins, select the Layout ribbon.

Step 4: In the layout menu, click on the small icon in the right bottom corner of the Page Setup section of the ribbon to bring up the Page Setup dialog box.

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Step 5: Click the Margins tab

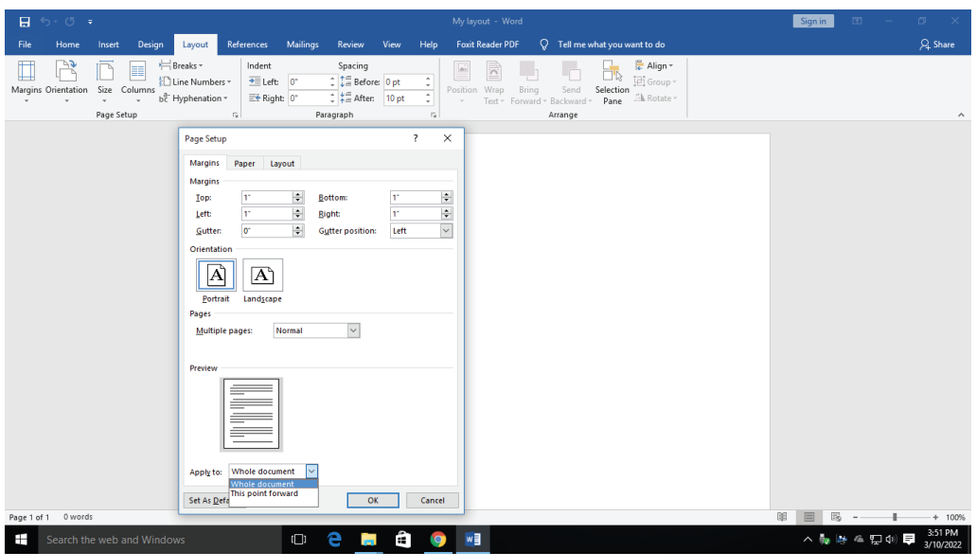


Margin tab

Step 6: Set the Left margin width to 3 cm

Step 7: choose Portrait page under orientation

Step 8: check that the Apply to is set to whole document in the drop-down box and click OK.



Orientation tab

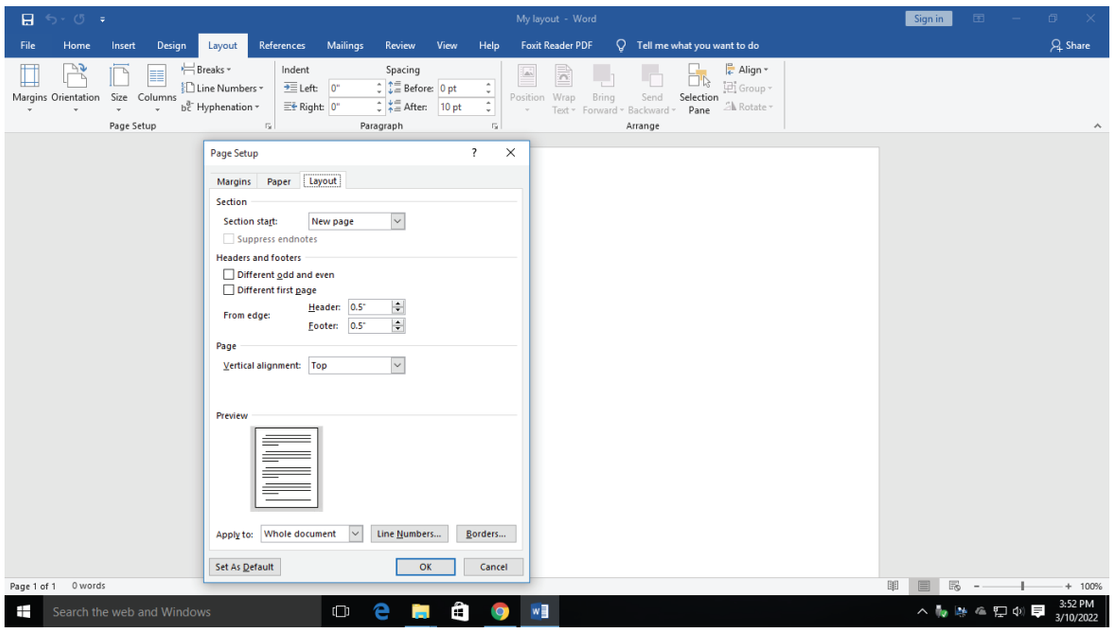
The page margin and orientation settings will now be applied to your whole document.

Specify the page layout:

To set page margins and numbering for printing double-sided documents, select the Layout tab in the same Page Setup window as used in step 4.

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Step 9: Click the different odd and even option in the headers and footers section



Header and Footer section

Step 10: Click the Different first page option

Step 11. Make sure to check that the Apply to is set to Whole document in the drop-down box.

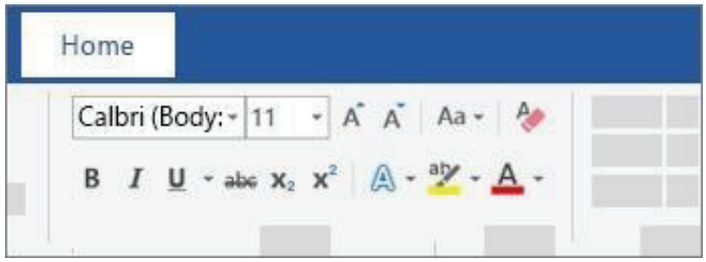
These page layout settings will now be applied throughout your whole document. They ensure that page numbering can be adjusted for odd and even pages and that the inside margin will be wide enough to bind your printed document

Session 2: Formatting text, Removing Manual Formatting:

Step 1: Select the text you want to format.

Step 2: To select a single word, double-click it. To select a line of text, click to the right of it.

Step 3: Select an option to change the font, font size, font color, or make the text bold, italic, or underline.



Font alignment

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Step 4: Select the text with the formatting you want to copy.

Step 5: Click Format Painter , and then select the text you want to copy the formatting to.

Removing Manual formatting

Step 1: Select the text from which you want to remove formatting in Word. Use your mouse to highlight only part of the text or select all the text in the document by selecting anywhere inside the document and pressing **Ctrl**+**A** to highlight all the text.

Step 2: Select the **drop-down arrow** in the lower-right corner of the Styles box to expand the Styles menu.

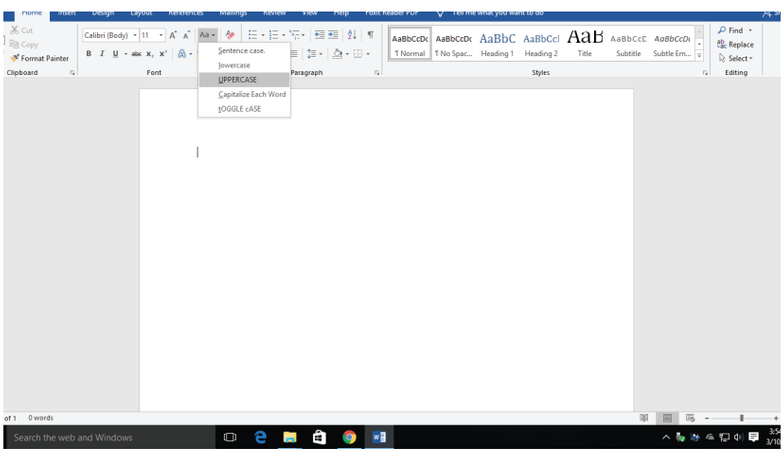
Step 3: Select **Clear Formatting**. Any formatting applied to the selected text will be removed.

Common text Formatting:

To change the text case:

Step 1: Select the text you want to modify.

Step 2: Click the **Change Case** command in the **Font** group on the Home tab.



Change Case

Step 3: Select one of the case options from the list.

To use the Bold, Italic, and Underline commands:

Step 1: Select the text you want to modify.

Step 2: Click the Bold, Italic, or Underline command in the **Font group** on the Home tab.

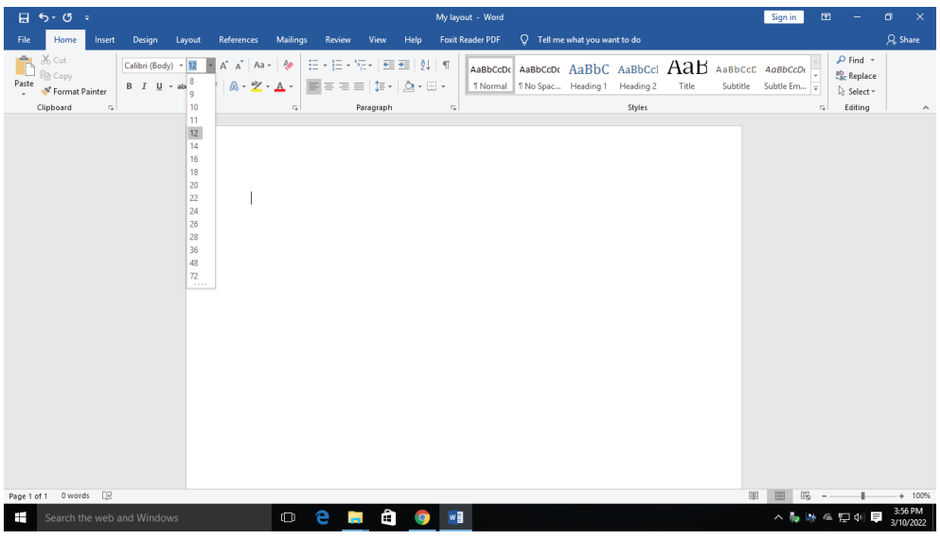
To format font size:

Select the text you want to modify.

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Step 1: Left-click the **drop-down arrow** next to the **font size box** on the Home tab. The font size drop-down menu appears.

Step 2: Move your cursor over the various font sizes. A **live preview** of the font size will appear in the document

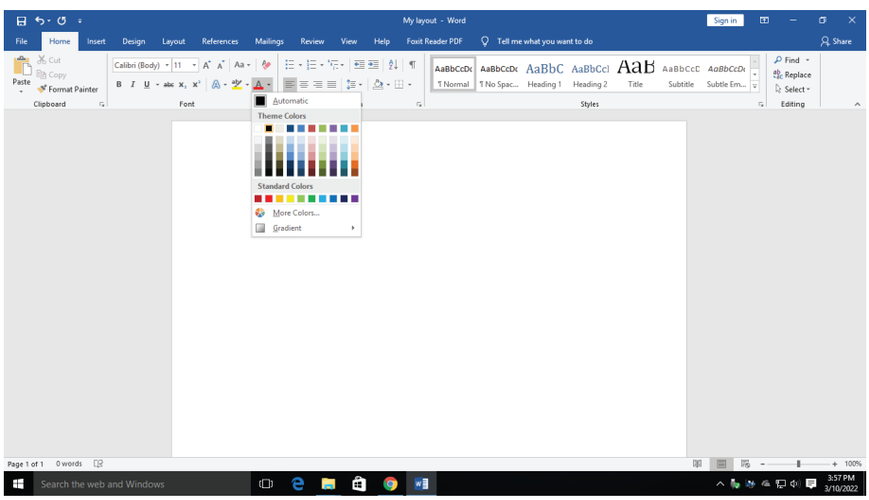


Font size box

To format font color:

Step 1: Select the text you want to modify.

Step 2: Left-click the drop-down arrow next to the **font color box** on the Home tab. The font color menu appears.



Font color box

Step 3: Move your cursor over the various font colors. A live preview of the color will appear in the document

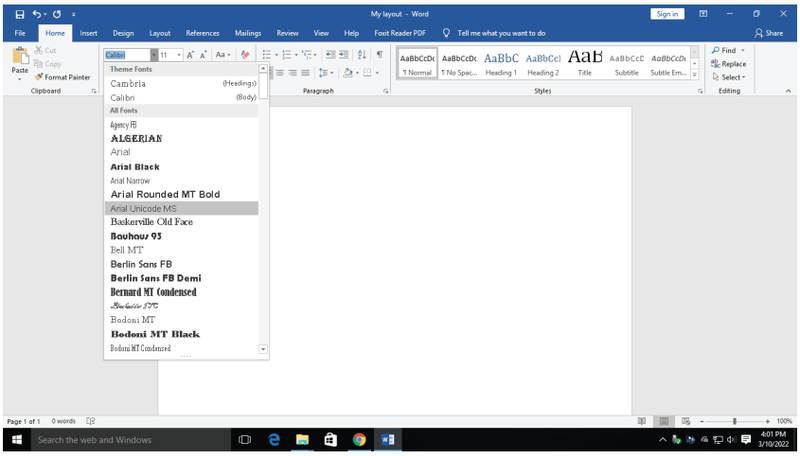
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To format font style:

Step 1: Select the text you want to modify.

Step 2: Left-click the **drop-down arrow** next to the **font style box** on the Home tab. The font style drop-down menu appears.

Step 3: Move your cursor over the various font styles. A **live preview** of the font will appear in the document

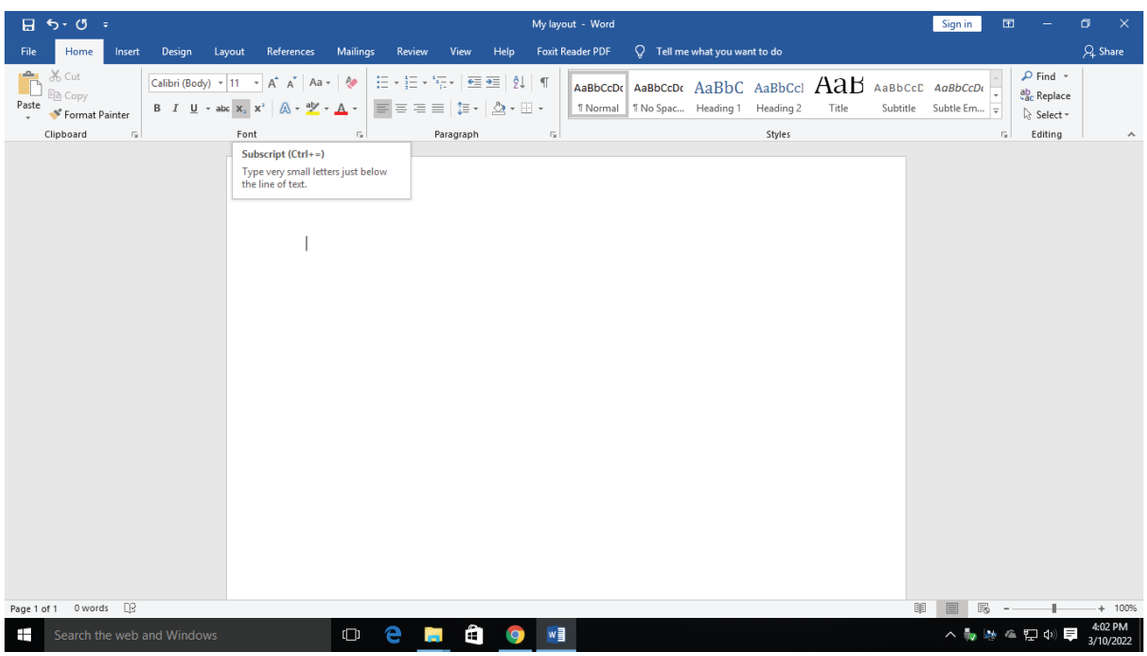


Font style box

Apply superscript or subscript formatting to text:

Step 1: Select the text you want to format as either a superscript or subscript

Step 2: In the ribbon, click the Home tab and then click either the Superscript or



Superscript or subscript formatting to text

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Subscript button, found in the lower row of the Font section.

Session 3: Formatting paragraph and using bullets and numbering:

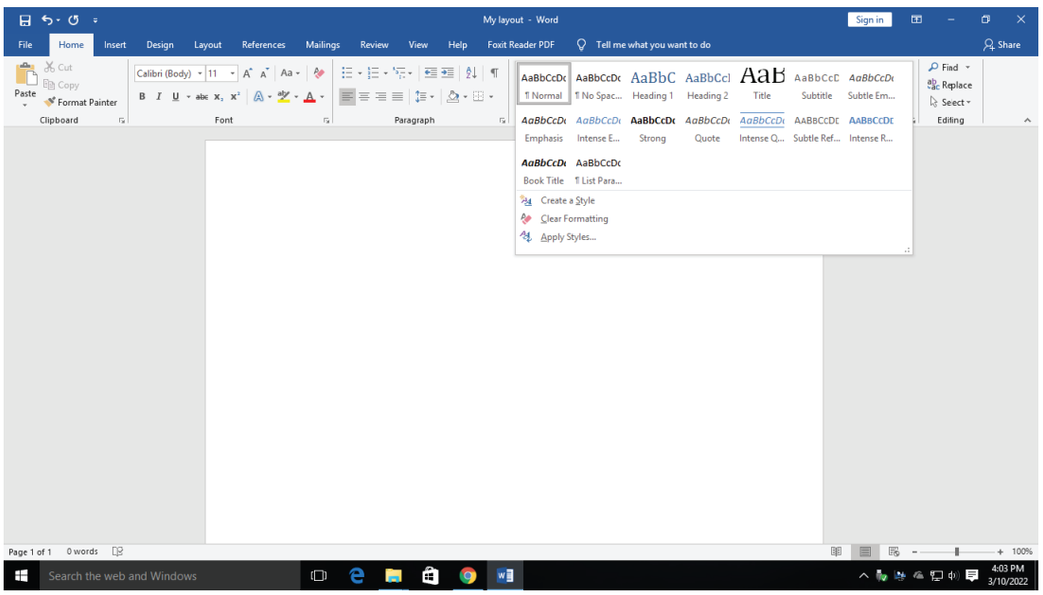
Paragraph style:

Styles can include character formatting (such as font, size, and color), paragraph formatting (such as line spacing and outline level), or a combination of both. Styles are stored in the template that is attached to a document.

Step 1: Home tab

Step 2; Styles gallery

Step 3: You can add styles to the gallery or remove those that you don't often use.



Style sets

Step 1: Click the design tab

Step 2: Document Formatting gallery

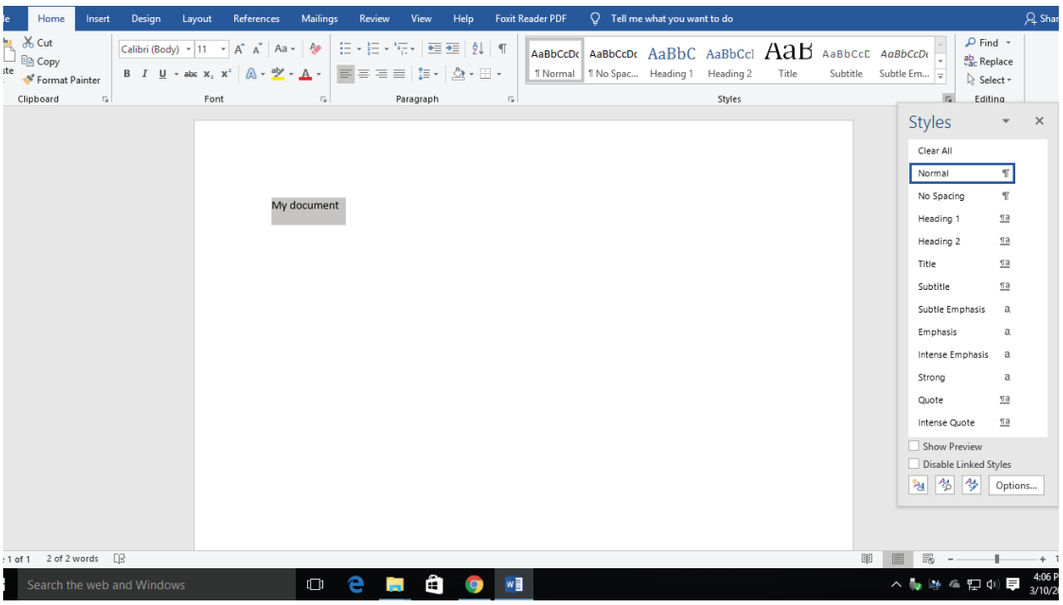
To open the Styles pane:

Step 1: click the Home tab,

Step 2: Select the Styles dialog box launcher

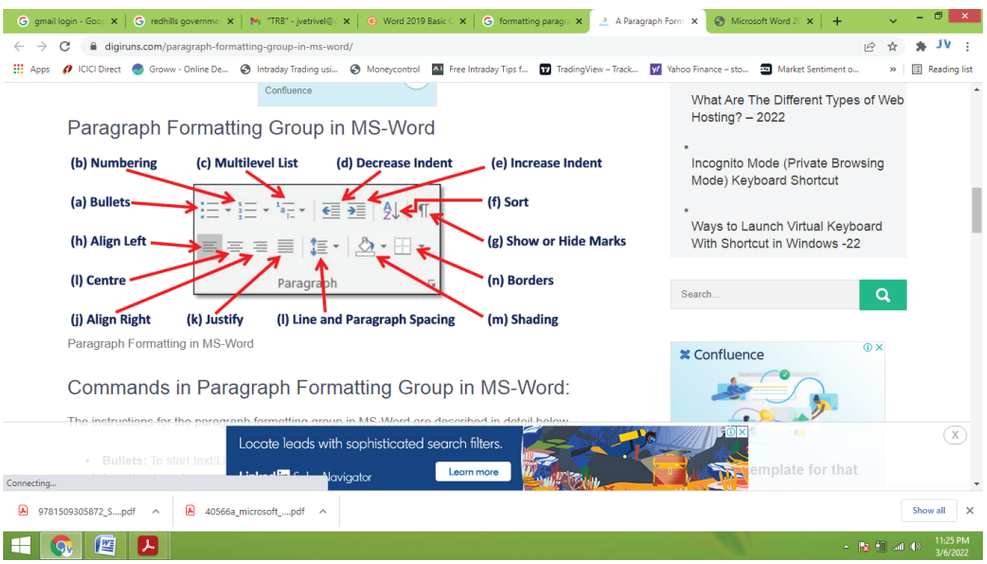
Step 3: Select the text you want to style

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Formatting gallery

To format a paragraph, you can use different commands such as different text alignments, bullets, numbering, multi-level list, paragraph indents, sorting text, line spacing, shading, and different borders. To format a paragraph, follow the steps below the picture



Indenting paragraphs

Step 1: Select the text you want to indent

Step 2: The entire paragraph can be indented in one step.

Step 3: Place the Text Cursor anywhere in the paragraph, select and click on the 'Increase Indent' tool. Each time when you click on the Increase Indent tool, the current paragraph's indent will increase. There is also a Decrease Indent tool that removes the indent.

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Aligning paragraphs:

Step 1: Select the text and set the paragraph alignment before you start typing into your document.

Step 2: Then click the "Home" tab in the Ribbon.

Step 3: Then click either the "Align Left (Ctrl+L) ," "Center (Ctrl+E)," "Align Right (Ctrl+R)," or "Justify" (Ctrl+J) button in the "Paragraph" button group to set the desired paragraph alignment.

Creating a Bulleted List:

Step 1: Go to the Home tab

Step 2: Click on the drop-down arrow of the Bullets, which is the first option in the Paragraph group.

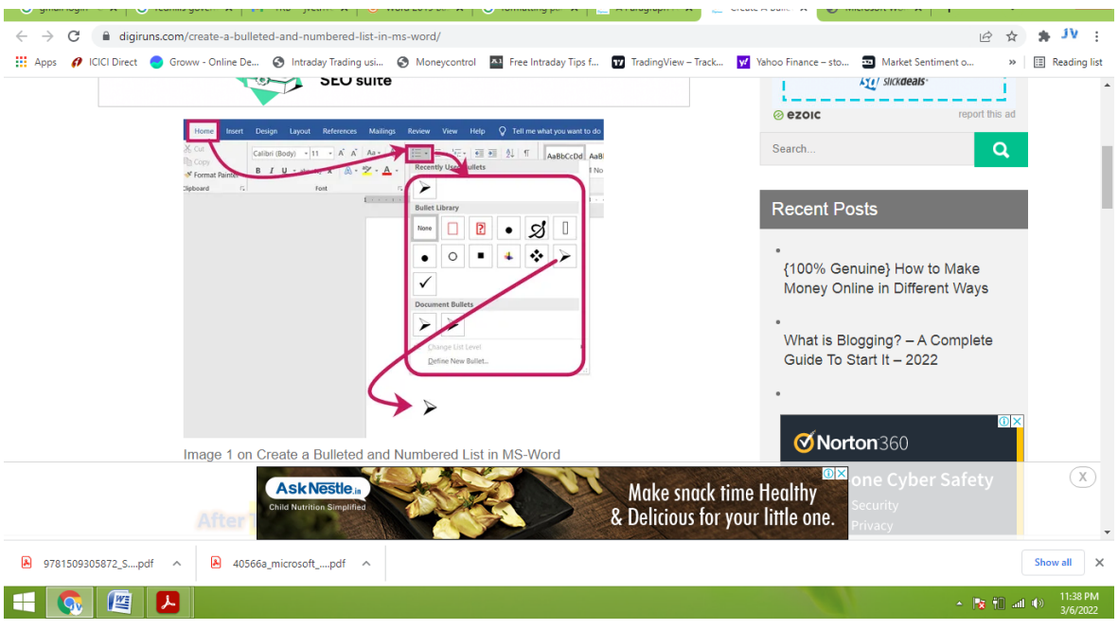
Step 3: Under the command "Bullet", Select one of the options that you want to start the bulleted list

Step 4: Now the Bullet is being inserted into your word document to start its list

Step 5: After you insert the bullet, start typing the word/sentence that you want

Step 6: Then press the enter key to start the next bullet point. Do this in the same way to create the Bulleted List.

Step 7: To start the new section with a word, sentence or paragraph without a Bulleted list, strike the Enter key 2 times



Bulletin library

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Creating a Numbered List:

Step 1: Go to the Home tab

Step 2: Click on the drop-down arrow of the Numbering, which is the second option in the Paragraph group.

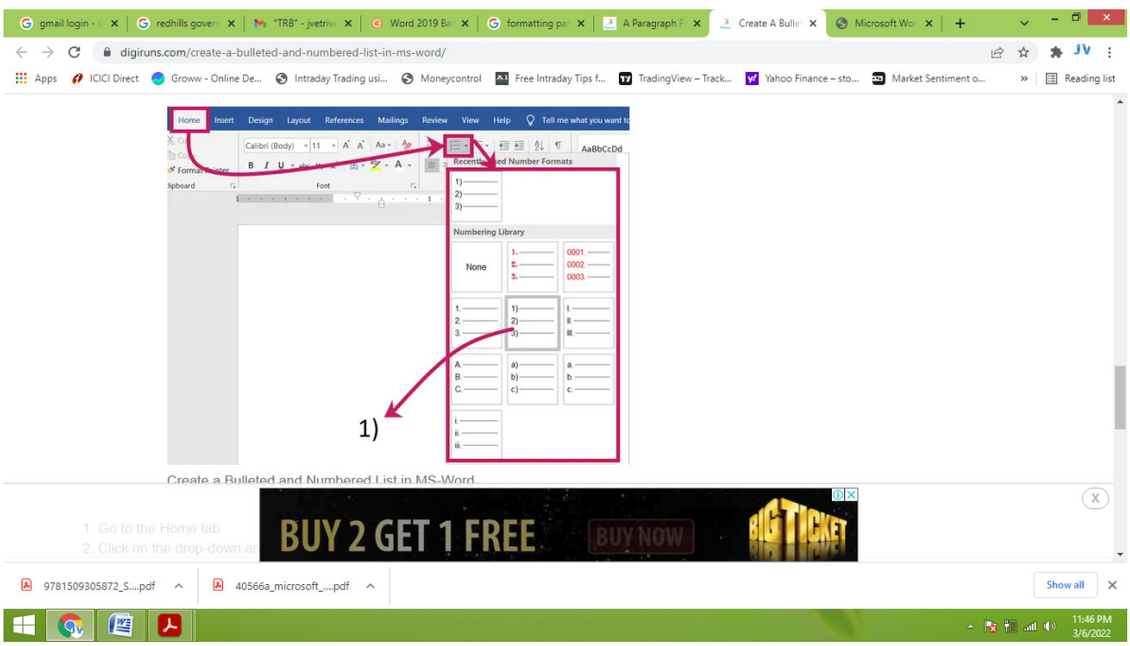
Step 3: Under the command "**Numbering**", Select one of the options that you want to start the numbered list

Step 4: Now the **Number** is being inserted into your word document to start its list.

Step 5: After you insert the **number**, start typing the word/sentence that you want,

Step 6: Then press the **enter** key to start the next serial number. Do this in the same way to create the **Number List**.

Step 7: To start the new section with a word, sentence or paragraph without a Numbered list, strike the Enter key 2 times.



Numbering list

Session 4: Assigning color, border and background:

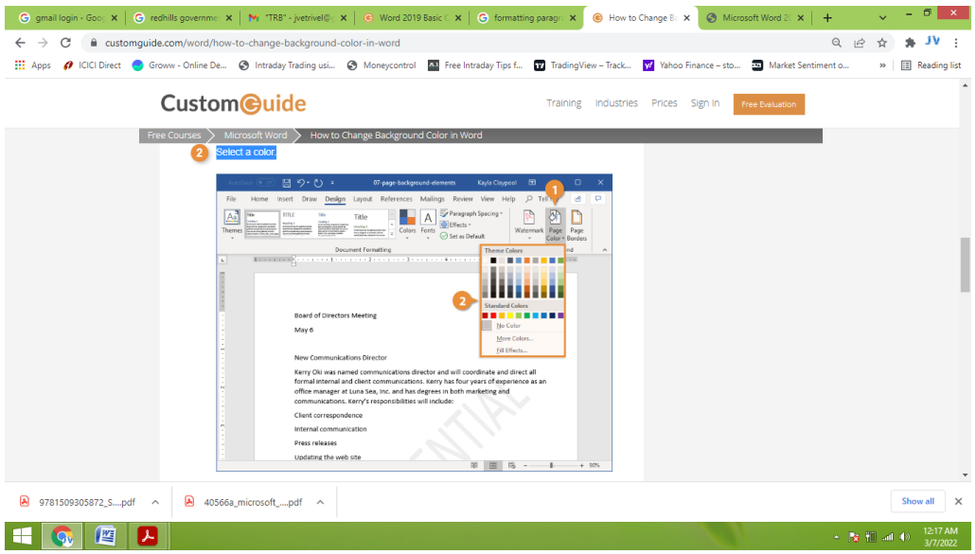
Assign Page Color:

You can also add a background color to your document. This color will only appear in digital copies of the document—Word will not print the page color.

Step 1: On the Design tab, click the Page Color button.

Step 2 : Select a color.

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Assign the color

Add Page Borders:

You can also add page borders along the margins to give it a finished look.

Step 1: On the Design tab, click the **Page Borders** button.

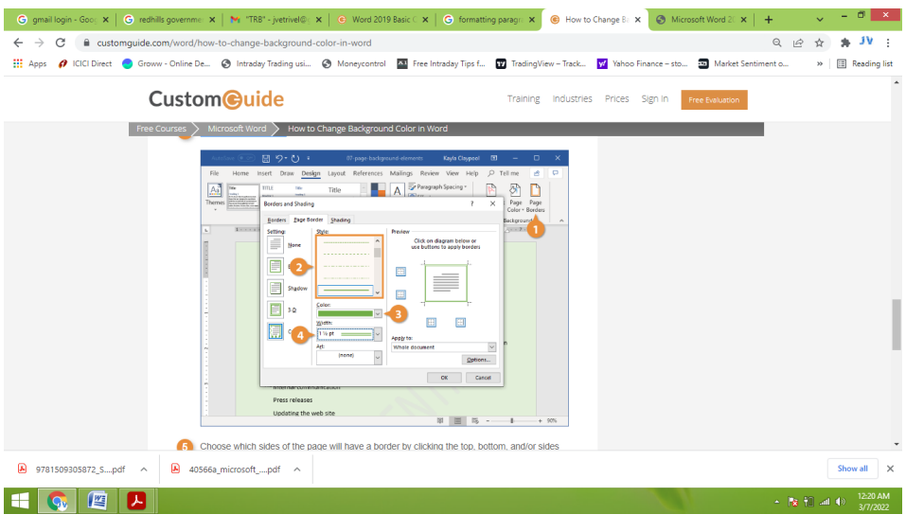
Using the Borders and Shading dialog box, customize how you want the border to look.

Step 2: Select a border style from the Style list.

You can choose from a variety of solid lines, dotted and dashed lines, and patterns.

Step 3: Select a border color.

Step 4: Select a border width.



Add page borders

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Step 5: Choose which sides of the page will have a border by clicking the top, bottom, and/or sides of the preview.

Step 6: Choose which sections of the document will have the border.

Step 7: You can choose the whole document, just this section, just the first page in this section, or every page in the section but the first page.

Step 8: Click OK.

The border is added to the selected pages.

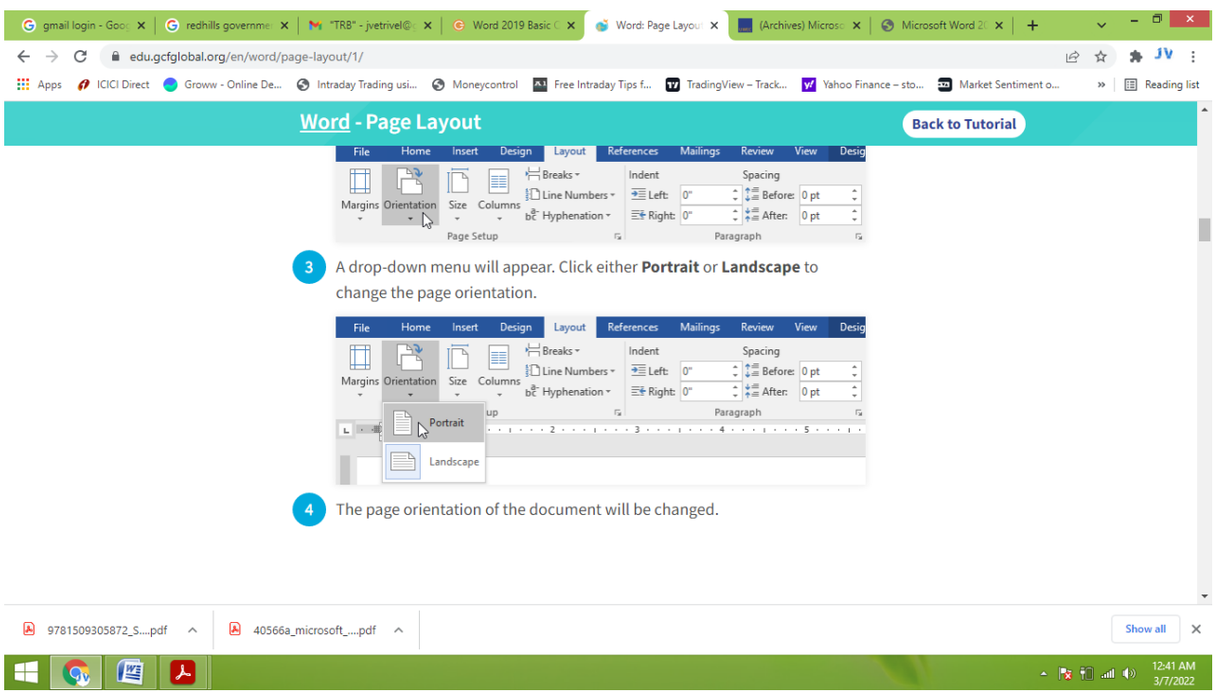
Section 5: Page formatting:

To change page orientation:

Step 1: Select the **Layout** tab.

Step 2: Click the **Orientation** command in the Page Setup group

Step 3: A drop-down menu will appear. Click



Page orientation

The page orientation of the document will be changed.

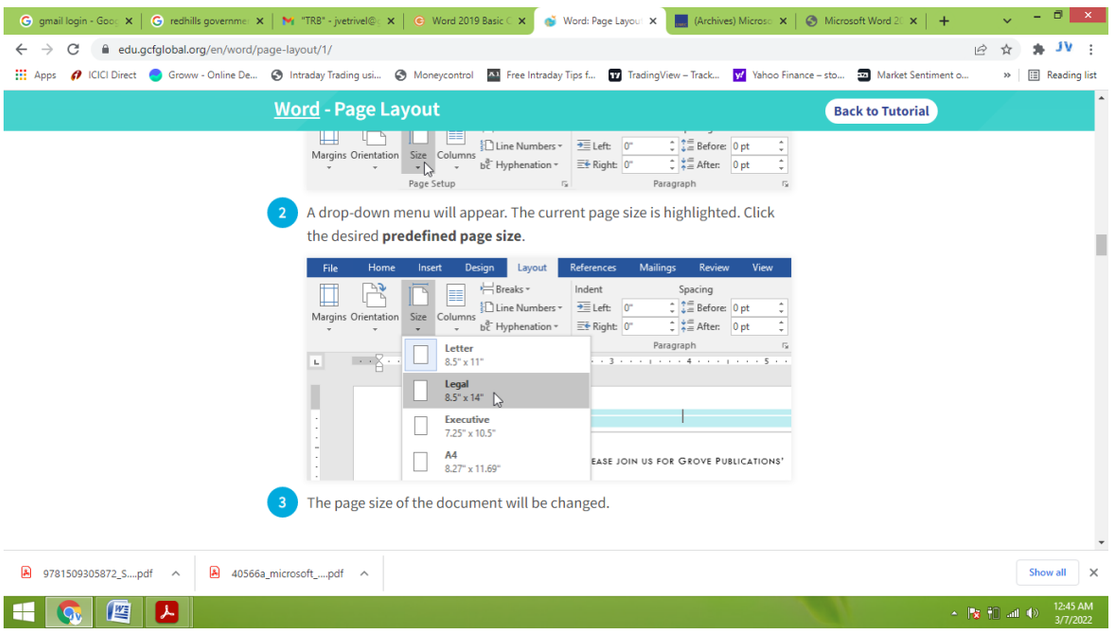
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Page size:

By default, the **page size** of a new document is 8.5 inches by 11 inches. Depending on your project, you may need to adjust your document›s page size. It's important to note that before modifying the default page size, you should check to see which page sizes your printer can accommodate.

Step 1 : Select the **Layout** tab, then click the **Size** command

Step 2: A drop-down menu will appear. The current page size is highlighted. Click the desired predefined page size



Page size

The page size of the document will be changed

To use a custom page size:

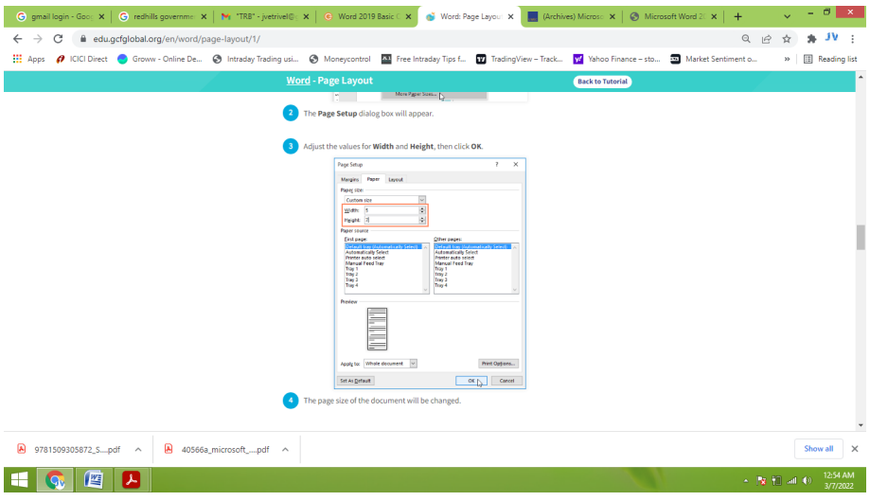
Step 1 : Click the **Page Setup** dialog box.

Step 2: Click **page Layout>Size>More Paper Sizes** from the drop-down menu.

Step 3 : The **Page Setup** dialog box will appear.

Step 4 : Adjust the values for **Width** and **Height**, then click **OK**.

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Page Setup dialog box

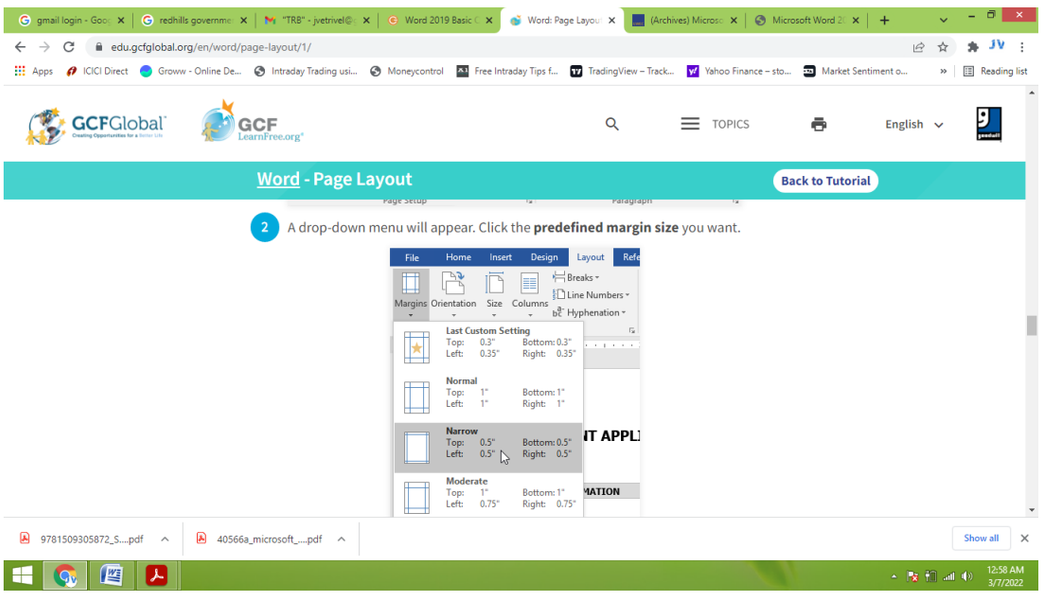
Step 5: The page size of the document will be changed.

Page margins:

A **margin** is the **space** between the text and the edge of your document. By default, a new document's margins are set to **Normal**, which means it has a one-inch space between the text and each edge. Depending on your needs, word allows you to change your document's margin size.

Step 1: Select the **Layout** tab, then click the **Margins** command.

Step 2: A drop-down menu will appear. Click the **predefined margin size** you want



Page margins

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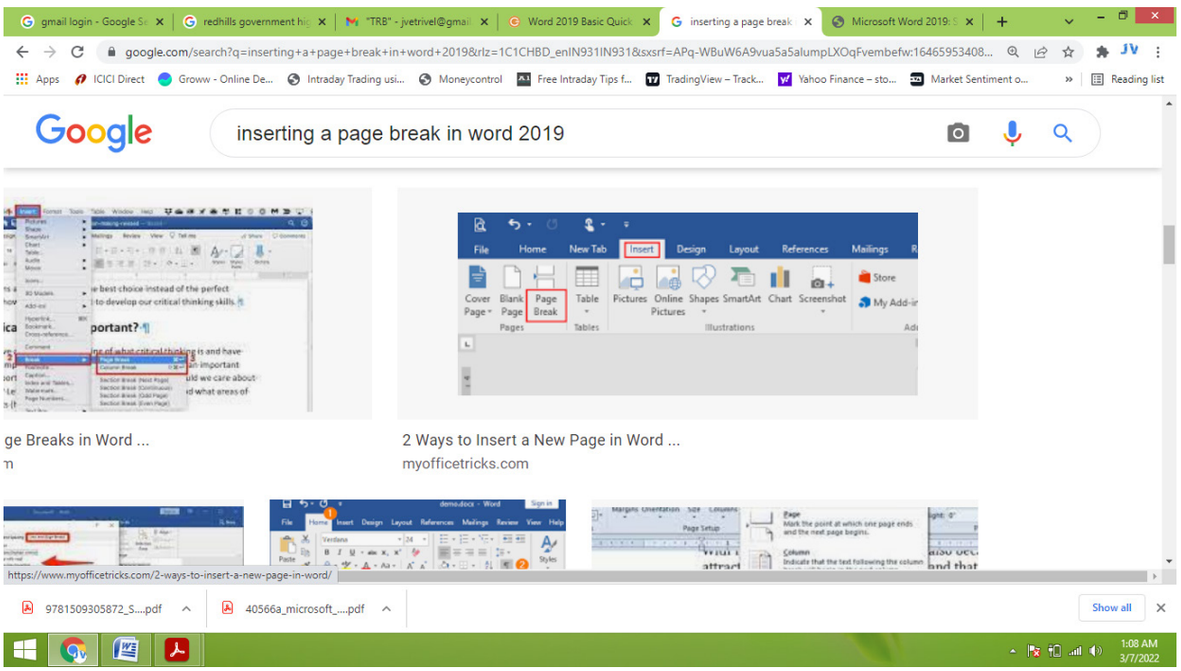
Step 3: The margins of the document will be changed.

Insert a page break in Word:

Word automatically adds a break at the end of each page. You can also insert a manual page break anytime you want to start a new page in your document.

Step 1: Put your cursor where you want one page to end and the next to begin.

Step 2: Go to Insert > Page Break.



Page break

Add page numbers to a header or footer:

Step 1: Click or tap in the header or footer where you want the page numbers.

Step 2: Go to Insert > Page Numbering.

Step 3: Select Page number

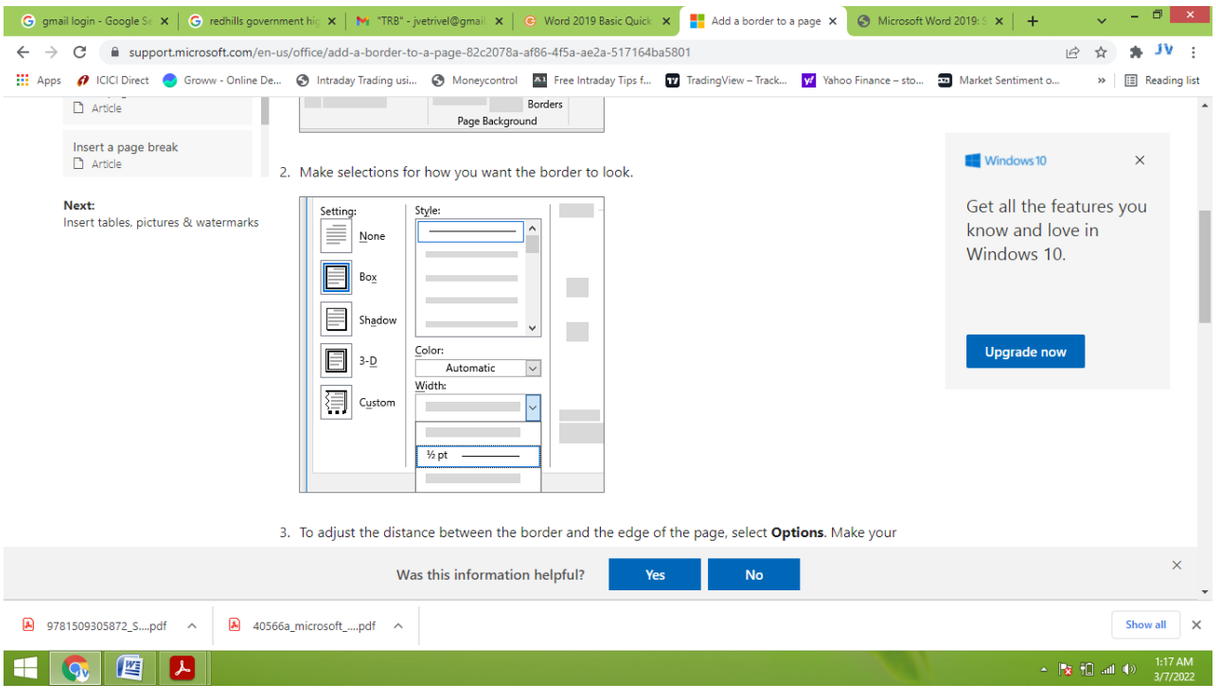
Step 4: Choose a style.

Add a border to a page:

Step 1: Go to **Design** > **Page Border**

Step 2: Make selections for how you want the border to look.

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Page border

Step 3: To adjust the distance between the border and the edge of the page, select **Options**. Make your changes and select **OK**.

Step 4: ok

Inserting symbols, images, shapes and special characters in a document:

You can easily insert a special character, fraction, or other symbol in your Word documents.

Step 1: Place your cursor in the file at the spot where you want to insert the symbol.

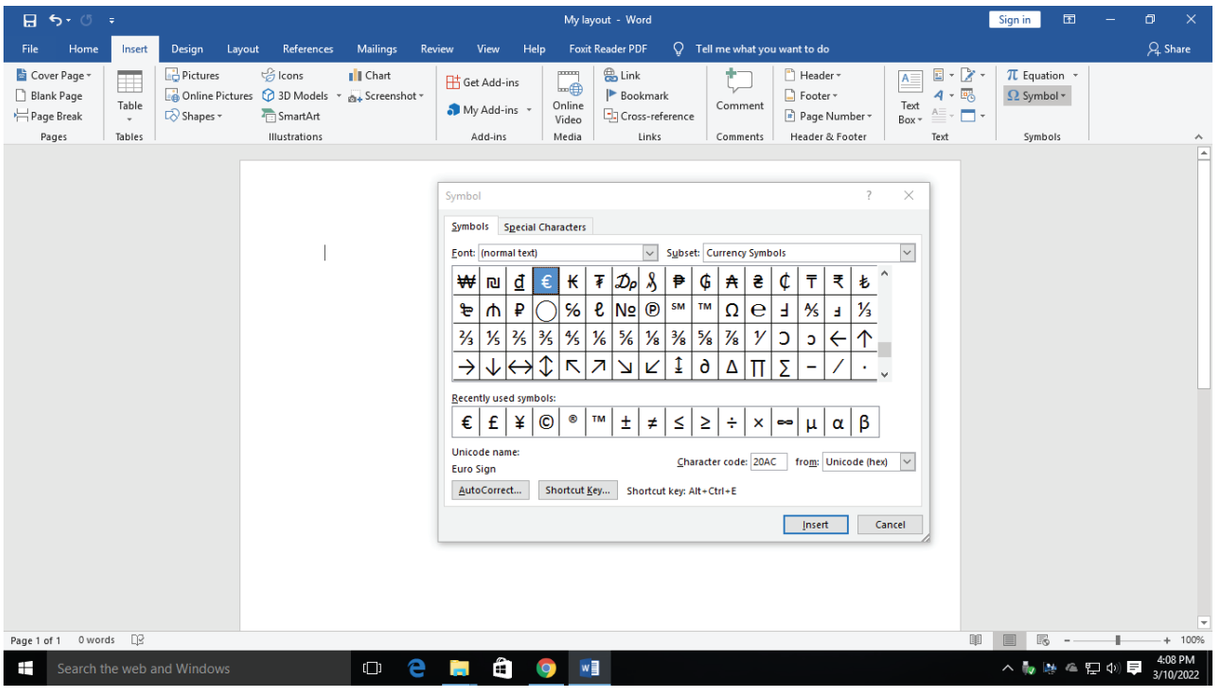
Step 2: Go to Insert > Symbol.

Step 3: Pick a symbol, or choose More Symbols.

Step 4: Scroll up or down to find the symbol you want to insert. When you find the symbol you want, double-click it. The symbol will be inserted in your file.

Step 5. Select Close.

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Inserting equation and symbol

Result:

Thus the formatting instructions in the MS word document has been practiced successfully.

Video suggestions:

s.no	Title/purpose	Link
1	Formatting the document	https://www.youtube.com/watch?v=F6Vhzl4XxvU
2	Formatting text, removing manual formatting.	https://www.youtube.com/watch?v=SiVjclEjw9E
3	Formatting paragraphs and using bullets, numbering.	https://www.youtube.com/watch?v=yV4i29Xo0iM
4	Assigning color, border and background to paragraphs.	https://www.youtube.com/watch?v=ZJyvWpZOTKY
5	Formatting the page.	https://www.youtube.com/watch?v=Ci1P40GsDy8

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Simple Assessments:

Student project	1. Students should create a voucher for organization. 2. Should prepare an advertisement poster for an event in school .
Guest lecture suggestions	1. Invite a MS office technician for a guest lecture. 2. Invite a computer technician for a guest lecture. 3. Invite an office assistant working in MS office platform.
Industrial/ Field visit suggestions	1. A field Visit to an office nearby the school. 2. Visit nearby banks for field visit. 3.A field Visit to the nearby auditing office.

10.6 Instructions to create tables and its various applications in MS word document

Objective:

To practice to create tables and learn the various applications in MS word.

Operations / Experiments Covered Under the Project:

Create and use table

1. Inserting and Deleting the rows & columns in a table.
2. Splitting and Merging a table
3. Deleting, Copying & Moving a table

Tools and Equipment Required:

S.no	Name of the tools/ equipment	Range/Value	Quantity
1	Computer or Laptop	I5 processor/4gb ram	1
2	Microsoft office	MS office 2019	1

Procedure:

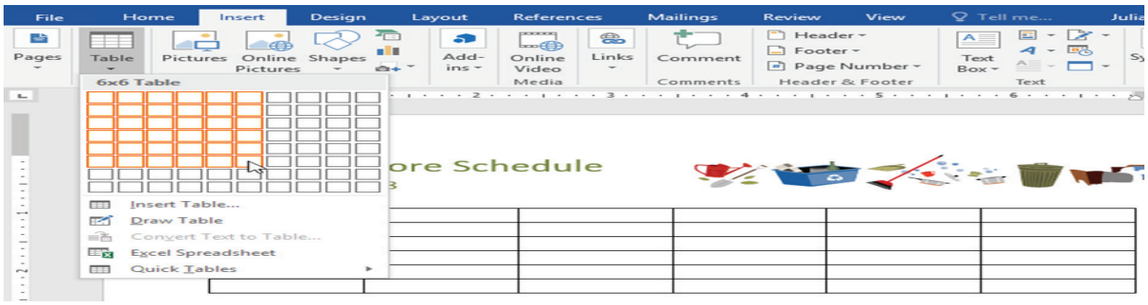
Section 1 : Create and use Table:

Step 1: Place the insertion point where you want the table to appear.

Step 2: Navigate to the Insert tab, then click the Table command.

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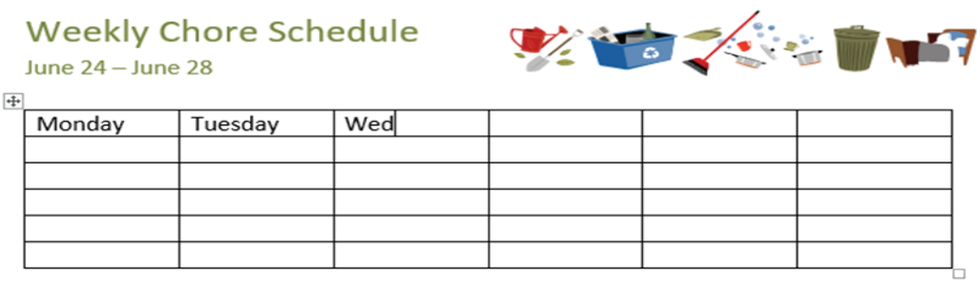
Step 3: This will open a drop-down menu that contains a grid. Hover over the grid to select the number of columns and rows you want.



Insert the table

Step 4: Click the grid to confirm your selection, and a table will appear.

Step 5**:** To enter text, place the insertion point in any cell, then begin typing.



Enter the text in table

Note : To navigate between cells, use the Tab key or arrow keys on your keyboard. If the insertion point is in the last cell, pressing the Tab key will automatically create a new row.

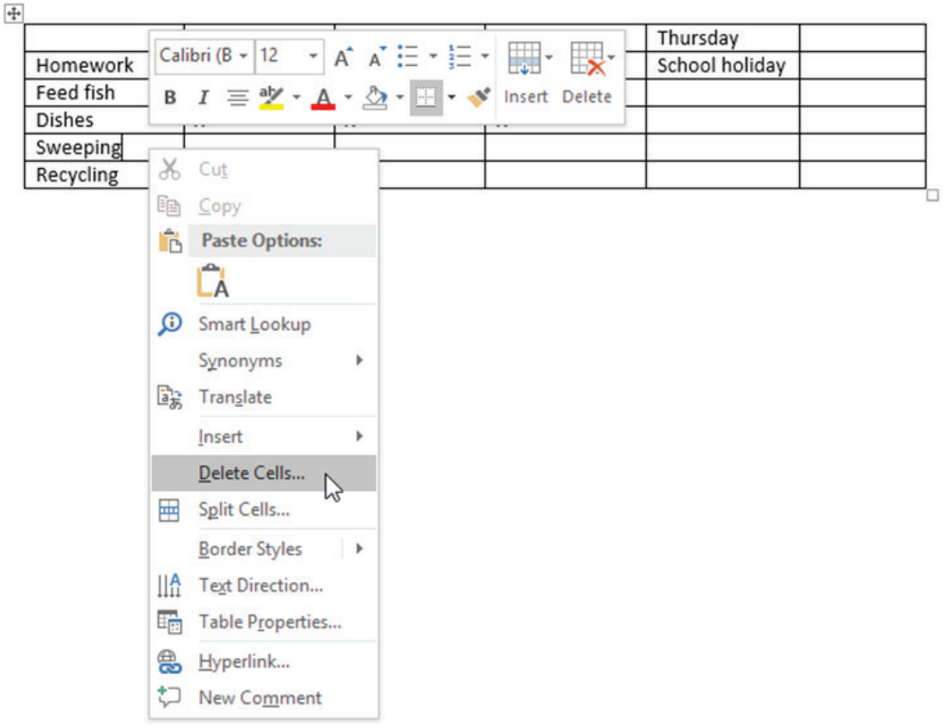
Section 2: Inserting and deleting the rows/columns in a table :

To add a row or column:

Step 1: Hover outside the table where you want to add a row or column. Click the plus sign that appears.

Step 2: A new row or column will be added to the table

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To add a new column and row to the table

Note: You can also right-click the table, then hover over Insert to see various row and column options.

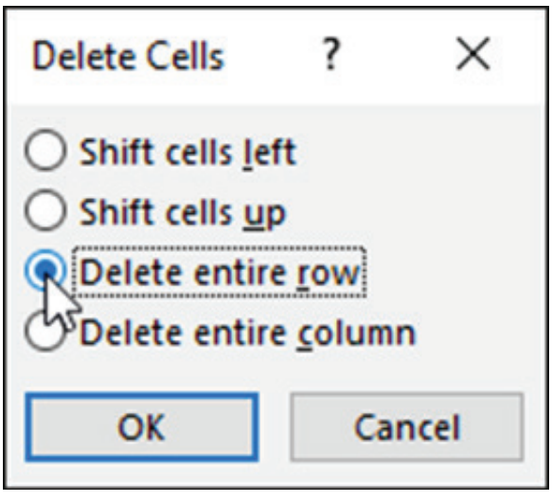
To delete a row or column:

Step 1: Place the insertion point in the row or column you want to delete.

Step 2: Right-click, then select Delete Cells from the menu.

Step 3: A dialog box will appear. Choose Delete entire row or Delete entire column, then click OK.

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Delete a row or column to the table

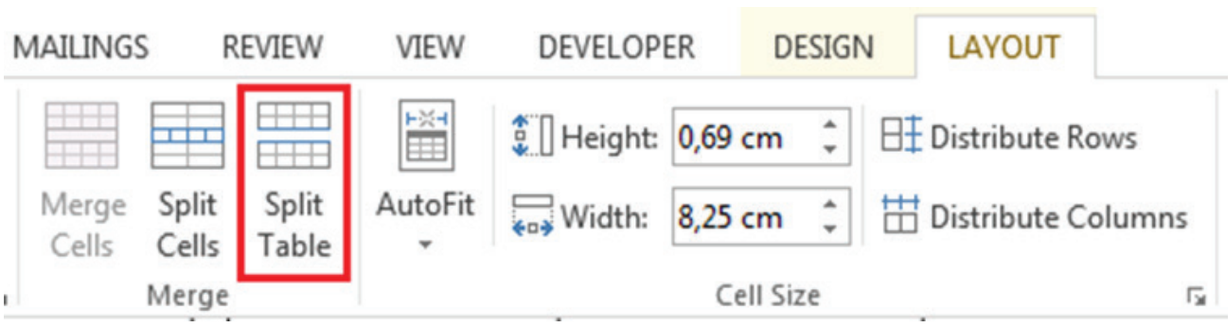
Step 4: The row or column will be deleted.

Section 3: Splitting a table:

Step 1: Click in a cell, or select multiple cells that you want to split.

Step 2: Under Table Tools, on the Layout tab, in the Merge group, click Split Cells.

Step 3: Enter the number of columns or rows that you want to split the selected cells into



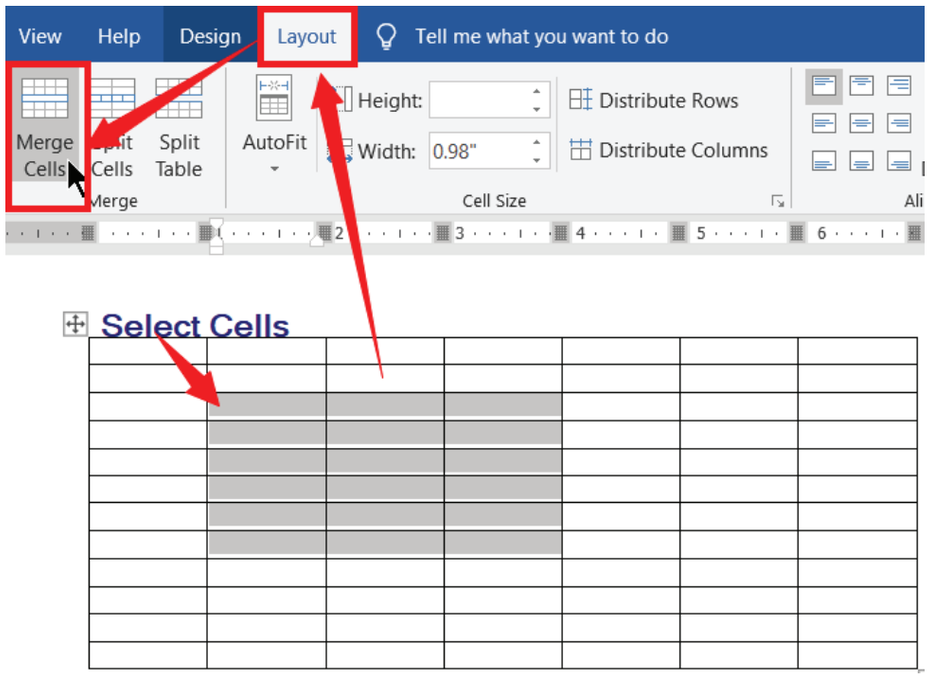
Split table

Merging a table:

Step 1: Select the cells that you want to merge.

Step 2: Under Table Tools, on the Layout tab, in the Merge group, click Merge Cells.

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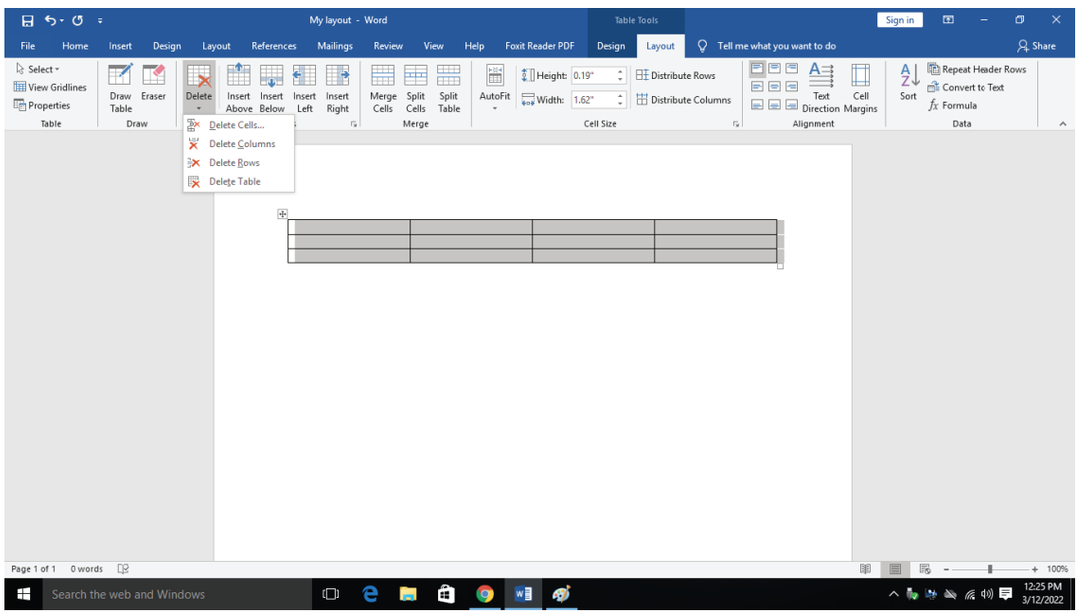
Merging table

Section 4: Deleting, copying, & moving tables:

Deleting a table:

Step 1: Right-click in a table cell, row, or column you want to delete.

Step 2: On the Mini toolbar, click Delete.



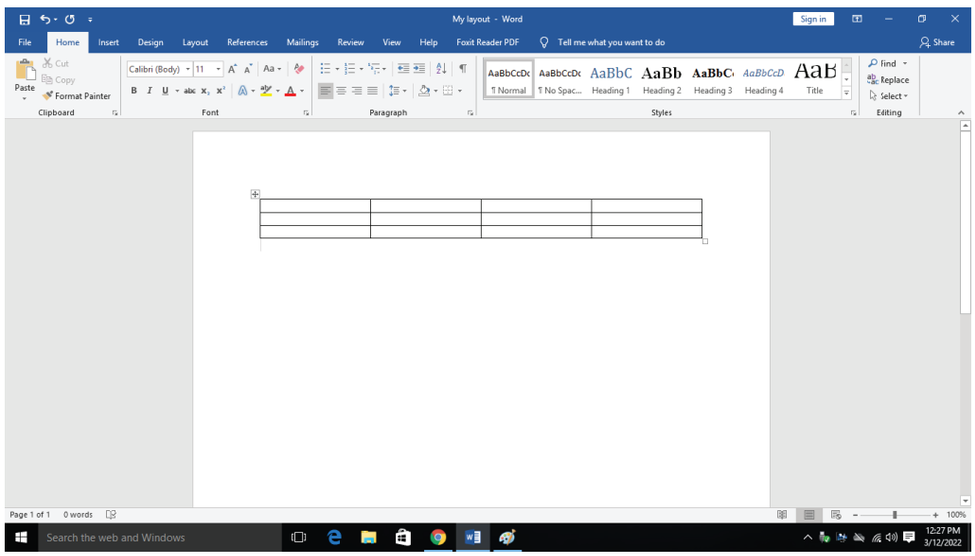
Deleting the table.

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Step 3: Choose Delete Cells, Delete Columns, or Delete Rows as required.

Coping Table:

Step 1**:** In the Print Layout view, rest the pointer on the table until the table move handle appears.



Copying table

Step 2**:** Click the table move handle to select the table.

Step 3: Do one of the following:

1. To copy the table, press CTRL+C.
2. To cut the table, press CTRL+X.

Step 4: Place the cursor where you want the new table.

Step 5: Press CTRL+V to paste the table in the new location.

Moving a table:

Step 1: In the Print Layout view, rest the pointer on the table until the table move handle appears.

Step 2: Keep the pointer over the table move handle until the pointer becomes a four-headed arrow, and then click the table move handle.

Step 3: Drag the table to a new location.

Result:

Thus the tables have been created successfully.

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Thus the various applications in MS document has been practiced successfully.

Video suggestions:

s.no	Title/purpose	Link
1	Create and use Table	https://www.youtube.com/watch?v=XNBrCEgzddw
2	Inserting and deleting the rows and columns in a table	https://www.youtube.com/watch?v=Ctey7JNeoGg https://www.youtube.com/watch?v=LS7WtlXsM5Q
3	Splitting and Merging a table	https://www.youtube.com/watch?v=mWY03aAZ4vM

Simple Assessments:

Student project	students should make a class time table and a month calendar. students should prepare table content for the chapter students should prepare a table for daily expenditure.
Guest lecture suggestions	1. Invite a MS office technician for a guest lecture. 2. Invite a computer technician for a guest lecture. 3.Invite an office assistant working in MS office platform.
Industrial/ Field visit suggestions	1.A field Visit to an office nearby the school. 2. Visit nearby banks for field visits. 3.A field Visit to the nearby auditing office.

10. 7 Instructions to take printout after completion of document

Objective:

To practice to take printout after completion of document in MS word.

Operations/Exercises Covered Under the Project:

1. Viewing print preview of the document
2. Editing print and controlling option in MS word
3. Printing the document in MS word
4. Printing the letters and documents using mail merge in MS word

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Safety Measures:

1. Put your printer on a flat, stable surface such as a desk that is free of vibration and shocks.
2. Use the printer in a well-ventilated room.
3. DO NOT put the printer where the ventilation hole of the printer is blocked.

Tools and Equipment Required:

S.No	Name of the tools/ equipment	Range/Value	Quantity
1	Computer or Laptop	I5 processor/4gb ram	1
2	Microsoft office	MS office 2019	1

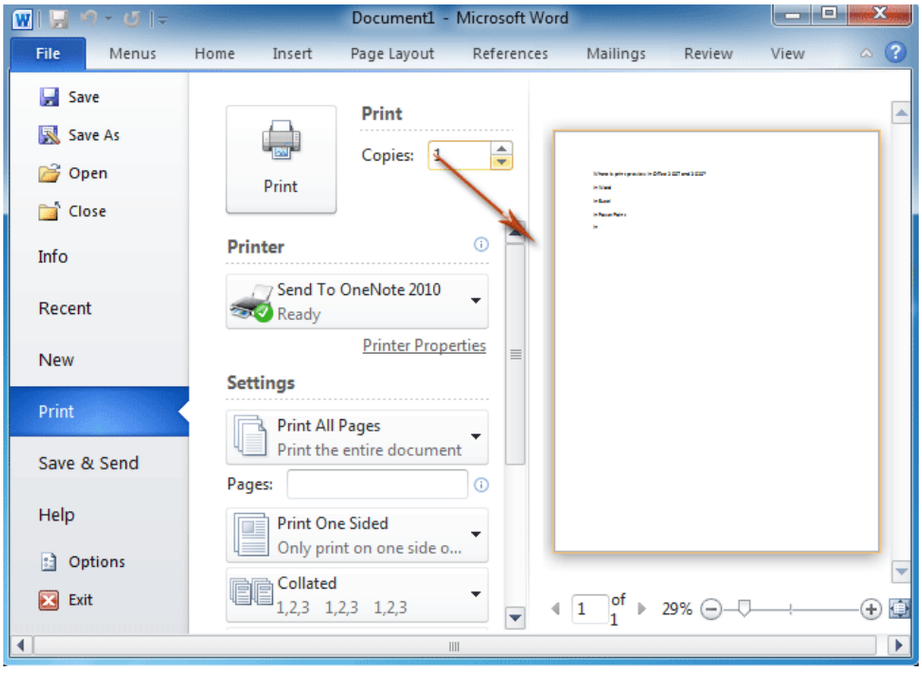
Procedure:

Section 1: Viewing print preview of the document:

Step 1: Open the MS word document to be printed.

Step 2: Click **File** in the left top corner of the word file or press **CTRL + P**

Step 3: Select **print** in the menu bar (Now we can see the print preview of the document on the right side. (We can see all pages by scrolling the mouse up and down)



Print preview of the document

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Section 2: Editing print and controlling option in MS word:

Step 1: Open MS word Document to be printed

Step 2: Click **File** in the left top corner of the word file or Click **CTRL + P**

Step 3: Click the printer option to select the printer Which is currently connected with your PC or laptop.

Step 4: Click the up and down arrow of copies dialogue box to change the number of copies of the printing.

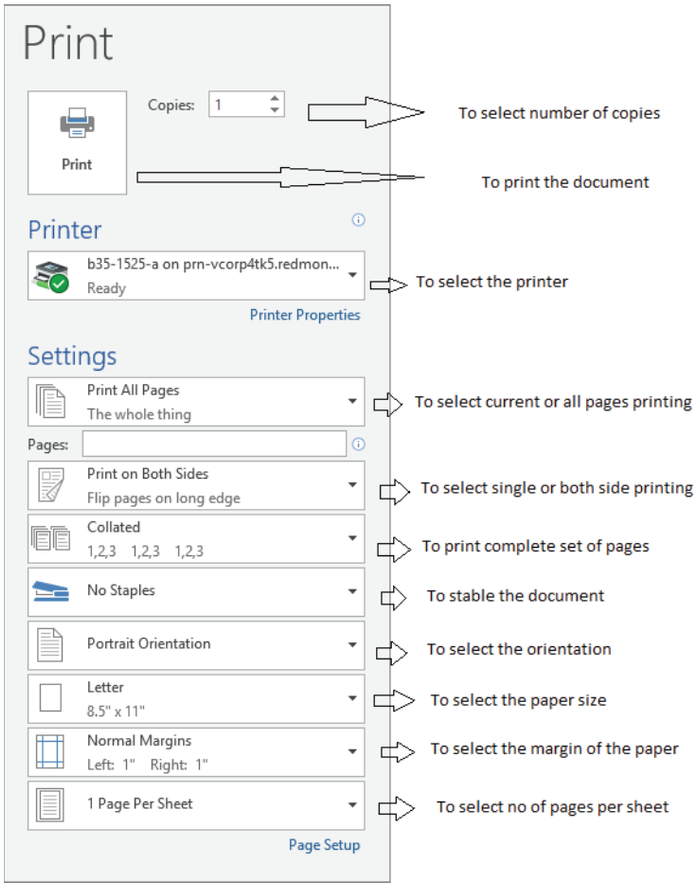
Step 5: Click Print all pages option to choose print all pages, print current page only or custom print option

Step 6: Click portrait option. we can choose portrait or landscape printing option

Step 7: Click letters to select size of the paper to be printed

Step 8: Click normal margin to select margin of the printing area of the paper

Step 9: Click 1 page per sheet to choose number of pages per sheet to be printed



Edit the printing option

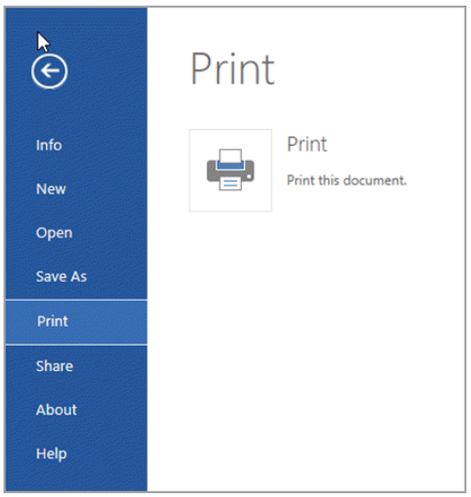
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Section 3: Printing the document in MS word:

Step 1: Open the MS word document to be printed

Step 2: Click **File** in the left top corner of the word file or Click **CTRL + P**

Step 3: Click the print icon to print the document



Printing the document

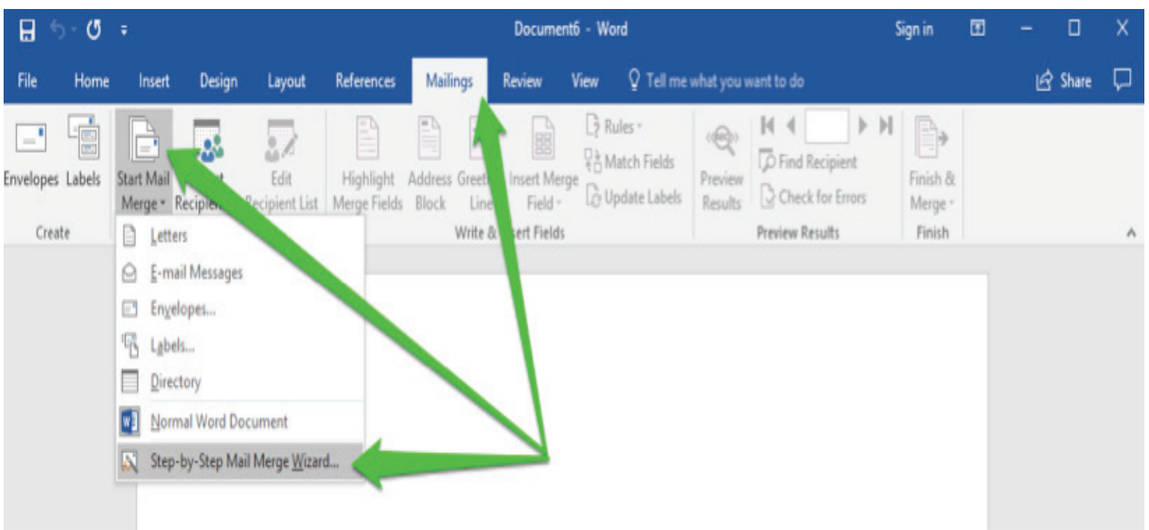
Section 4: Printing the letters and documents using mail merge in MS word:

Open the blank MS word document or existing document which is to be printed

Step 1: Click Mailing tab

Step 2: Click Start mail merge button

Step 3: Click step by step mail merge

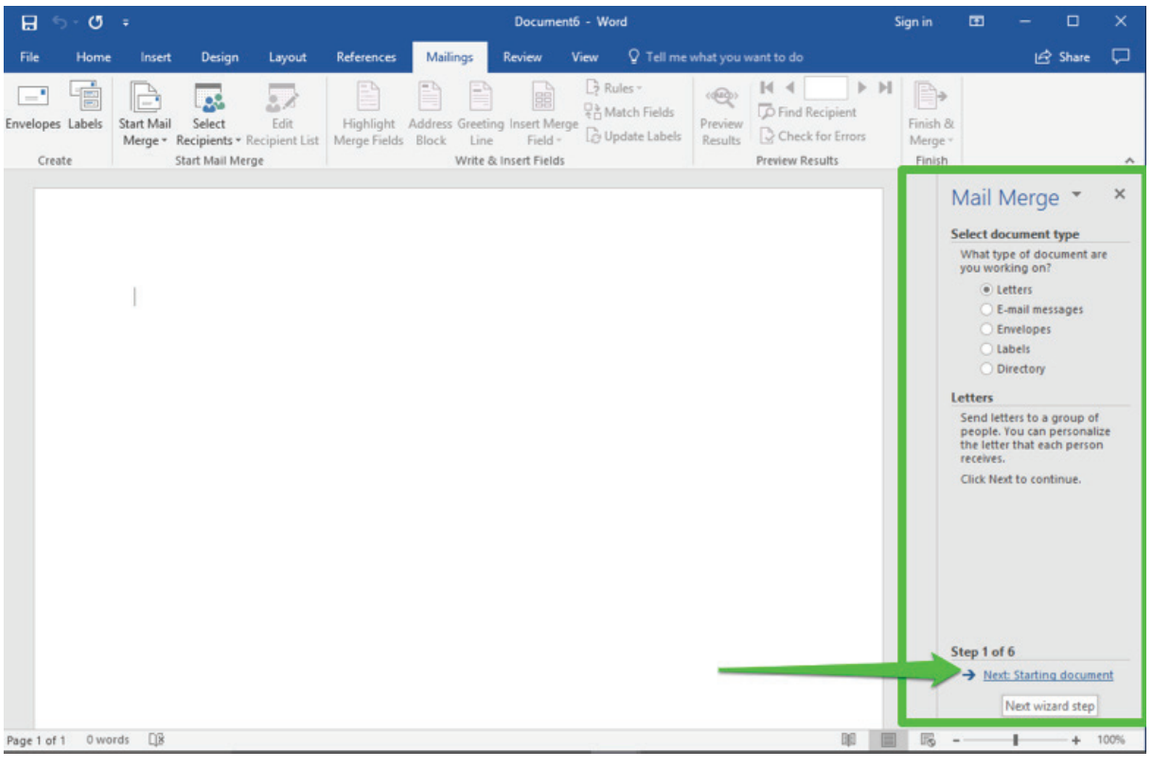


Opening of the mail merge

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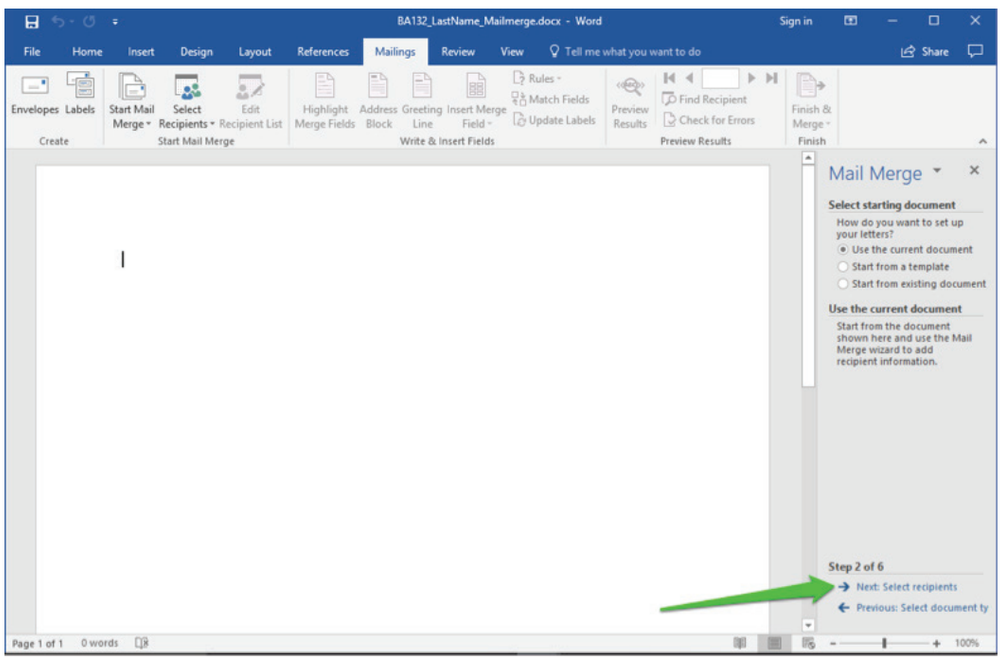
Step 4: Select document type

Step 5: Click Next Starting document



Starting the document

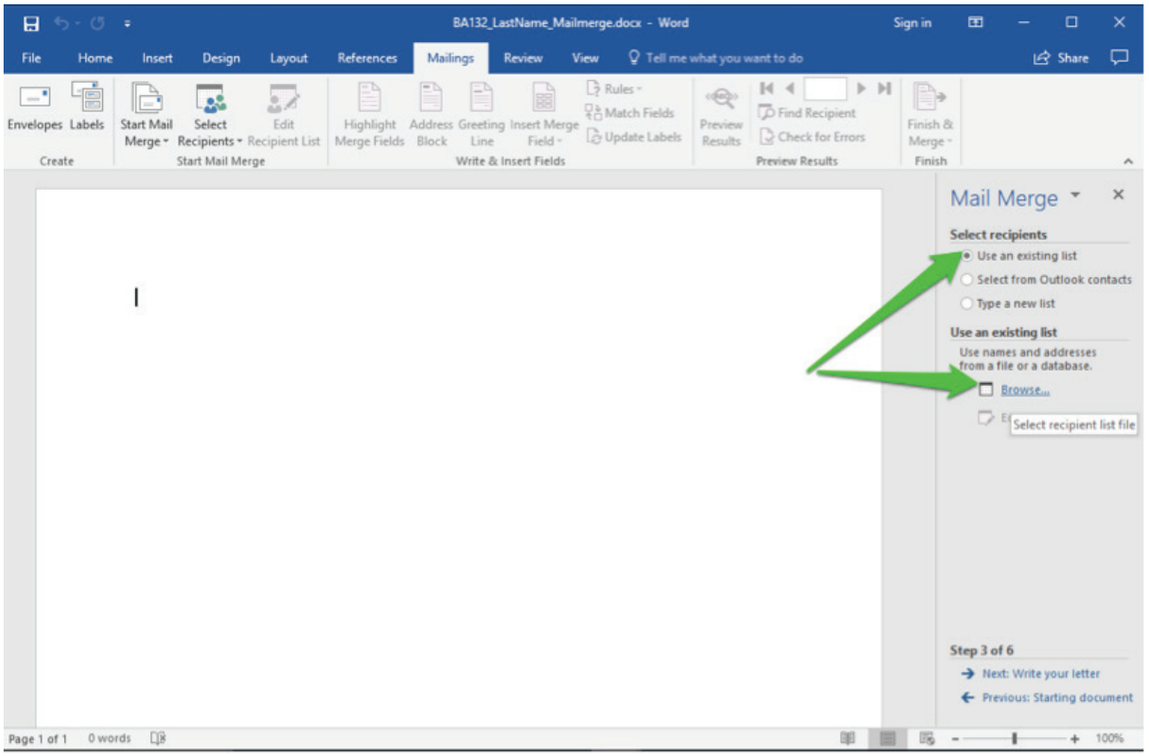
Step 4: Select use the current document or start from existing document (For demo we select use current document option)



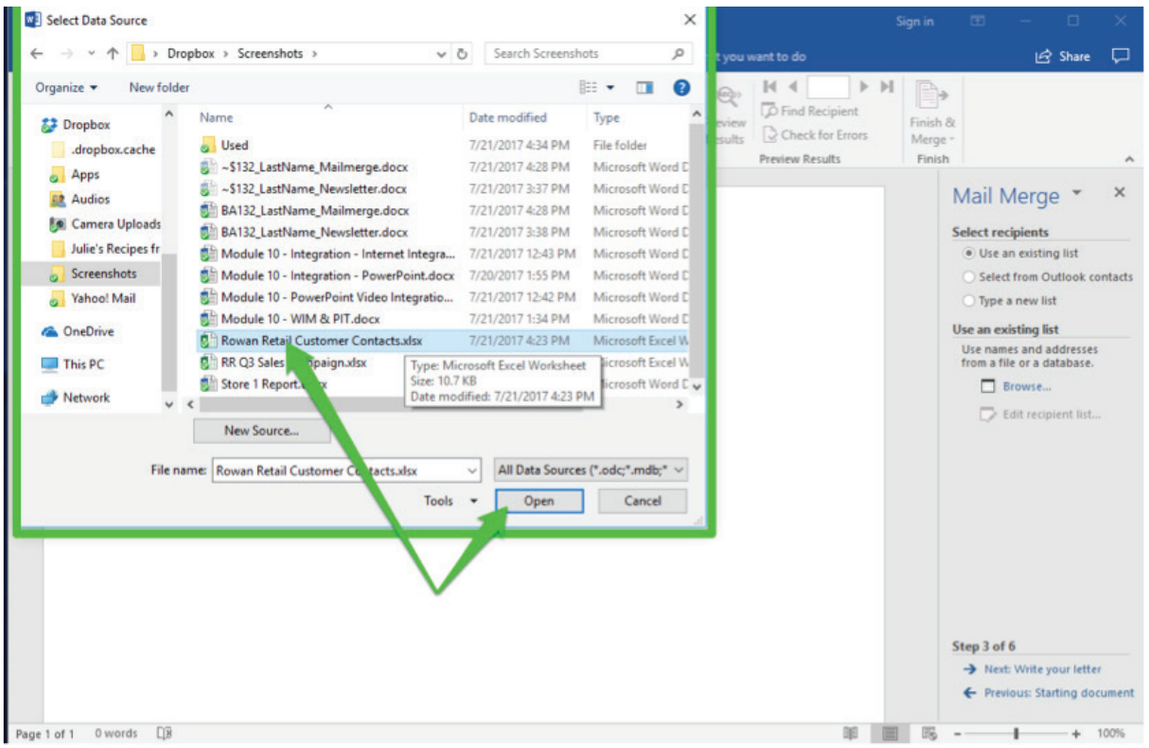
Select recipient

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Step 5: Click Next: select recipients and select type a new list or existing list(for demo we select type a existing list)



Existing file selection

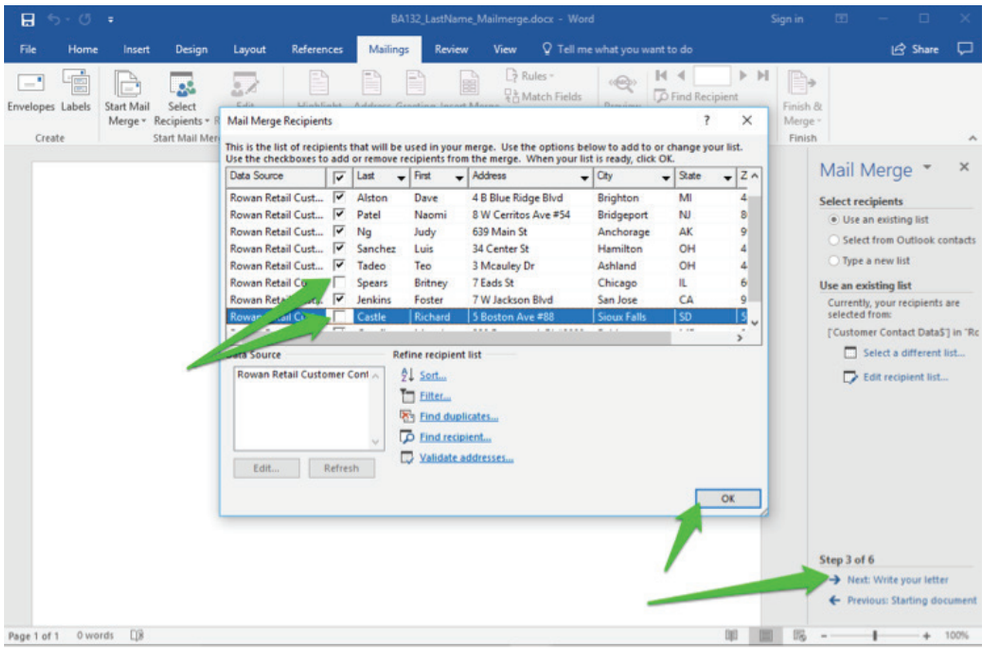


Select existing list from browse

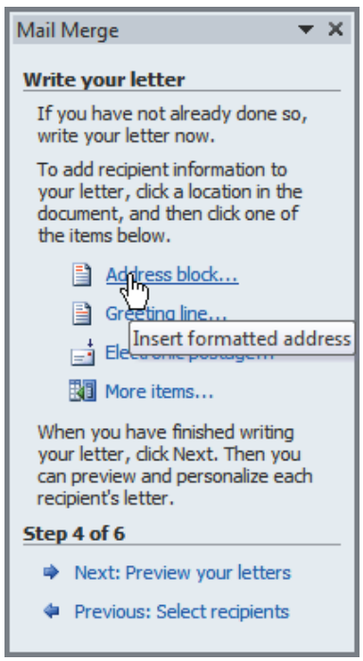
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Step 6: Click the browse button and select the existing file. If you don't have an existing address list, you can click the **Type a new list** button and click **Create**. You can then type your address list.

Step 7: Click Next: Write your letter which one you want to be printed. Select Address block, Greeting line, Electronic postage, or More items from the task pane to add recipient information to your letter.



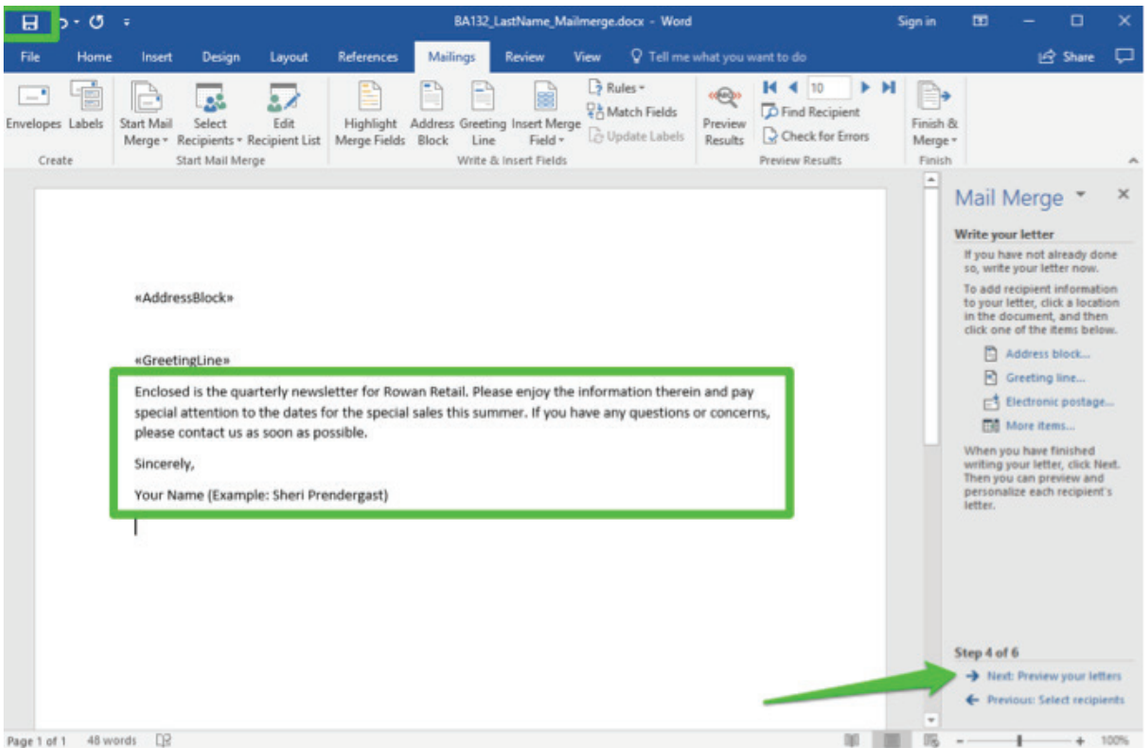
Writing your letter



Add recipient information

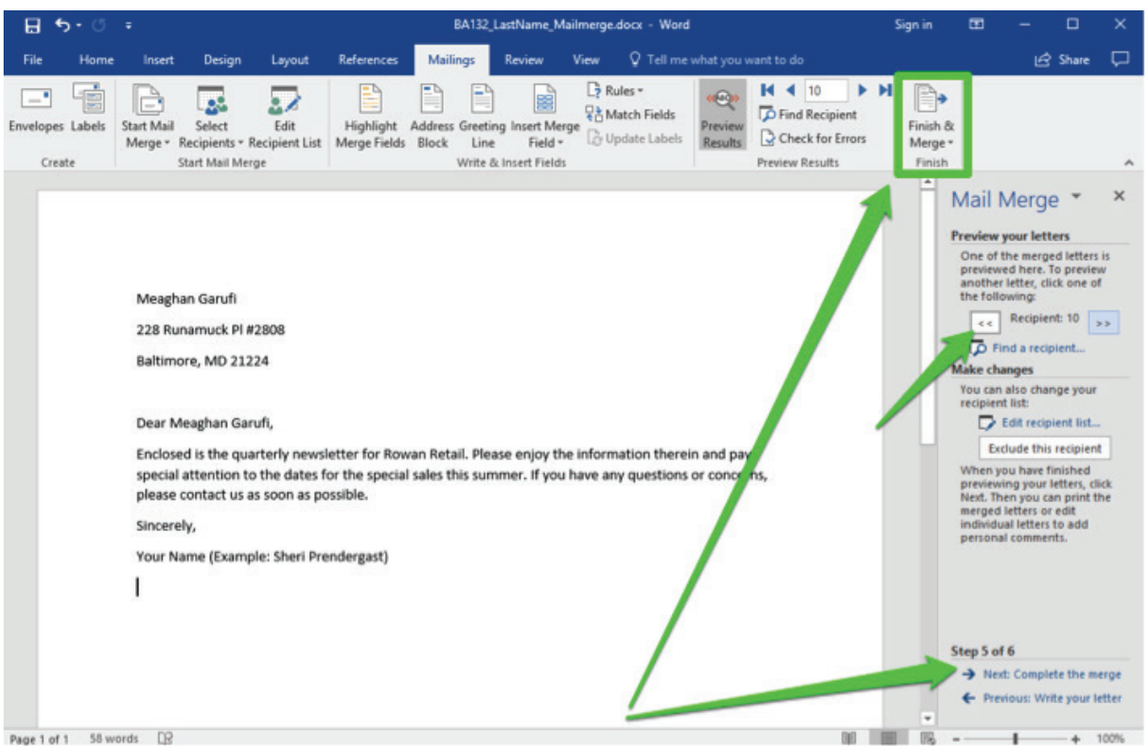
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Step 8: Click Next: Preview your letter to view letters of the all recipients



Print preview of the letter

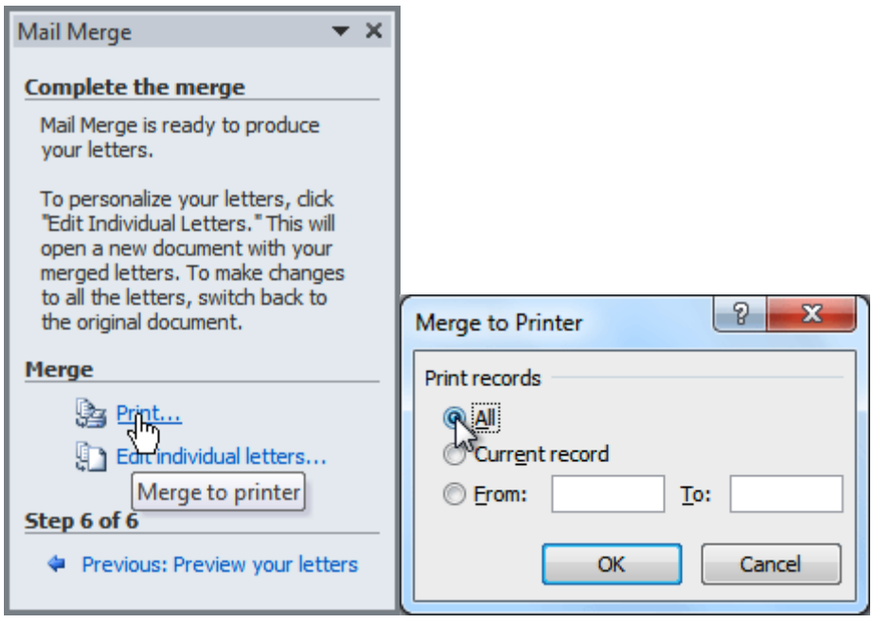
Step 9: Click Next: Complete the merge



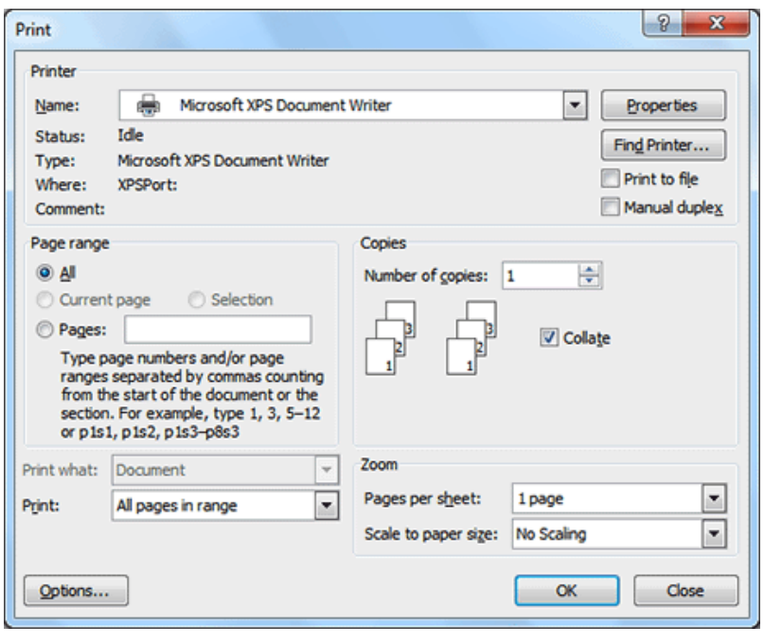
Complete the merge

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Step 10: Click print and select **All** option and click ok button.



Merge to printer dialog box



Printing the document

Result:

1. Thus the students are able to view print preview of the document
2. Thus the students are able to know different printing and control option while printing the document
3. Thus the students are able to print the letter and document using mail merge in MS word.

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Video suggestions:

s.no	Title/purpose	Link
1	Print preview of the document in MS word	https://youtu.be/OxudZfGR7lk
2	Printing and controlling option while printing the document in MS word`	https://youtu.be/8PvKeny-_Fo
3	Print the letter and document using mail merge in MS word	https://youtu.be/27-Vj4-71xw

Simple Assessments:

Student project	1. Student have to prepare quotations of different features of various printers with their price list. 2. Students have to prepare printer working principles in a chart. 3. Students should take samples of print out while working on file.
Guest lecture suggestions	1. Invite a MS office technician for a guest lecture. 2. Invite a computer technician for a guest lecture. 3. Invite an office assistant working in MS office platform.
Industrial/ Field visit suggestions	1. A field Visit to an office nearby the school. 2. Visit nearby banks for field visits. 3. A field Visit to the nearby auditing office.

10. 8 Utility options in selecting a suitable template and image in MS word document.

Objective:

To learn about utility options in selecting a suitable template and image in MS excel document.

Operations/Exercises Covered Under the Project:

1. Apply styles in a document
2. Insert and use images in the document
3. Create and use templates in document
4. Create table of contents for a document

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Tools and Equipment Required:

S.no	Name of the tools/equipment	Range/value	Quantity
1	Computer or Laptop	I5 processor/4gb ram	1
2	Microsoft office	MS office 2019	1

Safety Measures:

1. Make sure to save your document at regular intervals.
1. Remember that before closing your word document should save the document and its file location.

Procedure:

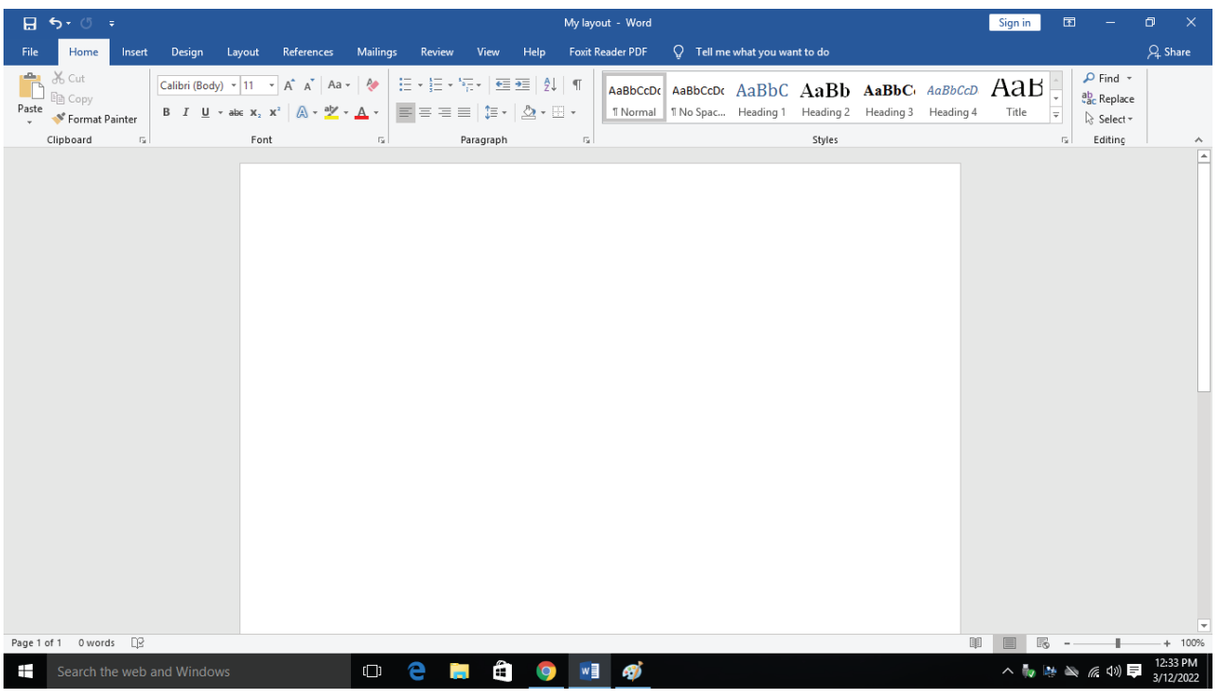
Section 1: Create and apply styles in the Document:

Step 1: Open a MS office word document.

Step 2: Click **Home>Font** for fonts modifying options.

Step 3: Click **Home>Paragraph** for paragraph formatting.

Step 4: Click **Home>Styles** for heading styles.

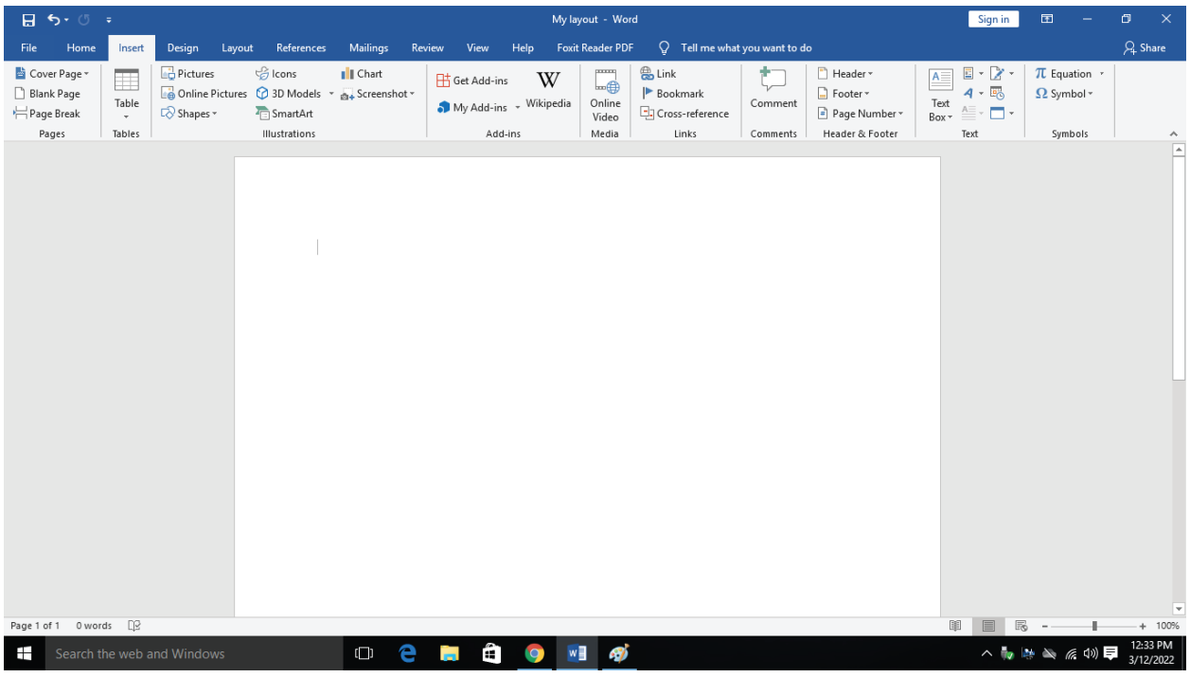


Create and apply styles in the document

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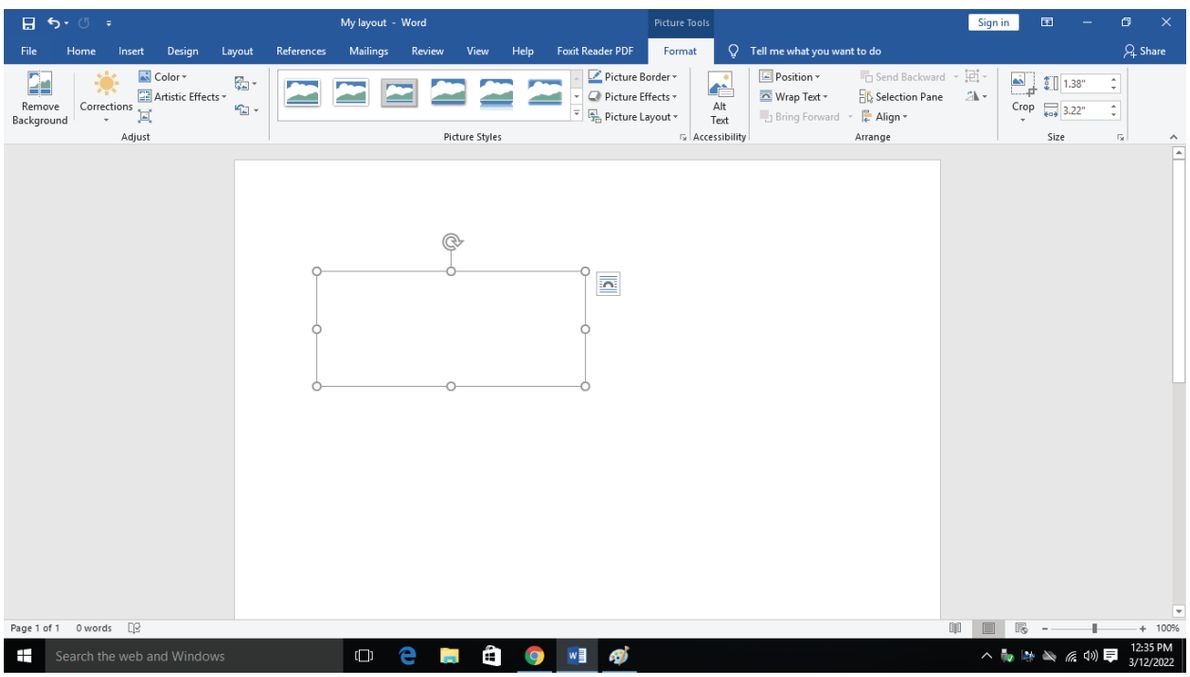
Section 2: Insert and use images in document:

Step 1: Click **Insert>Pictures** and select images from the source.



Insert and use images in document

Step 2: Select or Click picture and choose **Format** in the top right corner, Select the mode which has to be selected.



Formatting and resize the images in the document

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Step 3: Enter the size of images in the place and press **Enter.**

Section 3: Create and use Template:

Step 1: Prepare a template file in a word document.

Step 2: Click **Home>Save as** and enter the file name, Select the file type as Word Template(.dotx) and press **Enter or** Click **Save.**

Step 3: Close or Open a new Document file.

Step 4: Click **File>Open>Personal** and select your template file.

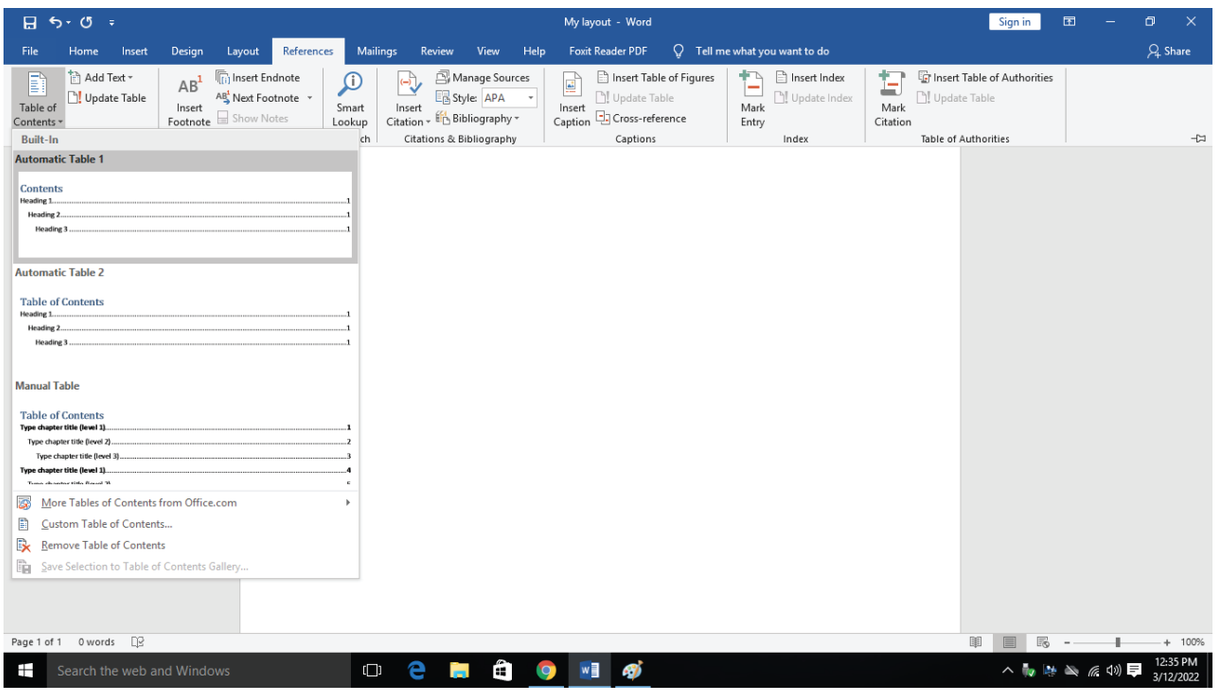
Section 4: Create table of contents:

Step 1: Open a word document.

Step 2: Select a topic which you want to make in table of content.

Step 3: Enter the numbering and select styles.

Step 4: Follow step 2 & 3 to the entire document. Click on **References>Table of contents,** Select the type of contents in automatic mode.



Create the table content

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Result:

Thus the utility options in selecting a suitable template and image in MS word document has been learned successfully.

Simple Assessments :

1. Which command is used to save a document?
2. How will you create or modify a template?
3. How to resize a picture in a document?

Video suggestions:

s.no	Title/purpose	Link
1	Create and update new styles in a document.	https://youtu.be/Gk5M32aqsjUhttps://youtu.be/Gk5M32aqsjU
2	Insert and modify pictures in the document.`	https://youtu.be/Lgd2QR0ltic
3	Create and use templates in document.	https://youtu.be/qs2HzP9Q9eg
4	Create and make a table of contents for a document.	https://youtu.be/0cN-JX6HP7c

Student project	1. Create a template for a student's identity card. 2. Create a title of content for any paragraph with page number. 3. Create a new style and update in your computer.
Guest lecture suggestions	1. Invite a MS office technician for a guest lecture. 2. Invite a computer subject expert for a guest lecture. 3. Invite an office assistant working in MS office platform.
Industrial/ Field visit suggestions	1. A field Visit to an office nearby the school. 2. Visit to nearby e-seva center for field visit. 3. A field Visit to the nearby computer center.

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10. 9 Creating a purchase order for items needed for the classroom using MS word

Objective:

To create a purchase order for items needed for the classroom using MS word document.

Operations/Exercises Covered Under the Project:

1. Create a word document
2. Insert tables and enter the data of the purchase order
3. Print the document

Tools and Equipment Required:

s.no	Name of the tools/ equipment	Range/Value	Quantity
1	Computer or Laptop	I5 processor/4gb ram	1
2	Microsoft office	MS office 2019	1
3	Printer	Epson L3250	1

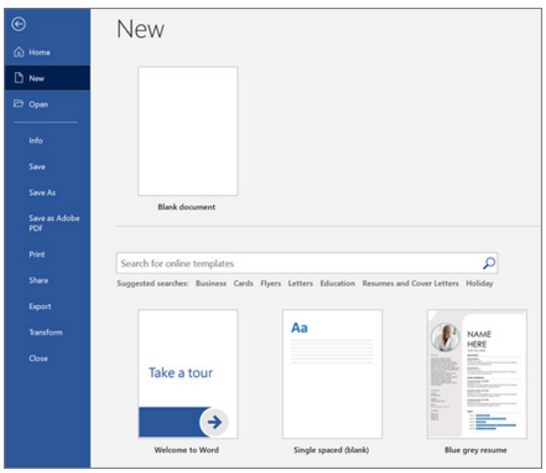
Procedure:

Section 1: Create a word document:

Step 1: Create a new document using File.

Step 2: Click the New option and save as document format.

Step 3: Rename the document.



Create the new word document

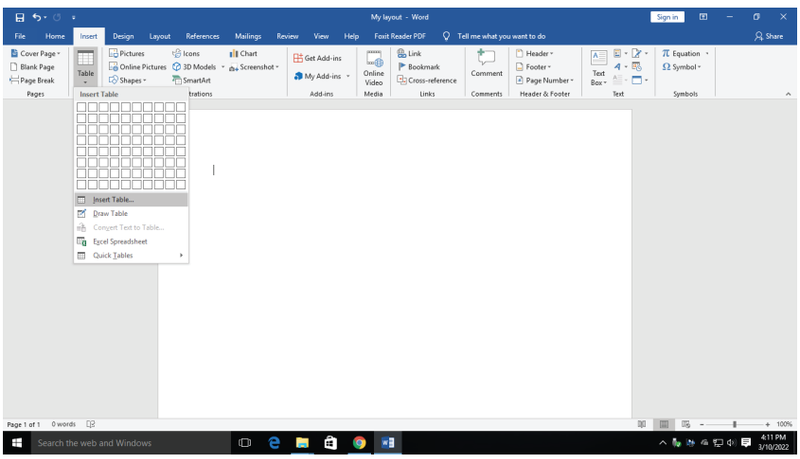
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Section 2: Insert tables and enter the data of the purchase order:

Step 1: Select the insert tab.

Step 2: Insert the tables using the table option.

Step 3: Enter the data in purchase order for your classroom.



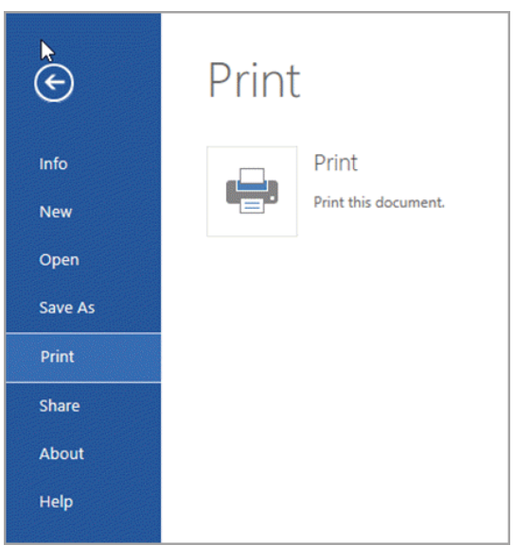
Insert tables and enter the data of the purchase order

Section 3: Print the document:

Step 1: Open the MS word document to be printed

Step 2: Click **File** > **Print** or Click **CTRL + P**

Step 3: Click the print icon to print the document



Print the document

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Result:

Thus the purchase order for items needed for the classroom using MS word document has been created successfully.

Video suggestions:

s.no	Title/purpose	Link
1	Creating a purchase order for items needed for the classroom using MS word	https://youtu.be/lyx8Anp9d-4
2	Insert tables and enter the data of the purchase order	https://youtu.be/zKkWZgIaRrQ
3	Print the document	https://youtu.be/cweN_MQlTQE

Simple Assessments:

Student project	1. Students have to prepare the checklist for classroom items. 2. Students have to prepare the list of students in class.
Guest lecture suggestions	1. Invite a MS office technician for a guest lecture. 2. Invite a computer technician for a guest lecture. 3. Invite an office assistant working in MS office platform.
Industrial/ Field visit suggestions	1. A field Visit to an office nearby the school. 2. Visit nearby stores for field visits.

Excel Basics:

1. Introduction:

MS-EXCEL is a part of Microsoft office suite software. It is an electronic spreadsheet with numerous rows and columns, used for organizing data, graphically represent data(s) and performing different calculations.

It consists of 1048576 rows and 16383 columns. A row and a column together make a cell. Each cell has an address defined by column name and row number.

Eg: A1 - Row No.

B2 - Column Name.

By default, a workbook consists of 3 spread sheets (sheet 1, sheet 2 & 3)

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2. Features of MS EXCEL:

1. Easy to store and analyze huge amount of data.
2. Easy to recover Data.
3. Application of Mathematical Formulas
4. Neater and Cleaner visibility of information stored at workbook
5. Spreadsheets is excel used to segregate, handle and helps to product using password protection features.

10. 10 Create an Excel file and using of its various options

Objective:

To create an excel file and using of its various options MS word document.

Operations/Exercises Covered Under the Project:

1. Identify the rows number and columns letter, cell address.
2. Identify the row range, column range, row & column range of cells.
3. Demonstrate to enter the text, numeric data in a cell.
4. Construct the formula using mathematical operators
5. Use the basic functions to perform calculations on data

Tools and Equipment Required:

Sl.No	Name of the tools/ equipment	Range/Value	Quantity
1	Computer or Laptop	I5 processor/4gb ram	1
2	Microsoft office	MS office 2019	1

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Shortcut keys:

Sl.no	To do this	Shortcut keys
1	Close a workbook.	**Ctrl+W**
2	Open a workbook.	**Ctrl+O**
3	Go to the Home tab.	**Alt+H**
4	Save a workbook.	**Ctrl+S**
5	Copy selection.	**Ctrl+C**
6	Paste selection.	**Ctrl+V**
7	Undo recent action.	**Ctrl+Z**
8	Remove cell contents.	**Delete**
9	Choose a fill color.	**Alt+H, H**
10	Cut selection.	**Ctrl+X**
11	Go to the Insert tab.	**Alt+N**
12	Apply bold formatting.	**Ctrl+B**
13	Center align cell contents.	**Alt+H, A, C**
14	Go to the Page Layout tab.	**Alt+P**
15	Go to the Data tab.	**Alt+A**
16	Go to the View tab.	**Alt+W**
17	Open the context menu.	**Shift+F10 or Windows Menu key**
18	Add borders.	**Alt+H, B**
19	Delete column.	**Alt+H, D, C**
20	Go to the Formula tab.	**Alt+M**
21	Hide the selected rows.	**Ctrl+9**
22	Hide the selected columns.	**Ctrl+0**

Procedure:

Section 1:

Identify the rows number and columns number, cell address. MS excel sheet: The MS excel sheet can have many sheets. Each sheet can have many individual cells arranged in rows and columns. The sheet tab shows its default name as Sheet1, Sheet2, Sheet3, ….

Rows and columns: The sheet is divided into vertical columns and horizontal rows. Each sheet can have a maximum of 1,048,576 (220) rows and 1024 (210) columns. The rows are numbered as 1,2,3,4,… and columns are numbered as *A, B, C, D, …., Z, AA, AB, AC, …., AZ, BA to BZ, CA,…., AMJ.*

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Cell and cell address: The intersection of a row and column is called a cell. It is the basic element of a MS excel sheet. It holds data, such as text, numbers, formulas and so on. A cell address is denoted by its column (letter) and row number. For example, D4, E9, Z89 are the valid example of cell address.

Active cell: In a MS excel sheet, cell is the place where we enter the data. Before entering any data in the cell, it has to be first selected by placing a cursor on it. When we position the mouse cursor on a cell, it gets selected, and is ready to take data from the user. This selected and activated cell is called an active cell. It is always highlighted, with a thick border. The address of the active cell is displayed in the name box.

Section 2: Identify the row range, column range, Cell range:

Key or Key Combination	Result of Key or Combination
Arrow keys (←↑→↓)	Move a single cell in arrow direction
Ctrl + Arrow Keys	Moves the cell to the end of the data range in a particular direction
Home	Moves to column A along the row where the active cell is there.
Ctrl + Home	Moves the cell to A1 position
Ctrl + End	Moves to bottom right cell of the data range
Page Up	Moves the worksheet one screen up
Page Down	Moves the worksheet one screen down

The *column range* is the number of cells spread across the column. The cell address is represented by single column letter and multiple row number in a sequence. In this example the column letter C is constant with rows varying from 2 to 7. The range of cells starts in C2 and ends in C7. This range of cells consists of the cells, namely C2, C3, C4, C5, C6, and C7. The range of cells starts in C2 and ends in C7 and it is represented by C2:C7. The *row range* is the number of cells spread across the row. The cell address is represented by single row number with columns varying from B to D columns. The range of cells starts in B3 and ends in D3. This range of cells consists of the cells, namely B3, C3, D3, and it is represented by B3:D3 The *row and column range* is the number of cells spread across the row and columns. This range is a matrix with the number of rows and number of columns. In this example, the range starts in cell B2 and ends in cell C7. This range of cells consists of the cells from B2 to B7 and cells from C2 to C7. The range it is represented by B2:C7.

Note: The control key is used to select more than one 'range of cells' in a worksheet. The control key is marked as 'Ctrl' on the keyboard.

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Section 3: Demonstrate to enter the text, numeric data in a cell:

To enter any data in a worksheet, practically in the cell, it is required to select the cell. Cell can be selected by positioning the pointer in a cell. The data to be entered can be the label, values or formula.

1. Label: Label is any text entered by using a keyboard. It may combine with letters, numbers, and special symbols.

2. Values: The numerical data consisting of only numbers are called values. By default, values are right aligned. There are various forms of values, such as integer, decimal and so on.

3. Formulae: Any expression that begins with an equals '=' is treated as formula. In the expression, the '=' followed by values, cell address and functions are called as formula. When a formula is entered in a cell in a worksheet the value of the equation is displayed in the cell and the formula is shown in the formula bar.

Section 4: Construct the for formula using mathematical operators:

MS Excel Software has the most powerful features to calculate numerical data using formulae. As we use a calculator for calculation, excel sheet can add, subtract, divide, multiply and much more. LibreOffice Calc uses standard operators for formulae, such as a plus(+), minus(-), multiplication (*), a division (/) for arithmetic operation. *Note:* The order of evaluation can be changed by using brackets. (The expressions within the brackets are evaluated first)

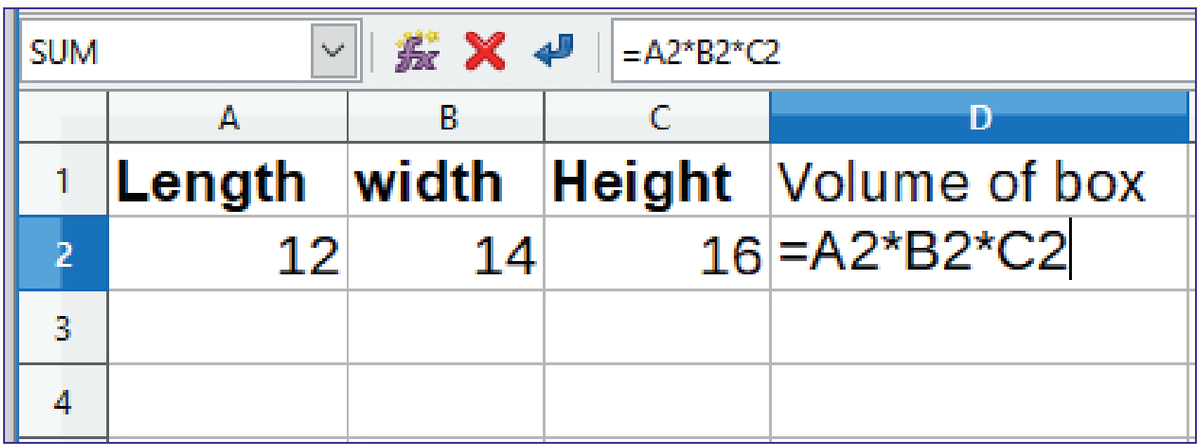
Symbols	***Operations***
+	addition
-	subtraction
*	multiplication
/	division
^	exponentiation (power)

Operator	Formula	Result
Addition (+)	= 23+ 7	30
Subtraction	0 – 3	- 3
Multiplication (*)	9*6	54
Division (/)	77/7	11

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Section 5: Use the basic functions to perform calculations on data:

The main advantage of entering formulas with cell addresses and operators, works just like a variable. When the values of the cells concerned change, the results obtained by the formula also get updated accordingly. Suppose to add the values in two cells A1 and A2 and get the addition in cell A3. If we position the cursor in cell A3 and simply add the values as =5+8, then we will get the correct addition in cell A3. But if we change the values in cell A1 to 6 and A2 to 7, then again we have to get the addition in cell A3 by writing =6+7. But if we write the general formula in cell A3 is =A1+A2. Then we need not do the addition in cell A3. We will get the respective addition with the change in values in cell A1 and A2 For calculating the volume of a box with given length, width and height in cells A2, B2 and C2, respectively, see the formula derive the volume entered in cell D2.



Basic functions to perform calculations on data

In the example of the Stationery Bill, to calculate the total cost of all the items to obtain the bill amount, we need to add the amount of each item. We may add each cell by using the formula. Position the cursor on the cell D8, and enter the formula '=D2+D3+D4+D5+D6+D6+D7' and get the total in cell D8. But this may not be practically possible if there are hundreds of items and also there are more chances of error. When there is a large quantity of data it becomes difficult and complex task to write formula using only the cell addresses. In such situations, Ms Office Calc provides built in functions. SUM is the function to get the sum of range of cells. So we can use the function, 'Sum(D2:D7)' in D8 cell to obtain the total cost of all the items. In the function we need to include only the cell range (starting and last cell address).

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D8 | =SUM(D2:D7)

	A	B	C	D
1	**Item**	**Qty**	**Unit Price**	**Total Cost**
2	Register	3	40	=B2*C2
3	Single Rule Copy	12	25	=B3*C3
4	Note Book	6	30	=B4*C4
5	Pencil Box	1	50	=B5*C5
6	Colour Box	1	120	=B6*C6
7	Note Book Cover	20	3	=B7*C7
8				=SUM(D2:D7)

Summation of stationery bill in excel sheet

Think on, which of the following method will be more appropriate to add cell data.

Method 1

= SUM (D2:D7)

Method 2

= D2+D3+D4+D5+D6+D7

The spreadsheet applications contain different functions to meet the requirements of different fields.

Function	**Syntax**	**Use**
SUM	=SUM (Number1, Number2,.....)	Adds the values contained in a range of cells.
AVERAGE	=AVERAGE (Number1, Number2,....).	Finds out the average of the values contained in a range of cell
MAX	=MAX (Number1, Number2,.....)	Finds out the largest value contained in a range of cells.
MIN	=MIN(Number1,Number2,.....)	Finds out the smallest value contained in a range of cells.
COUNT	=COUNT(Number1,Number2,.....)	Counts the number of cells within a range of cells

Step 4: Calculate the students mark sheet for 5 students using formula. Use all the above 5 formula in it.

Result:

Thus the excel file has been created successfully.

Thus the various options in MS excel has been used successfully.

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Video suggestions:

s.no	Title/purpose	Link
1	create a MS excel sheet.	https://youtu.be/NzwQ_BbD2G4
2	entering and editing the text in MS excel sheet.	https://youtu.be/bK1YP_y0SWE
3	Create a Excel file and using of its various options	https://youtu.be/NzwQ_BbD2G4

Simple Assessments:

Student project	1. Students have to prepare shop bills by using formulas for calculation. 2. Students have to prepare a budget for the month by expenses.
Guest lecture suggestions	Create a data of your assessment marks. Create data and average your class result. Create a new style and update it on your computer.
Industrial/ Field visit suggestions	1. Invite a MS office technician for a guest lecture. 2. Invite an accounts auditor for a guest lecture. 3. Invite an office assistant working in MS office platform.

10. 11 Instructions to format the MS excel document

Objective:

To practice to use formatting instructions in MS excel document.

Operations/Exercises Covered Under the Project:

1. Formatting toolbar
2. Format range of cells with decimal places
3. Format range of cells to labels
4. Format of a cell range as scientific
5. Format a range of cells to display time

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6. Align the cell data range
7. Create number series using fill handle
8. Copy formula by dragging the formula using fill handle

Tools and Equipment Required:

S.No	Name of the tools/ equipment	Range/Value	Quantity
1	Computer or Laptop	I5 processor/4gb ram	1
2	Microsoft office	MS office 2019	1

Procedure:

Section 1: Formatting toolbar:

Step 1: Change the font by clicking the font option(Times new roman).

Step 2: Change the size of the font by clicking the font size option (12 font size).

Step 3: Change the font color(Black).

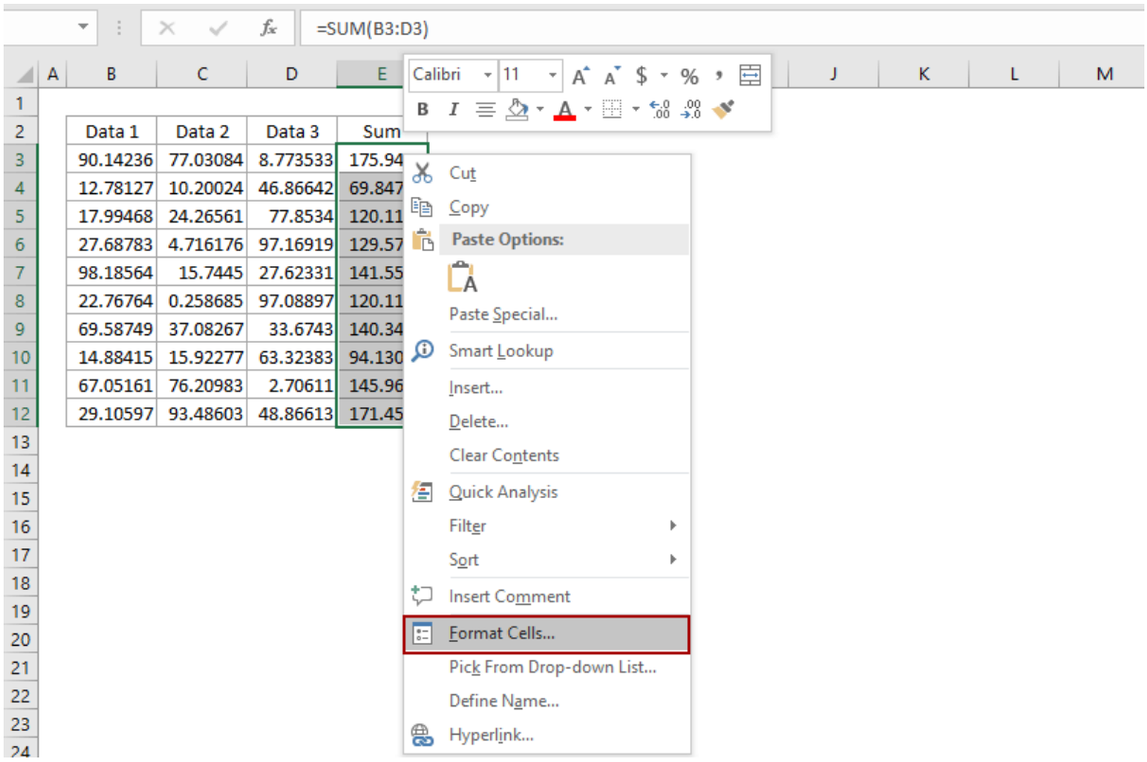
Step 4: Make the text bold, italics, or underline by clicking bold, italics or underline option(if required).Change the alignment by clicking the alignment option(Left, Right, Center and Justify).Change the borders by clicking the borders option. Fill (highlight) the text by clicking the highlight option.

Section 2: Format range of cells with decimal place:

Step 1: Select the cells to limit the number of decimal places.

Step 2: Right click the selected cells and select the Format Cells from the right-clicking menu on the screen.

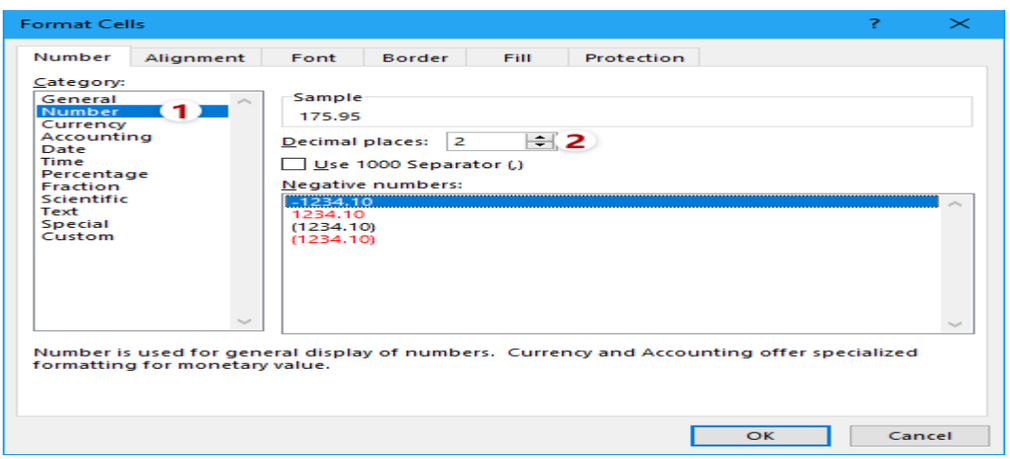
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Format range of cells with decimal place

Step 3:I n the Format Cells dialog box, go to the Number tab, click to highlight the Number in the Category box, and then type a number in the Decimal Places box.

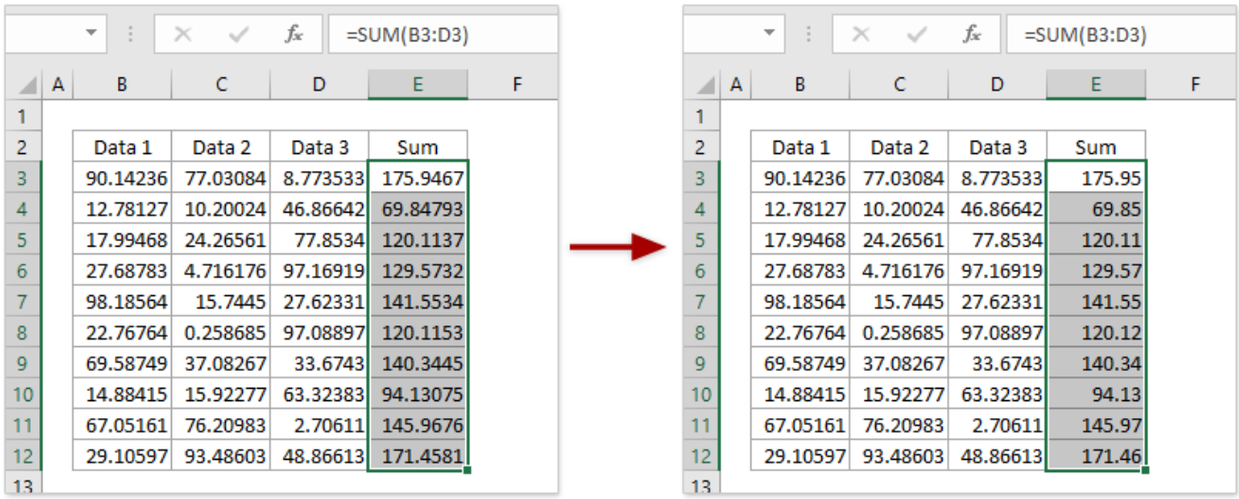
For example, if you limit only 2 decimal place for selected cells, just type 2 into the Decimal places box.



Different categories of format cell

Step 4: Click the OK in the Format Cells dialog box. Now the selected decimals in cells are changed to two decimal places.

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Conversion of format cell

Section 3: Format range of cells to labels:

- Open the 'format cells dialog' box
- Click the Number tab
- Select Text
- Click 'OK'
- Enter numbers

Section 4: Format of a cell range as scientific:

Step 1: The Scientific format (also referred to as *Standard* or *Standard Index* form) is a way to display very large or very small numbers.

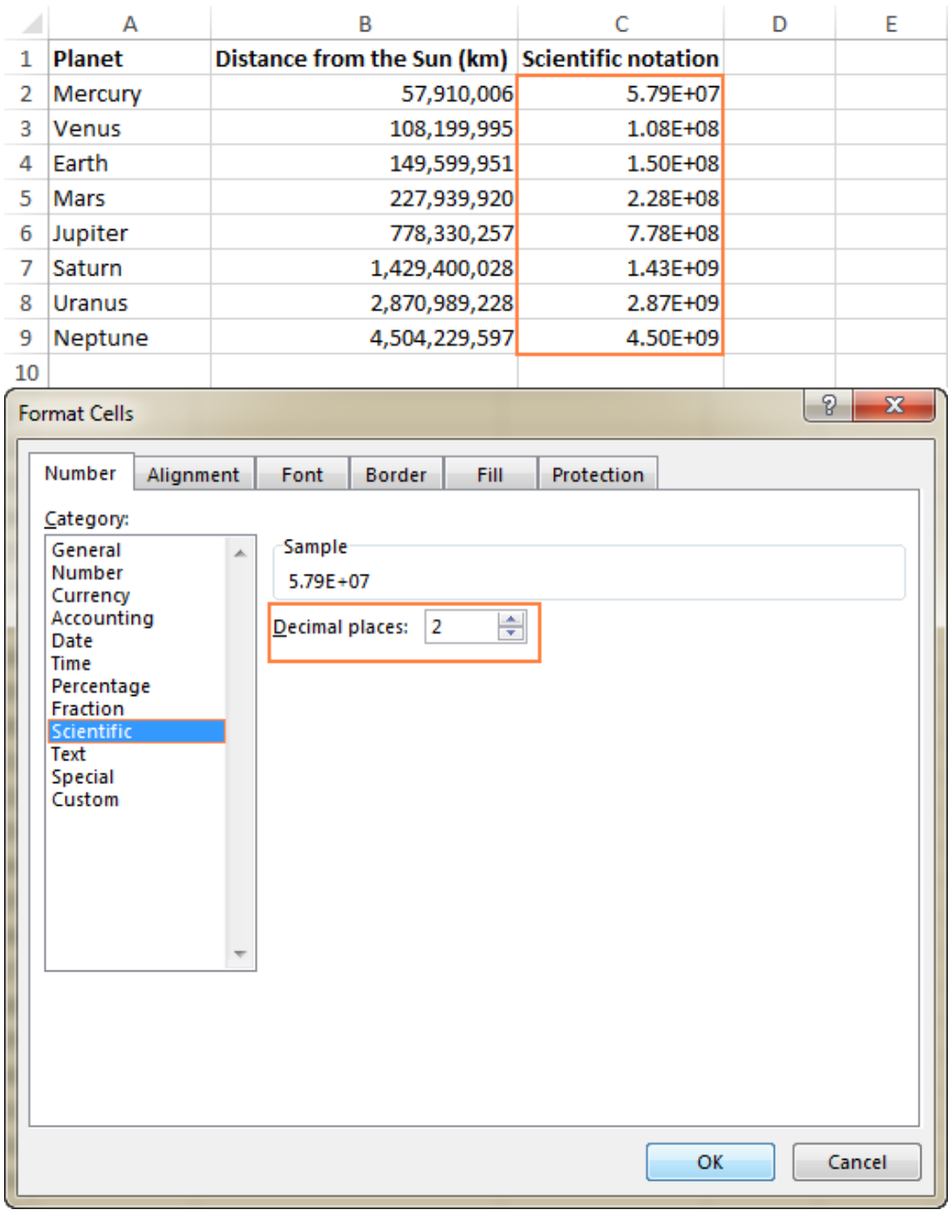
For example, instead of writing 0.0000000043, you can write 4.3 x 10-9. And if you apply the Excel Scientific notation format to the cell containing 0.0000000043, the number will be displayed as 4.2E-09.

Step 2: Select the cells and right-clicking menu of the mouse.

Step 3: Select the Format Cells from the right-clicking menu in the screen.

Step 4: In the coming Format Cells dialog box, go to the Scientific tab and select the decimal places.

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Format of a cell range as scientific

To quickly apply the default Excel Scientific notation format with 2 decimal places, press Ctrl+Shift+^ on the keyboard

Section 5: Format a range of cells to display time:

Step 1: To quickly use the default date or time format, click the cell that contains the date or time, and then press CTRL+SHIFT+# or CTRL+SHIFT+@.

Step 2: If a cell displays ##### after you apply date or time formatting to it, the cell probably isn't wide enough to display the data. To expand the column width or double-click the right boundary of the column containing the cells. This automatically resizes

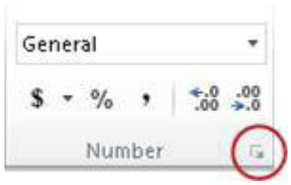
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the column to fit the number. You can also drag the right boundary until the columns are the size you want.

Step 3: When you try to undo a date or time format by selecting General in the Category list, Excel displays a number code. When you enter a date or time again, Excel displays the default date or time format. To enter a specific date or time format, such as January 2010, you can format it as text by selecting Text in the Category list.

Step 4: To quickly enter the current date in your worksheet, select any empty cell, and then press CTRL+; (semicolon), and then press ENTER, if necessary. To insert a date that will update to the current date each time you reopen a worksheet or recalculate a formula, type =TODAY () in an empty cell, and then press ENTER.

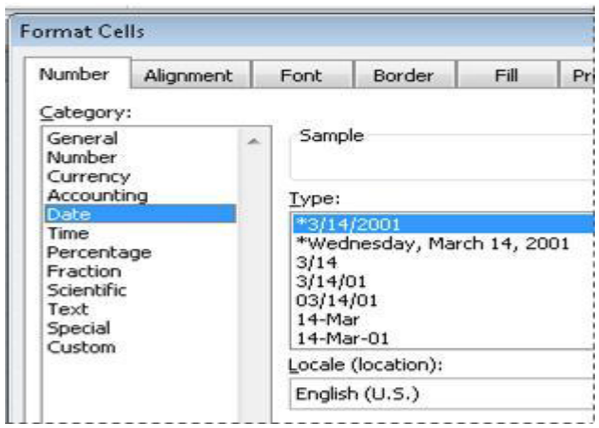
Step 5: On the Home tab, in the Number group, click the Dialog Box Launcher next to Number.



Number group

Step 6: You can also press CTRL+1 to open the Format Cells dialog box.

- In the Category list, click Date or Time.



Category list, click Date or Time

Step 7: In the Type list, click the date or time format that you want to use. Note: Date and time formats that begin with an asterisk (*) respond to changes in regional date and time settings that are specified in Control Panel. Formats without an asterisk are not affected by Control Panel settings.

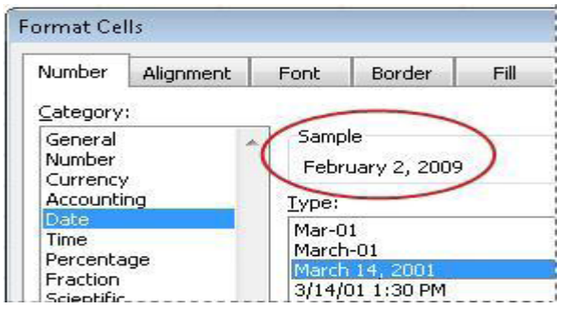
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Step 8: To display dates and times in the format of other languages, click the language setting that you want in the Locale (location) box.



Language setting and Locale (location) box

Step 9: The number in the active cell of the selection on the worksheet appears in the Sample box so that you can preview the number formatting options that you have selected.



Sample box in formatting cell

Create a custom date or time format:

Step 1: On the Home tab, click the Dialog Box Launcher next to Number. You can also press CTRL+1 to open the Format Cells dialog box.

Step 2: In the Category box, click Date or Time, and then choose the number format that is closest in style to the one you want to create. (When creating custom number formats, it's easier to start from an existing format than it is to start from scratch.)

Step 3: In the Category box, click Custom. In the Type box, you should see the format code matching the date or time format you selected in the step 3. The built-in date or time format can't be changed or deleted, so don't worry about overwriting it.

Step 4: In the Type box, make the necessary changes to the format. You can use any of the codes in the following tables: Days, months, and years

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To display	Use this code
Months as 1–12	m
Months as 01–12	mm
Months as Jan–Dec	mmm
Months as January–December	mmmm
Months as the first letter of the month	mmmmm
Days as 1–31	d
Days as 01–31	dd
day as sun -sat	ddd
Day as sunday-saturday	dddd
Years as 00–99	yy
Years as 1900–9999	yyyy

If you use "m" immediately after the "h" or "hh" code or immediately before the "ss" code, Excel displays minutes instead of the month.

Hours, minutes, and seconds:

To display	Use this code
Hours as 0–23	h
Hours as 00–23	hh
Minutes as 0–59	m
Minutes as 00–59	mm
Seconds as 0–59	s
Seconds as 00–59	ss
Hours as 4 AM	h AM/PM
Time as 4:36 PM	h:mm AM/PM
Time as 4:36:03 P	h:mm:ss A/P
Elapsed time in hours; for example, 25.02	[h]:mm
Elapsed time in minutes; for example, 63:46	[mm]:ss
Elapsed time in seconds	[ss]
Fractions of a second	h:mm:ss.00

AM and PM: If the format contains an AM or PM, the hour is based on the 12-hour clock, where "AM" or "A" indicates times from midnight until noon and "PM" or "P" indicates times from noon until midnight. Otherwise, the hour is based on the 24-hour clock. The "m" or

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"mm" code must appear immediately after the "h" or "hh" code or immediately before the "ss" code; otherwise, Excel displays the month instead of minutes.

Creating custom number formats can be tricky if you haven't done it before. For more information about how to create custom number formats, see Create or delete a custom number format.

Section 6:Align the cell data range:

Change the orientation of text in a cell:

Step 1: Select a cell, row, column, or a range.

Step 2: Select Home > Orientation , and then select an option.You can rotate your text up, down, clockwise, or counterclockwise, or align text vertically.

	A	B	C	D
1	March	April	Totals	Promotions
2	2	2	4	Yes
3	56	23	79	~~Yes~~
4	12	34	46	Yes

Align the cell data range

Rotate text to a precise angle:

Step 1: Select a cell, row, column, or a range.

Step 2: Select Home > Orientation > Format Cell Alignment.

Step 3: Under Orientation on the right side, in the Degrees box, use the up or down arrow to set the exact number of degrees that you want to rotate the selected cell text. Positive numbers rotate the text upward. Negative numbers rotate the text downward.

Align a column or row

Step 1: Select the cells you want to align.

Step 2: On the Home tab, in the Alignment group, select a horizontal alignment option:

Align Left	Center	Align Right

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On the Home tab, in the Alignment group, select a vertical alignment option:



Alignment group

Section 7: Create number series using fill handle:

Step 1: Select the first cell in the range that to fill.

Step 2: Type the starting value for the series.

Step 3: Type a value in the next cell to establish a pattern.

Tip: For example, if you want the series 1, 2, 3, 4, 5..., type 1 and 2 in the first two cells. If you want the series 2, 4, 6, 8..., type 2 and 4.

Step 4: Select the cells that contain the starting values.

Step 5: Drag the fill handle  across the range that you want to fill.

Note: As you drag the fill handle across each cell, Excel displays a preview of the value. If you want a different pattern, drag the fill handle by holding down the right-click button, and then choose a pattern.

To fill in increasing order, drag down or to the right. To fill in decreasing order, drag up or to the left.

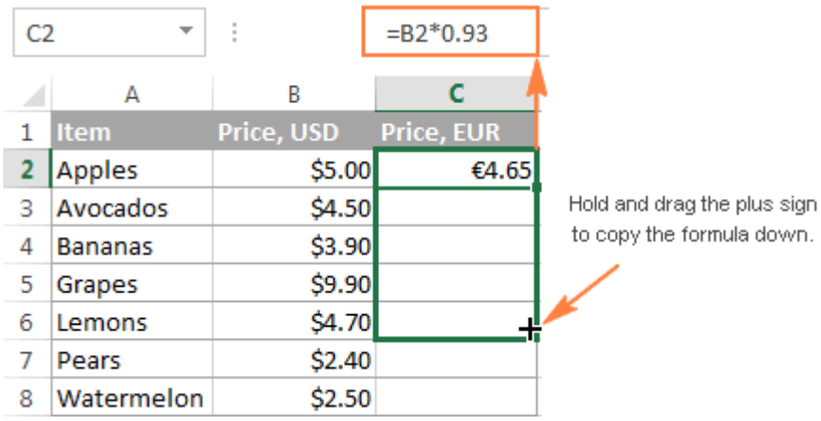
Section 8: Copy formula by dragging the formula using fill handle

Step 1: Enter a formula in the top cell.

Step 2: Select the cell with the formula, and hover the mouse cursor over a small square at the lower right-hand corner of the cell, which is called the Fill handle. As you do this, the cursor will change to a thick black cross.

Step 3: Hold and drag the fill handle  down the column over the cells where you want to copy the formula.

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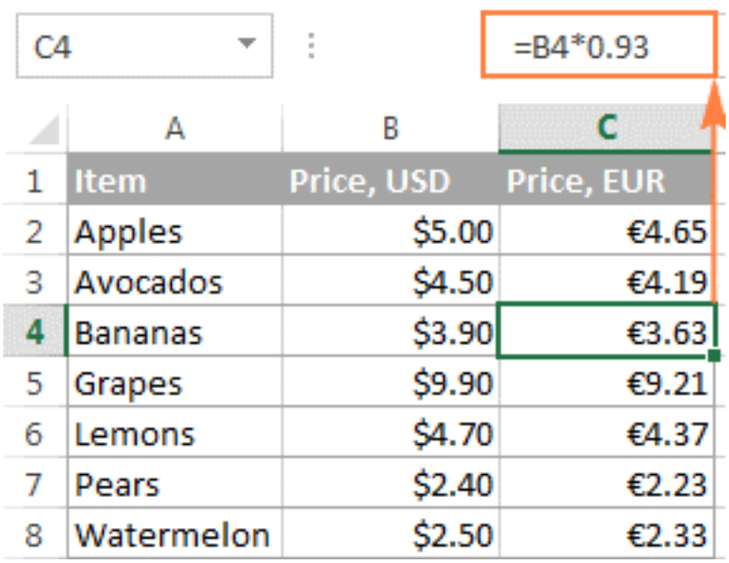
	A	B	C
1	Item	Price, USD	Price, EUR
2	Apples	$5.00	€4.65
3	Avocados	$4.50	
4	Bananas	$3.90	
5	Grapes	$9.90	
6	Lemons	$4.70	
7	Pears	$2.40	
8	Watermelon	$2.50	

Copy formula by dragging the formula using the fill handle

In a similar manner, you can drag formula into adjacent cells to the right, to the left or upwards.

If the formula includes relative cell references (without the $ sign), they will automatically change based on a relative position of rows and columns. So, after copying the formula, verify that the cell references have got adjusted properly and produce the result. If necessary, switch between absolute, relative and mixed references by using the F4 key.

In the above example, to make sure the formula was copied correctly, let's select some cell in column C, say C4, and view the cell reference in the formula bar. As you can see in the screenshot below, the formula is all right - relative to row 4, exactly as it should be:



	A	B	C
1	Item	Price, USD	Price, EUR
2	Apples	$5.00	€4.65
3	Avocados	$4.50	€4.19
4	Bananas	$3.90	€3.63
5	Grapes	$9.90	€9.21
6	Lemons	$4.70	€4.37
7	Pears	$2.40	€2.23
8	Watermelon	$2.50	€2.33

Using references

Result:

Thus the formatting instructions in the MS excel document has been practiced successfully.

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Video suggestions:

s.no	Title/purpose	Link
1	MS Excel - Editing & Formatting Data in Tamil	https://youtu.be/y7GZnwbf4EE
2	Complete Excel learning	https://youtu.be/YGG1aXJws4A
3	Excel basics and fundamentals for Beginners in Tamil	https://youtu.be/3qNOa9JjBZk
4	How to add an zero in front of numbers	https://youtu.be/mijhtkFLKCY

Simple Assessments:

Student project	1.Students have to prepare a mark list by using formulas for calculation. 2. Students have to prepare a scorecard of cricket match.
Guest lecture suggestions	Create a data of your assessment marks. Create data and average your class result. Create a new style and update it on your computer.
Industrial/ Field visit suggestions	1. Invite a MS office technician for a guest lecture. 2. Invite an accounts auditor for a guest lecture. 3. Invite an office assistant working in MS office platform.

10.12 Use of referencing

Objective:

To practice to use of referencing in MS excel document.

Operations/Exercises covered under the project:

1. Referencing
2. Concept of Referencing
3. Types of cell Reference
4. Relative Referencing
5. Mixed Referencing - Column letter is Absolute
6. Absolute Referencing - No change

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Tools and Equipment Required:

s.no	Name of the tools/ equipment	Range/Value	Quantity
1	Computer or Laptop	I5 processor/4gb ram	1
2	Microsoft office	MS office 2019	1

Procedure:

Section 1: How to do Referencing in a spreadsheet:

Step 1: Click the cell in which you want to enter the formula.

Step 2: Type the equal sign (=).

Step 3: Type the reference directly in the cell or in the formula bar, or Click the cell you want to refer to.

Step 4: Type the rest of the formula and press the Enter key to complete it.

Step 5: To add up the values of cells A1 and A2, you type the equal sign, click A1, type the plus sign, click A2 and press Enter:



Referencing in a spreadsheet.

Section 2: Relative cell reference in Excel:

Step 1: A relative reference is the one without the $ sign in the row and column coordinates, like A1 or A1:B10. By default, all cell addresses in Excel are relative.

Step 2: To multiply numbers in column A by 5, you enter this formula in B2: =A2*5

Step 3: When copied from row 2 to row 3, the formula will change to: =A3*5

	A	B	C
1	**Data**	**Result**	**Formula**
2	1	5	=A2*5
3	2	10	=A3*5
4	3	15	=A4*5

Relative *cell reference in Excel*

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Section 3: Absolute cell reference in Excel:

Step 1: An absolute reference is the one with the dollar sign ($) in the row or column coordinates, like $A$1 or $A$1:$B$10.

Step 2: To multiply the numbers in column A by the number in B2, you input the following formula in row 2, and then copy the formula down the column by dragging the fill handle: **=A2*$B$2**

	A	B	C	D
1	**Number**	**Multiply by**	**Result**	**Formula**
2	10	10	100	=A2*$B$2
3	20		200	=A3*$B$2
4	30		300	=A3*$B$2

Absolute cell reference in Excel

Section 4: Mixed cell reference:

Step 1: A mixed reference contains one relative and one absolute coordinate, like $A1 or A$1.

Step 2: To multiply a column of numbers (column A) by 3 different numbers (B2, C2 and D2), you put the following formula in B3, and then copy it down and to the right:**=$A3*B$2**

Step 3: As the result, all the calculations are performed with a single formula, which changes properly for each row and column where it is copied:

B3 : =$A3*B$2 =$A3*C$2 =$A3*D$2

	A	B	C	D
1	**Number**	**Multiply by**		
2		**5**	**10**	**15**
3	10	50	100	150
4	20	100	200	300
5	30	150	300	450

Mixed cell reference

Result:

Thus all types of referencing in the MS excel document has been practiced successfully.

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Video suggestions:

S.no	Title/purpose	Link
1	How to Make Referencing in a spreadsheet.	https://www.youtube.com/watch?v=pHEz6MrdYfo
2	Relative cell reference in Excel	https://www.youtube.com/watch?v=s3EiyUSR59c
3	Absolute cell reference in Excel	https://www.youtube.com/watch?v=pJYCll3Uh30
4	Mixed cell reference	https://www.youtube.com/watch?v=SfV_MT2wWjs

Simple Assessments:

Student project	1. Students have to prepare a reference material and price. (use reference) 2. students have to prepare relative, absolute, mixed with person, salary, with allowance.
Guest lecture suggestions	1. Invite a MS office technician for a guest lecture. 2. Invite a computer subject expert for a guest lecture. 3. Invite an office assistant working in MS office platform.
Industrial/ Field visit suggestions	1.A field Visit to an office nearby the school. 2. Visit to nearby banks for field visit. 3. A field Visit to the nearby auditing office.

10. 13 Prepare a chart in MS excel

Objective:

To prepare a chart in MS excel.

Operations/Exercises Covered Under the Project:

1. Column chart
2. Line chart
3. Pie chart
4. Bar chart

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Tools and Equipment Required:

S.No	Name of the tools/ equipment	Range/Value	Quantity
1	Computer or Laptop	I5 processor/4gb ram	1
2	Microsoft office	MS office 2019	1

Procedure:

Section 1: Column chart:

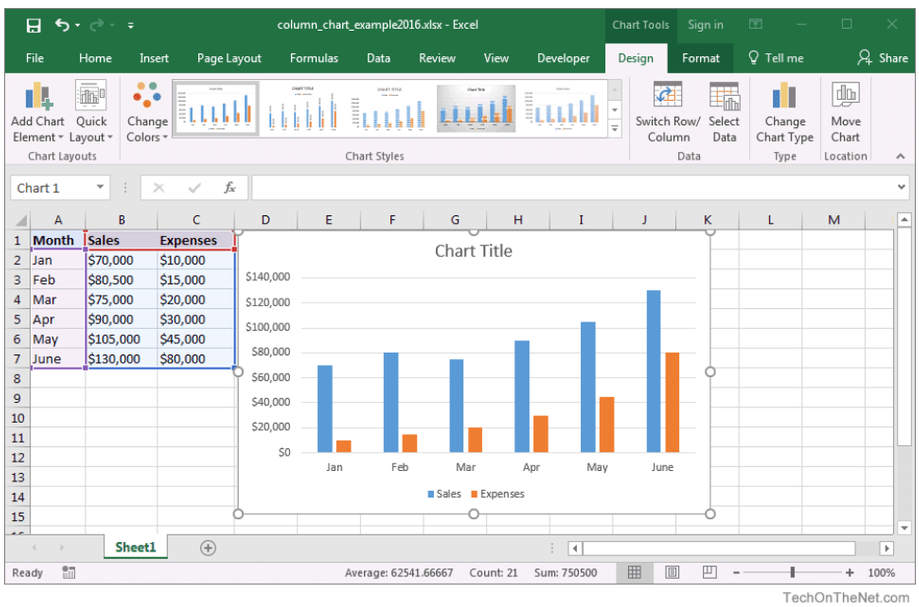
Step 1: Create a new excel sheet and save the document.

Step 2: Enter the sales and expenses of the month.

Step 3: Click insert option in toolbar.

Step 4: Select the typed cells and click the clustered column chart option.

Step 5: It shows the sales and expenses of the month in column chart.



Column chart

Section 2: Line chart:

Step 1: Create a new excel sheet and save the document

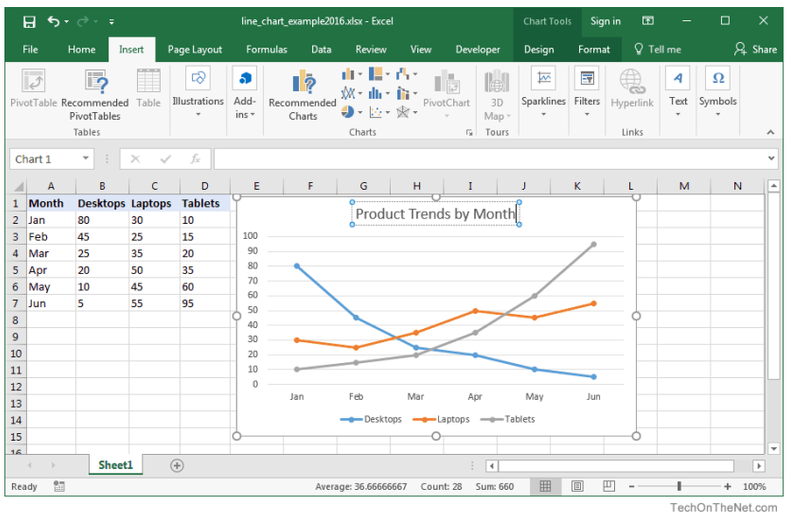
Step 2: Enter the product trends by the month

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Step 3: Click insert option in tool bar.

Step 4: Select the typed cells and click the line chart option.

Step 5: It shows the product trends by the month in line chart



Line chart

Section 3: PIE chart:

Step 1: Create a new excel sheet and save as the document

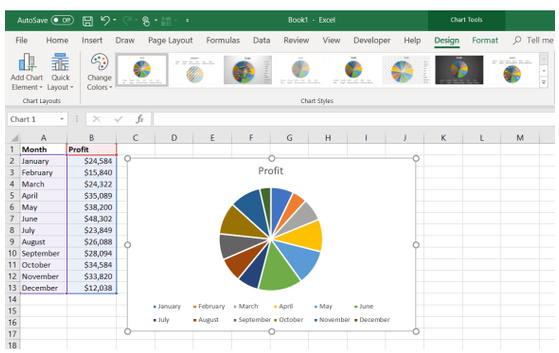
Step 2: Enter the profit of the months.

Step 3: Click insert option in tool bar.

Step 4: Select the typed cells and click the pie chart option.

Step 5: It shows the profit of the different month in pie chart.

Step 6: Click the layout option in tool bar and click the data labels --> center for view the data's in center of pie chart.



pie chart

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Section 4: Bar chart:

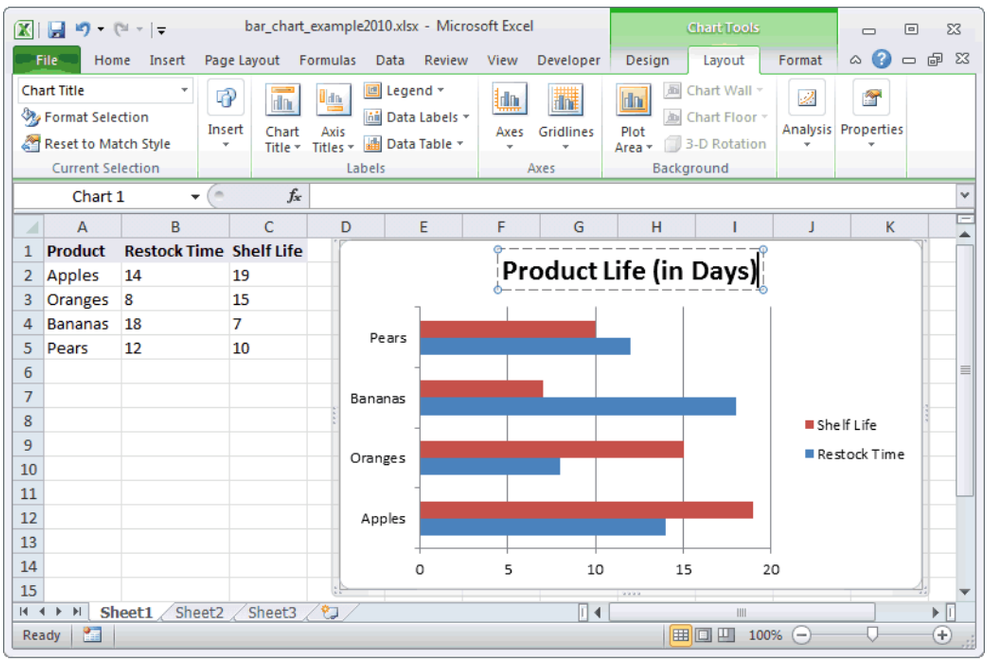
Step 1: Create a new excel sheet and save the document

Step 2: Enter the product life in days

Step 3: Click insert option in tool bar.

Step 4: Select the typed cells and click the bar chart option.

Step 5: It shows the product life in days in bar chart.



Bar chart

Result:

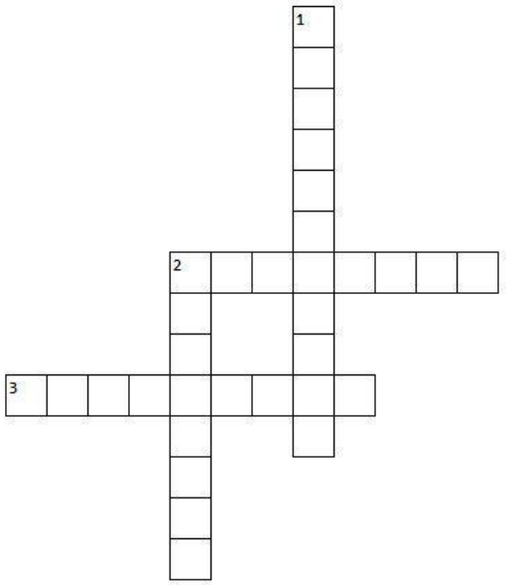
Thus the chart has been prepared successfully.

Video suggestions:

S.no	Title/purpose	Link
1	Excel chart in tamil	https://youtu.be/CamobfRkSbI
2	MS Excel - Pie, Bar, Column & Line Chart	https://youtu.be/Z2gzLYaQatQ
3	Chart creation and in types in excel in Tamil	https://youtu.be/W7m8cNdMz94

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Simple Assessments:



Across

1. which chart will be more useful to view sales information?

2. which chart will be used to track changes over short and long periods of time

Down

1. it shows data changes over a period of time or for illustrating comparisons among items.

2. which chart will be used to show comparisons between categories of data?

Student project	Draw the pie chart to view your quarterly examination marks subject wise. Draw the column chart to view the January month income and expenditure of your family.
Guest lecture suggestions	1. Invite a MS office technician for a guest lecture. 2. Invite a computer subject expert for a guest lecture. 3. Invite an office assistant working in MS office platform.
Industrial/ Field visit suggestions	1. A field Visit to an office nearby the school. 2. Visit nearby banks for field visits. 3. A field Visit to the nearby auditing office.

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10.14 Advance Creation Of Electronics Spreadsheet In Ms Excel.

To create a spreadsheet using references, hyperlinks and macro, share the spreadsheet reviewing and merging in Ms excel.

OPERATIONS:

- Consolidating data
- Creating data
- Setting up multiple worksheet creating reference
- Creating and using 'What if analysis'
- Using Macro Recorder

SAFETY MEASURE

These are the top do's and don'ts to keep in mind when using Excel:

- Do plan your spreadsheet.
- Don't leave blank rows or columns when entering related data.
- Do save frequently and save in two places.
- Don't use numbers as column headings and don't include units with the data.
- Do use cell references and named ranges in formulas.
- Don't leave cells containing formulas unlocked.
- Do sort your data.

TOOLS AND EQUIPMENT REQUIRED:

S.No	Name of the tools/equipment	Range/Value	Quantity
1	Computer or Laptop	i5 processor/4GB RAM	1
2	Microsoft office	MS office 2019	1
3	Printer	Epson	1

PROCEDURE

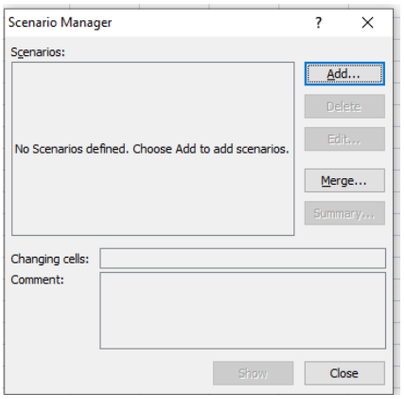
SECTION 1: CREATING AND USING ' WHAT – IF ANALYSIS' IN MS-EXCEL

Step 1- In Ms Excel Open a new workbook.

Step 2-Type the following data:

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S.No	A	B
1	Price	83
2	Qty	12
3	Amt	996

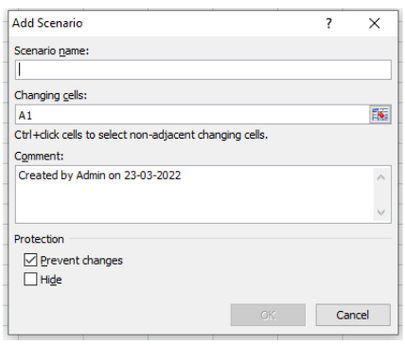


Scenario Manager

Step 3 - Click Data > What if analysis in Data Tools group and select Scenario Manager.

Step 4 - Scenario Manager Dialog box appears.

Step 5 - Click add button, Add Scenario dialog box appears.



Add Scenario dialog box

Step 6 – In 'Scenario Name' textbox, type the Scenario name. In 'changing cells' textbox, select the cell address whose value is to be changed. Click OK button.

Step 7- Scenario values dialog box appears. Enter values for changing cells then click OK button.

Step 8 –Follow steps from 5 to 7 to create more scenarios.

Step 9 - Finally click Summary button. Scenario summary dialog box appears.

Step 10 – Select Report type and click OK button.

Step 11- Scenario summary will appear in a new sheet.

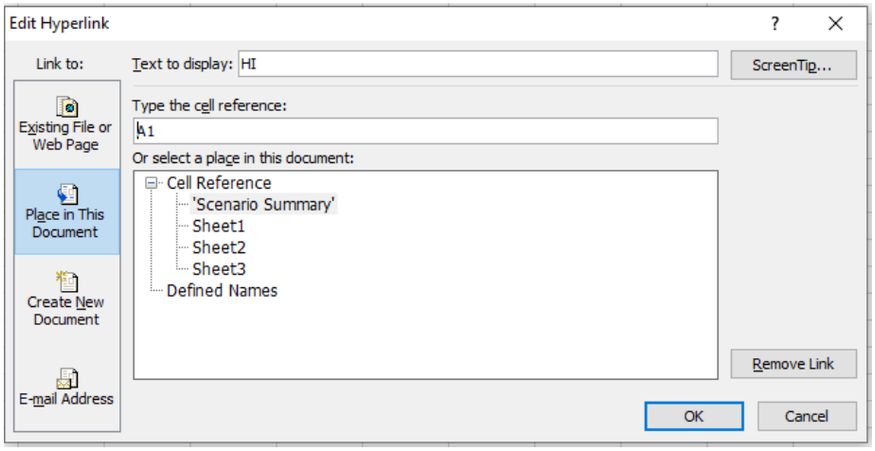
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SECTION 2: INSERTING HYPER LINK IN MS EXCEL

Step 1 – In Ms Excel Open a new workbook.

Step 2 – Click Insert > Hyperlink, dialog box appears.

Step 3 – From link to: section select place in this document.



Hyperlink dialog box

Step 4 – In text to display textbox type the text to display as hyperlink.

Step 5 – In Type the cell reference textbox, type the cell address or select the cell reference from the given list. Click OK button.

Step 6 – In Active cell the text is highlighted as blue in color with underlined. This is the hyperlink, by clicking on it the cursor will take you to the place where it is linked.

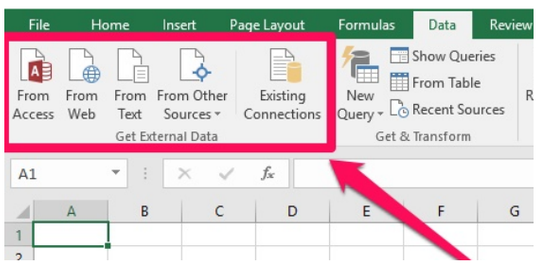
Step 7 – Once visited, the color of the hyper link text will be changed.

SECTION 3: LINKING EXTERNAL DATA

To import data from MS Access database,

Step 1 – In Ms Excel Open a new workbook.

Step 2 – On Data tab, in Get external data group, click from Access.



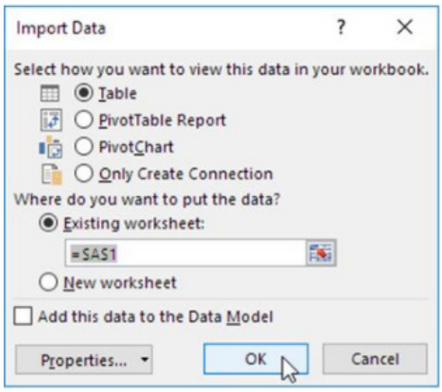
Get External Data

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Step 3 – Select any MS Access file and click open.

Step 4 – Select a table and click OK. In Import data dialog box select table and existing workbook. Click OK.

Step 5 – Now we can see our database records in MS Excel.

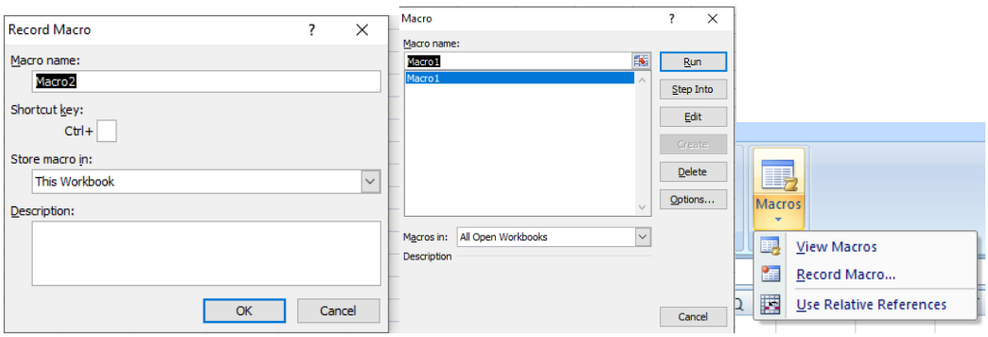


Import Data Dialog box

SECTION 4: RECORDING A MACRO

Step 1 – In Ms Excel Open a new workbook.

Step 2 – Click View > Macros > Record Macro. A dialog box will appear.



Recording a Macro

Step 3 – Give a name for the Macro. Assign shortcut key for the macro apart from the regular shortcut keys used in MS Excel.

Step 4 – Type the description for macro. Click OK button.

Step 5 – Now do the actions (typing text or number or formatting) to record, click stop recording once you complete.
Step 6 – The created macro will be available in view macro option.

Step 7 – Now we can use the shortcut key or Click Run button in View Macro option to see our repeated actions

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CONCLUSION:

Thus the spreadsheets using external data, hyperlinks and macro, 'what if analysis' in MS excel clearly obtained and verified.

VIDEO SUGGESTIONS:

S.No	Title	Video link
1	What if analysis in Excel	https://youtu.be/FXaV4lckino
2	MS Excel - multiple worksheet creating reference, hyperlink, sharing the spread sheet	https://www.youtube.com/watch?v=0-I1BpSlE3sz
3	MS Excel - sorting the columns using macro recorder	https://www.youtube.com/watch?v=KobPARZhN2c

SIMPLE ASSESSMENTS:

1. _____ can be used in spreadsheet software to jump to a different location from within a spreadsheet

2. A _____ is an action or a set of actions that you can run as many times as you want in spreadsheet.

3. _____refers to a cell or a range of cells on a worksheet.

4. _____ short cut key is used to open an existing workbook.

5. _____ short cut key is used to insert a new worksheet.

Answer (1. hyper link 2. macro 3. cell reference 4. ctrl+o 5. shift+f11)

1	**Student project**	Prepare an account summary sheet with a blank Balance column by using what if analysis. Prepare a macro file with an example Prepare a hyperlink data file with an example
2	**Guest lecture suggestions**	1. Invite a MS office subject expert for a guest lecture. 2. Invite an auditor for a guest lecture. 3. Invite a business analyst working in MS office platform.

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3	**Industrial/ Field visit suggestions**	1. A field Visit to an auditing office nearby the school. 2. Visit nearby banks for field visits. 3. A field Visit to the nearby front office of the organization.

10.15 Prepare a balance sheet in MS excel

Objective:

To prepare a balance sheet in MS excel.

Operations/Exercises Covered Under the Project:

1. Creating the excel file
2. Enter the data's of balance sheet
3. Print the document

Tools and Equipment Required:

S.No	Name of the tools/equipment	Range/Value	Quantity
1	Computer or Laptop	I5 processor/4gb ram	1
2	Microsoft office	MS office 2019	1
3	Printer	Epson L3250	1

Procedure:

Section 1: Creating the excel file:

Step 1: Open Excel.

Step 2: Click New Blank Workbook.

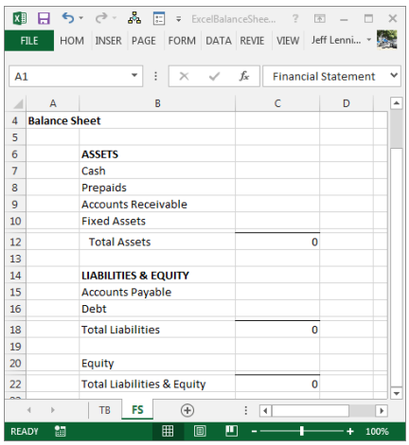
Step 3: Enter column headers into row 1.

Step 4: Enter data on individual rows.

Step 5: Click the Page Layout tab to format the data.

Step 6: Click File > Save As to save the document.

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Creating the excel file

Section 2: Enter the datas of balance sheet:

Step 1: Pick the balance sheet date

Step 2: List all of assets

Step 3: Add up all of assets

Step 4: Determine current liabilities

Step 5: Calculate long-term liabilities

Step 6: Add up liabilities.

Step 7: Calculate owner's equity

Step 8: Add up liabilities and owners' equity

	A	B
3		
4	Fixed Assets	30,000
5	Long Term Investments	20,000
6	Trade Payables	25,000
7	Dividends Payable	2500
8	Share Capital	75,000
9	Cash & Bank	83,500
10	Debtors	25,000
11	Reserves and Surplus	67,500
12	Short Term Loans	13,500
13	Loans and Advances	25,000
23		
24	Total Assets is Calculated as:	
25	**Total Assets Formula**	**=B10+B13+B9+B4+B5**
26	**Total Assets**	**183,500**
27		

Enter the datas of the balance sheet

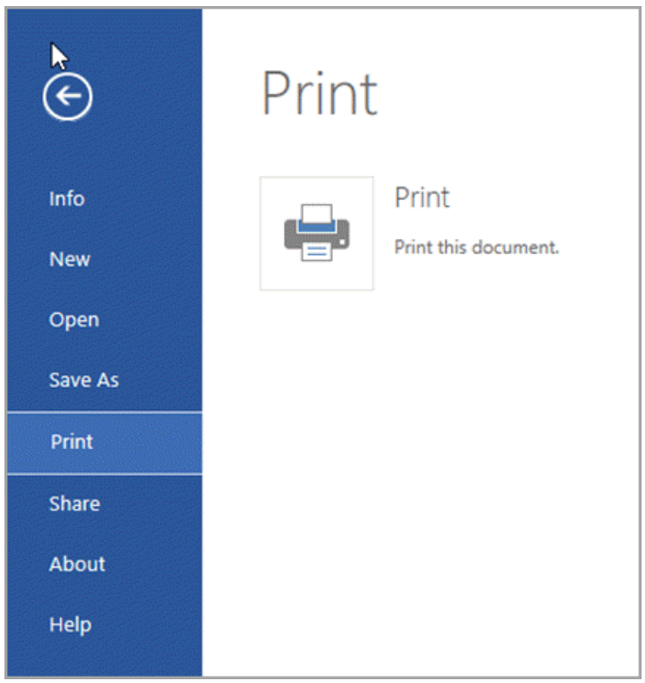
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Section 3: Print the document:

Step 1: Open the MS excel document to be printed

Step 2: Click **File** in the left top corner of the excel file or Click **CTRL + P**

Step 3: Click the print icon to print the document



Print the document

Result:

Thus the balance sheet in Ms excel has been prepared successfully.

Video suggestions:

s.no	Title/purpose	Link
1	How to Prepare Balance Sheet in Tamil | Final Accounts in Tamil	https://youtu.be/2JY04NU_qsk
2	Salary Sheet of CuTechinfo Pvt Ltd in excel	https://youtu.be/B--Dkqpcqd8
3	Microsoft excel Personal Accounts example | House incomes and Expenses Sheet	https://youtu.be/HDlTAYedZjs

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Simple Assessments:

Student project	1. Student should have to prepare the balance sheet of the sole trader. 2. Student should have to prepare the balance sheet of a partnership firm. 3. Student should have to prepare the balance sheet of a joint stock company. 4. Students should have to prepare the balance sheet of a not for profit organisation.
Guest lecture suggestions	1. Invite a MS office subject expert for a guest lecture. 2. Invite an office assistant working in MS office platform. 2. Invite an auditor working in MS office platform.
Industrial/ Field visit suggestions	1. A field Visit to an office nearby the school. 2. Visit nearby banks for field visit. 3. A field Visit to the nearby auditing office.

10.16 Create a PowerPoint presentation and its various options

Objective:

To create a power point presentation and use of various options in MS power point presentation.

Operations/Exercises Covered Under the Project:

1. Create a presentation
2. Work with slides
3. Format the text in presentation
4. Create and use tables in presentation
5. Insert and format image in presentation
6. Work with slide master

Tools and Equipment Required:

S.No	Name of the tools/ equipment	Range/Value	Quantity
1	Computer or Laptop	I5 processor/4gb ram	1
2	Microsoft office	MS office 2019	1

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Shortcut keys:

Table showing Shortcut keys

Sl.no	To do this	Press
1	Create new presentation.	**Ctrl+N**
2	Add a new slide.	**Ctrl+M**
3	Make selected text bold.	**Ctrl+B**
4	Change the font size for selected text.	**Alt+H, F, S**
5	Open the Zoom dialog box.	**Alt+W, Q**
6	Cut selected text, object, or slide.	**Ctrl+X**
7	Copy selected text, object, or slide.	**Ctrl+C**
8	Paste cut or copied text, object, or slide.	**Ctrl+V**
9	Undo the last action.	**Ctrl+Z**
10	Save the presentation.	**Ctrl+S**
11	Insert a picture from your device.	**Alt+N, P, D**
12	Insert a shape.	**Alt+N, S, H**
13	Select a theme.	**Alt+G, H**
14	Select a slide layout.	**Alt+H, L**
15	Go to the next slide.	**Page down**
16	Go to the previous slide.	**Page up**
17	Go to the Home tab.	**Alt+H**
18	Go to the Insert tab.	**Alt+N**
19	Start the slide show.	**F5**
20	End the slide show.	**Esc**
21	Close PowerPoint.	**Ctrl+Q**

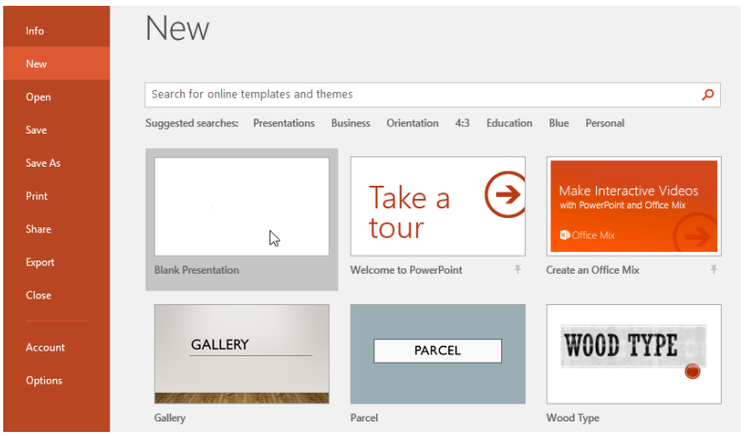
Procedure:

Section 1: Create a presentation:

Step 1: To create a new blank presentation, select the File Menu→New or click on the icon New or use the combination of keys Ctrl+N.

Step 2: A window 'Select a Template' will appear. Choose a template as per your choice by clicking on the template

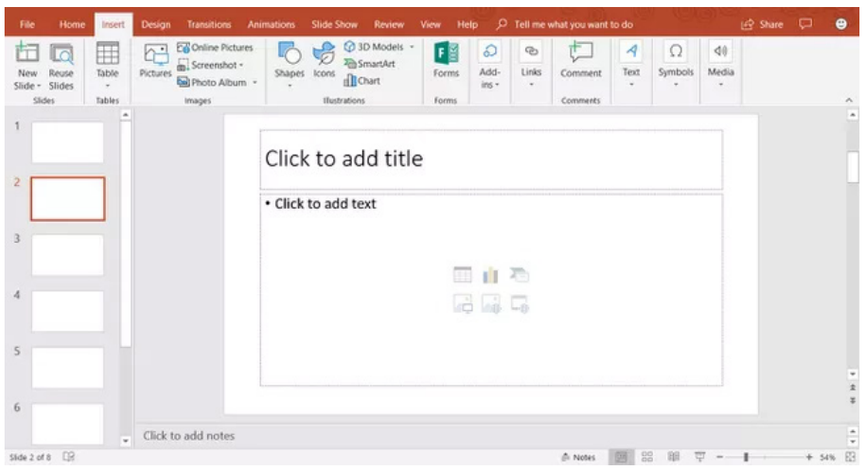
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Create a presentation

Section 2: Working with slides:

The appropriate layout can be selected from the Layouts section in the Properties window. The layouts included in Libre Office range from a blank slide to a slide with six content boxes and a title. You can also select a slide layout by using menu, Slide → Slide Layout → Title slide



Working with slides

Adding text:

To add text to a slide that contains a text frame, click on Click to add text in the text frame and then type your text. The Outline styles are automatically applied to the text as you insert it.

Saving a presentation:

While creating a presentation, you can save it to the disk with some name, so that the content may not be lost or to use the presentation further. Select the File Menu→Save, or, use the shortcut key combination Ctrl+S, or click on the Save button on the Standard Toolbar.

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To Select the slide you want to duplicate from the Slides Pane:

Step 1: Select from menu bar Slide → Duplicate Slide.

Step 2: Or right-click on the slide and select Duplicate Slide from the menu.

Step 3: Or right-click on a slide in Workspace and select Slide → Duplicate Slide from the menu.

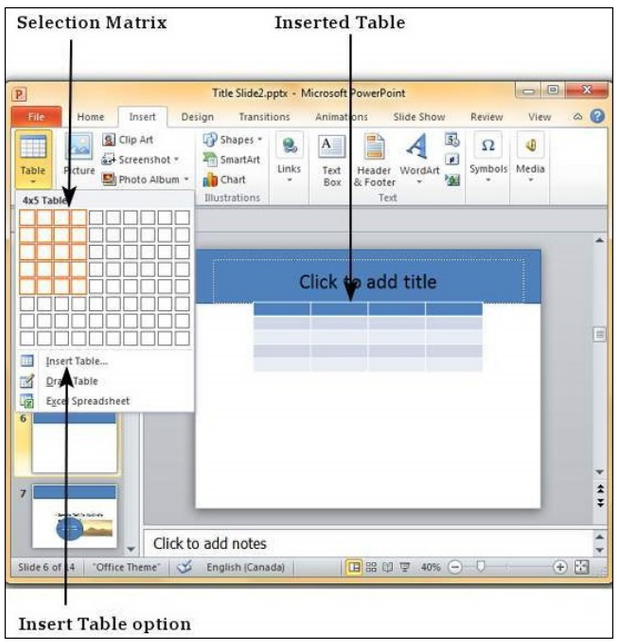
Step 4: Or click the Duplicate Slide icon in the Presentation toolbar. Select from menu bar Slide → New Slide.

Step 5: Or right-click on a slide and select New Slide from the context menu.

Step 6: Or right-click in an empty space in the Workspace and select Slide → New Slide from the context menu.

Section 3: Create and use tables in presentation:

A Table can be inserted from the Insert menu by selecting Insert→Table. In the Insert Table dialog box, the Number of columns and the Number of rows are specified in the Insert Table dialog box, the Number of columns and the Number of rows are specified. Adjusting column width and row height using the mouse to change the width of the column, position on the border line between the two columns, and when the cursor changes to a (↔) sign, press the left mouse button, hold and drag it until the column achieves the desired width. The same can be done for adjusting the row height. The various table formatting options can be applied on the table just like Writer. The borders and background can be assigned to the table. To do this, right click on the table border, the Table Properties dialog box will open from where you can change the borders and background of the table.

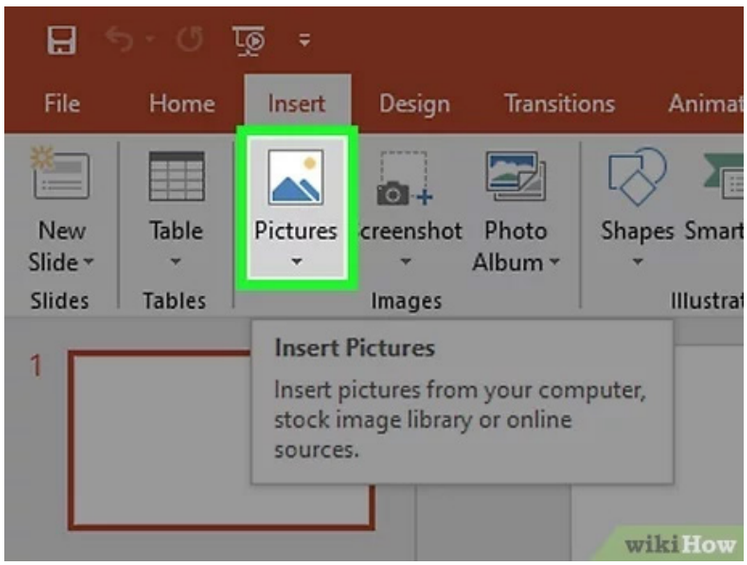


Create and use tables in presentation

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Section 4: Insert and format image in a presentation:

Step 1: To insert an image into the presentation, select Insert → Image on the menu bar or, click on the Insert Image icon located on the standard toolbar. The Insert Image dialog opens. Select the file from the desired directory. By selecting the Preview option, a thumbnail of the selected image will be displayed in the preview pane on the right Moving images.



Insert and format image in a presentation

Step 2: To move the image in the slide, click on an image, observe that the cursor changes to hand shape.

Step 3: Click and drag the picture to the desired position.

Step 4: Release the mouse button.

Resizing images:

Step 1: Select the image by clicking on it. Observe that selection handles are displayed.

Step 2: Position the cursor over one of the selection handles. The cursor changes the shape giving a graphical representation of the direction of the resizing.

Step 3: Click and drag to resize the image

Step 4: Release the mouse button when satisfied with the new size.

The image can be rotated in any direction using the Rotate icon. To manually rotate an image:

Step 1: Select the image to display the selection handles.

Step 2: Click the Rotate icon on the Line and Filling toolbar.

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Step 3: Click again on the selected image and the selection handles change shape and colour Formatting using the Image toolbar When an image is selected, the Image toolbar becomes available under the Properties window. This toolbar provides a number of formatting options. The Image toolbar can also be displayed by selecting View → Toolbars→Image from the menu bar.

Drawing tools:

Powerpoint provides various drawing tools. The Drawing toolbar having the majority of the tools are used to create graphical objects. To activate this toolbar, select View → Toolbars →Drawing from the main menu bar.

Section 5: Work with slide master:

Working with Slide Masters comes with various slide masters. These slide masters are available in the Master Pages section of the Sidebar. There are three subsections namely, used in this Presentation, Recently Used, and Available for Use. Click the expand marker next to the name to expand it. It will show thumbnails of the slides. Just click the collapse marker to collapse the subsection to hide the thumbnails. Every slide masters shown in the Available for Use lists form templates with the same name.

Adding transitions:

Step 1: In the Slidebar, select the Slide Transition icon to open the Slide Transition section.

Step 2: In the Slides pane or Slide Sorter view, select the slides to apply the transition. If you want to apply the transition to all the slides, do not select any slides.

Step 3: In the Apply to selected slides list, select a transition.

Step 4: Modify the selected transition by changing the speed or adding a sound, in the Modify transition section. To play a sound during transitions, select a sound from the Sound list.

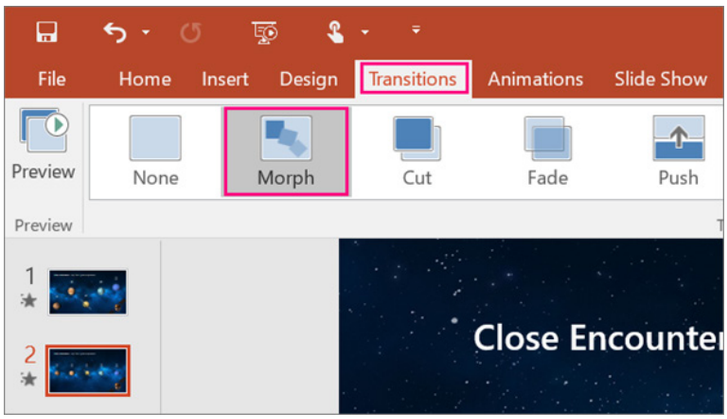
Step 5: If a sound is selected, the Loop until the next sound option becomes active. Select this option to play the sound repeatedly until another sound starts.

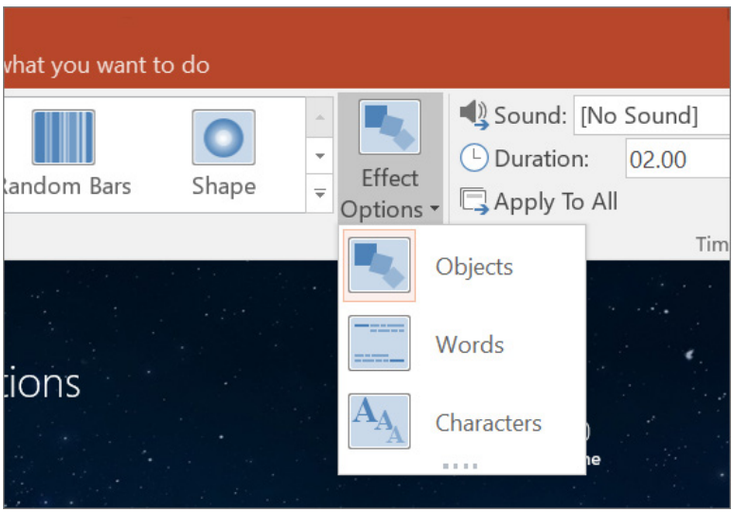
Step 6: Select how to advance to the next slide: manually (By mouse click) or automatically (Automatically after). To select an automatically advance, you will have to specify how long the slide should remain visible before it automatically advances to the next slide.

Step 7: To apply transition to all slides, click Apply to All Slides.

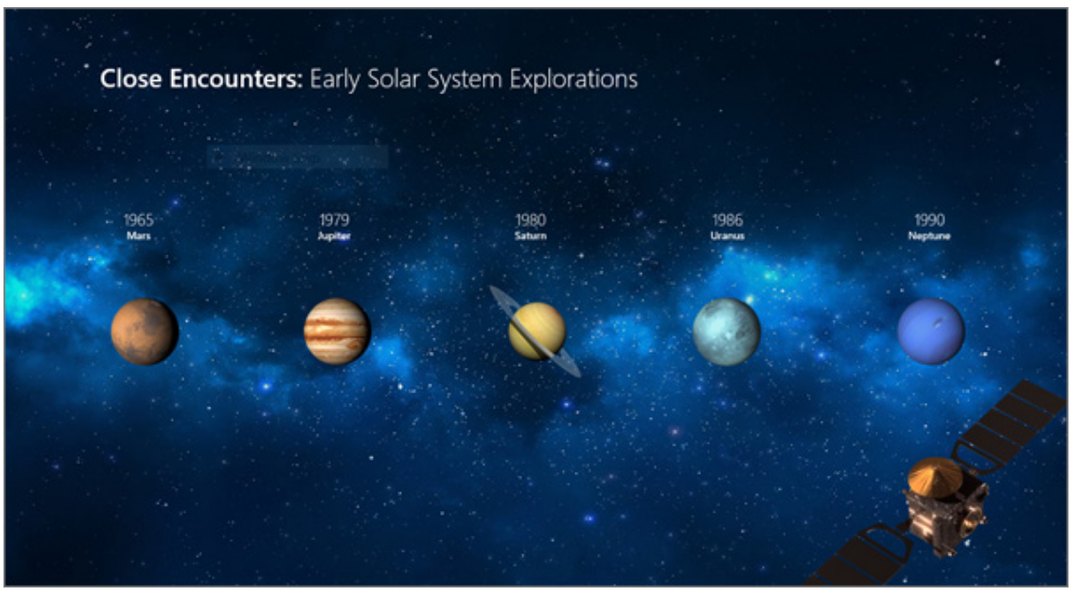
Step 8: To start the slide show from the current slide, check transitions, click Slide Show.

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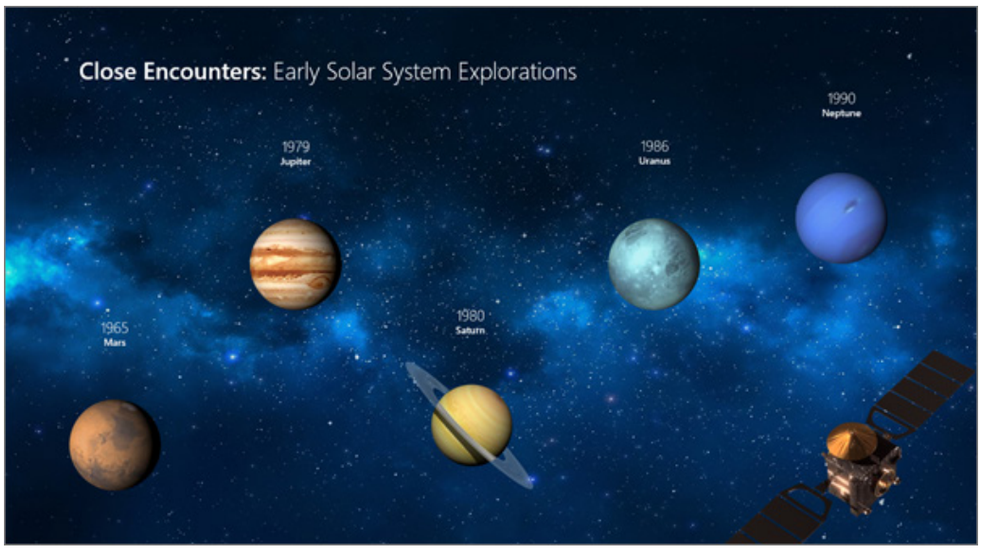




Work with slide show



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Work with slide master

Result:

Thus the power point presentation has been created successfully.

Thus the various options in MS power point presentation has been used successfully.

Video suggestions:

s.no	Title/purpose	Link
1	PowerPoint Tutorial in Tamil	https://youtu.be/gtGz4elezS8
2	DATA ENTRY WORK IN EXCEL IN TAMIL | How to do data entry work in excel in Tami	https://youtu.be/TwRf2J8xj_Y
3	MS PowerPoint - Basic Presentation	https://youtu.be/tcj2BhhCMN4
4	PowerPoint Full Tutorial in Tamil	https://youtu.be/S2KqmNq7eP8

Simple Assessments:

Student project	
Guest lecture suggestions	1. Invite a MS office subject expert for a guest lecture. 2. Invite a computer technician for a guest lecture. 3. Invite an office assistant working in MS office platform.

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Industrial/ Field visit suggestions	1.A field Visit to an office nearby the school. 2. Visit nearby banks for field visit. 3.A field Visit to the nearby auditing office.

10. 17 Prepare the +1 accountancy journal entries and ledger accounts

Objective:

To prepare the +1 accountancy journal entries and ledger accounts using MS power point presentation.

Tools and Equipment Required:

S.No	Name of the tools/equipment	Range/value	Quantity
1	Computer or Laptop	i5 processor/4gb ram	1
2	Microsoft office	MS office 2019	1

Flow chart:

1. Create a presentation using PowerPoint
2. Create a new slide
3. Insert a table
4. Enter the labels and datas

Safety Measures:

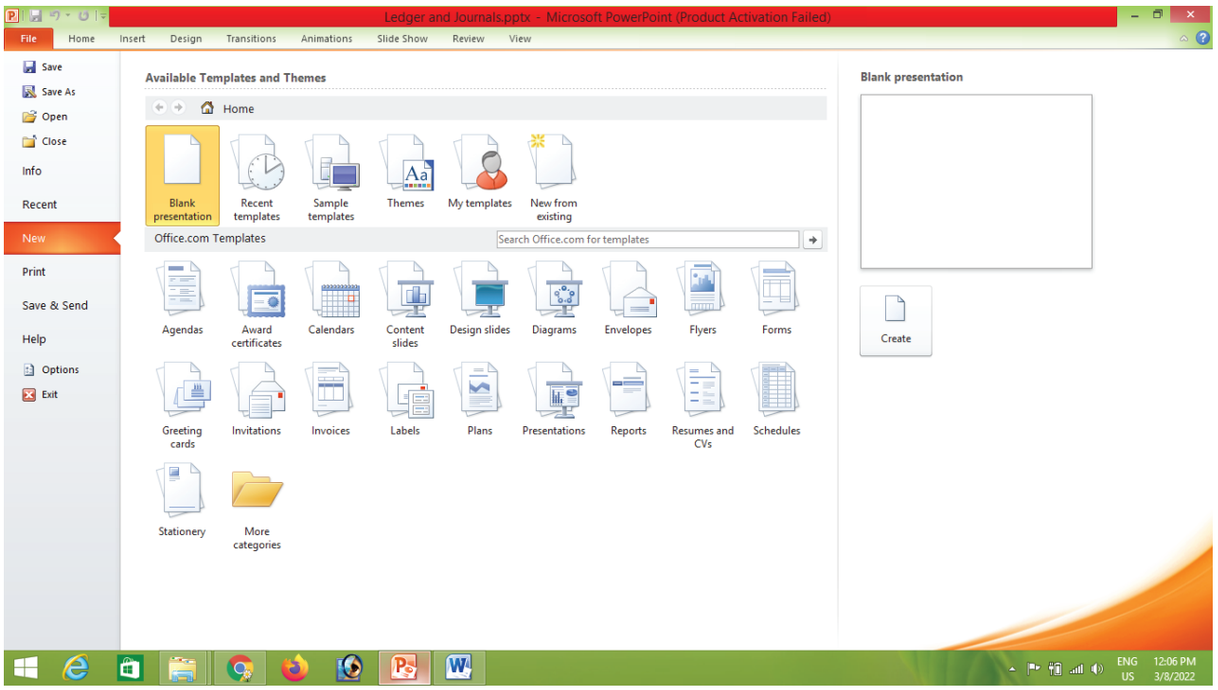
1. Make sure to save your presentation at regular intervals.
2. Remember that before closing your PowerPoint document you need to save the document and it's file path location.

Procedure:

Step 1: Open a presentation on your computer.

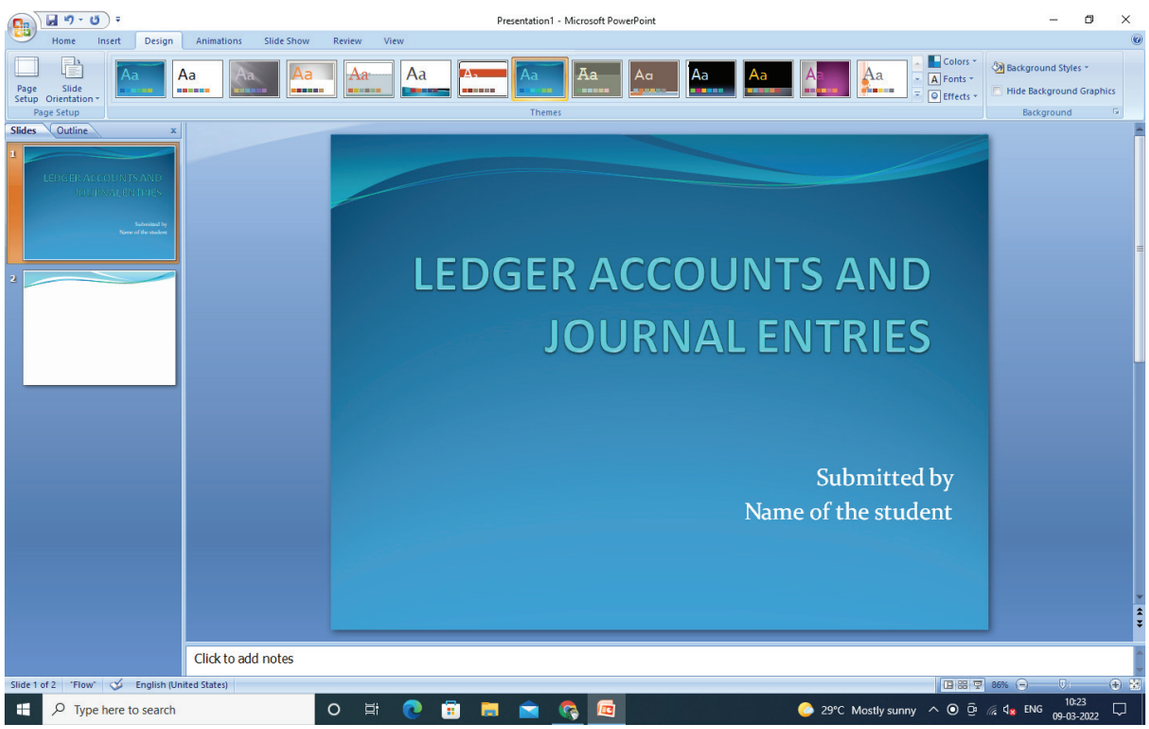
Step 2: Click **File>New >Blank presentation.** Double click on the blank presentation.

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Create a new presentation

Step 3: Click **Design>Themes**, Select any theme shown in the options.

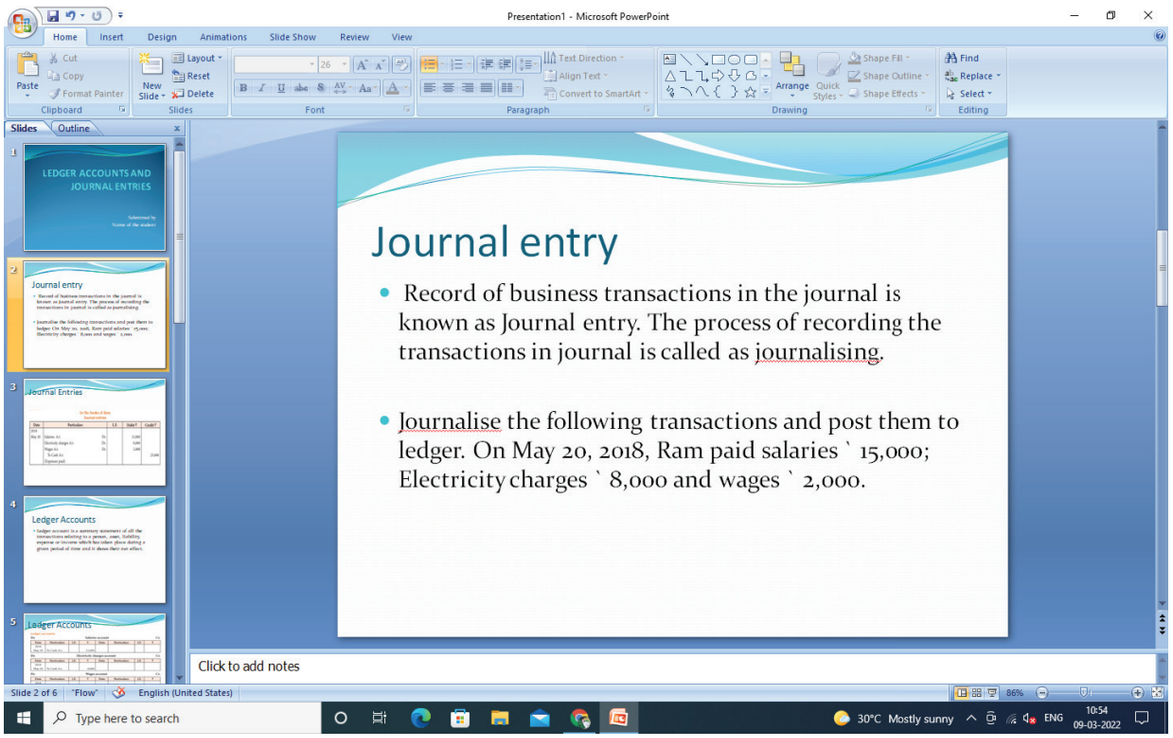


Add design in the presentation

Step 4: Enter your title name and submit it by your name in boxes.

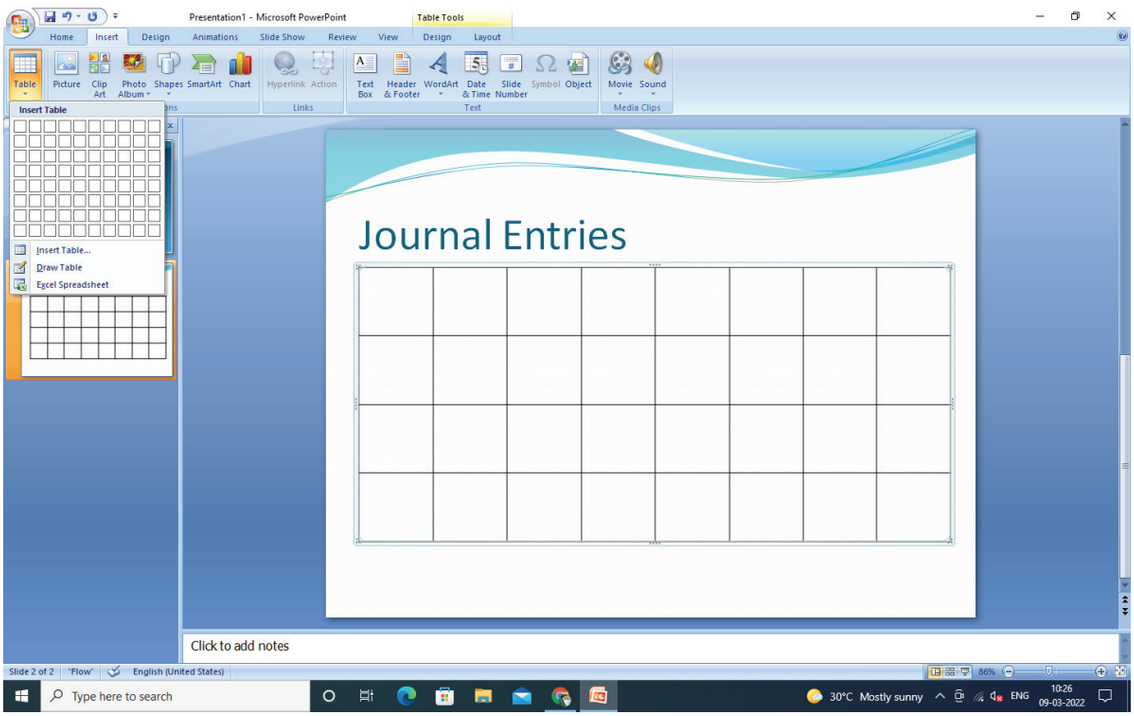
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Step 5: Click on slide 1 and press enter.



Add more slides and enter data in the presentation

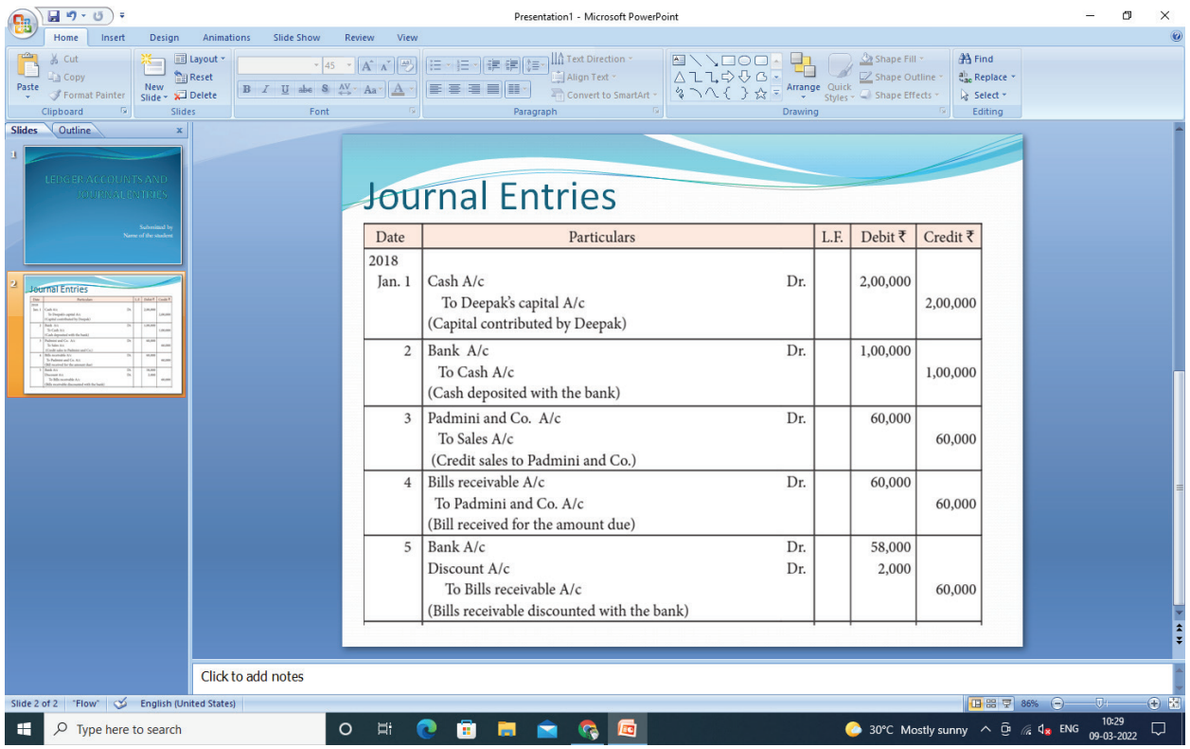
Step 6: Enter the title for the Journal Entries. And Click **Insert>Table>Insert Table** enter the no of rows and columns.



Insert the table in presentation

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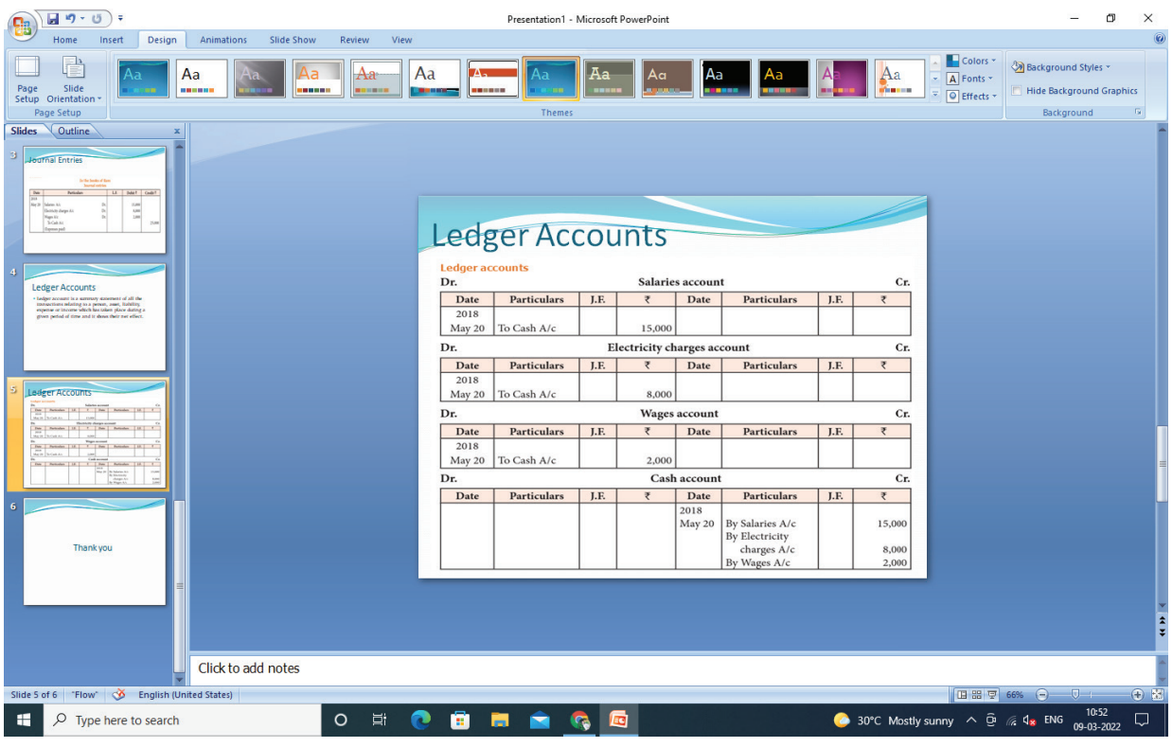
Step 7: Enter Labels and data in the table.



Date	Particulars		L.F.	Debit ₹	Credit ₹
2018 Jan. 1	Cash A/c	Dr.		2,00,000	
	To Deepak's capital A/c				2,00,000
	(Capital contributed by Deepak)				
2	Bank A/c	Dr.		1,00,000	
	To Cash A/c				1,00,000
	(Cash deposited with the bank)				
3	Padmini and Co. A/c	Dr.		60,000	
	To Sales A/c				60,000
	(Credit sales to Padmini and Co.)				
4	Bills receivable A/c	Dr.		60,000	
	To Padmini and Co. A/c				60,000
	(Bill received for the amount due)				
5	Bank A/c	Dr.		58,000	
	Discount A/c	Dr.		2,000	
	To Bills receivable A/c				60,000
	(Bills receivable discounted with the bank)				

Insert the labels in table

Step 8: Follow step 5 & 6 for Ledger Accounts.



Ledger accounts

Dr. Salaries account Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2018 May 20	To Cash A/c		15,000				

Dr. Electricity charges account Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2018 May 20	To Cash A/c		8,000				

Dr. Wages account Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2018 May 20	To Cash A/c		2,000				

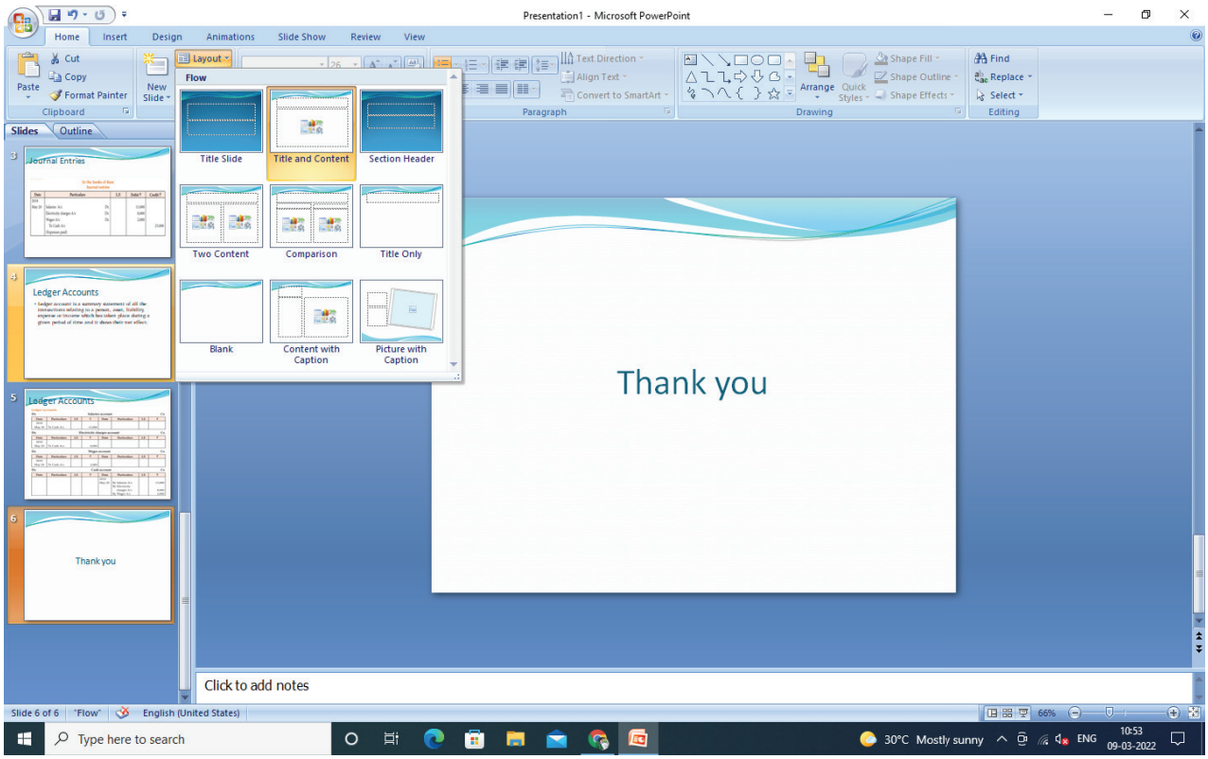
Dr. Cash account Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
				2018 May 20	By Salaries A/c		15,000
					By Electricity charges A/c		8,000
					By Wages A/c		2,000

Prepare ledger account in presentation

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Step 9: Click **Home>Layout** and choose your layout for thanks.



End of the slides

Step 10: Click **Slide show>From beginning** or **Press F5 key** to view in full screen for presentation.

Result:

Thus the +1 accountancy journal entries and ledger accounts has been prepared successfully.

Video suggestions:

s.no	Title/purpose	Link
1	PowerPoint Tutorial in Tamil	https://youtu.be/gtGz4elezS8
2	DATA ENTRY WORK IN EXCEL IN TAMIL | How to do data entry work in excel in Tami	https://youtu.be/TwRf2J8xj_Y
3	Class 11 - Accountancy - PPT Presentation - Journal, Meaning, Objectives, Limitations 7-8-20 - MCS	https://youtu.be/82WeltyaYog

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Simple Assessments:

1. Write down the method to open a presentation page?
2. Which shortcut key is used to view your presentation in full screen?
3. How many rows and columns are used for a Ledger account?

Student project	1. Create a data ledger presentation for your school. 2. Create a data of journal presentation for your school. 3. Create a presentation of a trial balance with an imaginary Figure. 4. Create a presentation and present it to your friends.
Guest lecture suggestions	1. Invite a MS office subject expert for a guest lecture. 2. Invite an accounts auditor for a guest lecture. 3. Invite an office assistant working on the MS office platform.
Industrial/Field visit suggestions	1. A field Visit to an office or data maintaining center nearby the school. 2. Visit the nearby insurance office for a field visit. 3. A field Visit to the nearby computer center.

10.18 Introduction

A database management system (DBMS) is a software tool to organize (create, retrieve, update and manage) data in a database. A Database Management System is a computerized record – keeping system. It is a container for collection of computerized data files.

10.18.1. Meaning

A database is a collection of logically related data items stored in an organized manner. According to the requirements of the user, the data being stored in a database can be added, modified, deleted or displayed. The software that is used to create, update and retrieve data is known as database Management System (DBMS).

10.18.2 Definition

Database defined, a database is an organized collection of structured information or data, typically stored electronically in a computer system. A database is usually controlled by a database management system (DBMS).

10.18.3 Features of DBMS

- Controls who can access and edit the data.
- Create Backups.
- Allows data to be shared by many users.
- Provides user interfaces to work with the data.
- Provides High level of security.
- Permanent storage of Data.

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10.18.4 Concept of DBMS:

A Database Management System (DBMS) is a software package designed to define, manipulate, retrieve and manage data in a database.

A DBMS generally manipulates the data itself, the data format, field names, record structure and file structure. It also defines rules to validate and manipulate this data.





Database Management System

Concept and examples of relational database

The Relational Database Model was proposed in 1970 by E.F. Codol, Relational database model is the most common type of database model. The data elements are stored in different tables made up of rows and columns.

Eg. Oracle, MYSQL, IBM, etc.,

Field : A field is the smallest entity in the database.

Record :A collection of fields makes a record.

Table : A collection of records makes a table.

Database :Collection of tables makes a database.

Primary Key

A primary key is a column or a group of columns that uniquely identifies the rows in that table.

Register No.	Name of the Student	DOB	Marks
^ ←Primary Key			

Composite Primary Key

A primary key having two or more attributes is called composite primary key. It is a combination of two or more columns.

Register No.	Name of the Student	DOB	Marks
←----------> Composite Primary Key			

Foreign Key

A foreign key is the one that is used to link two tables together via the Primary Key.

Register No.	Name of the Student	DOB	Marks
PRIMARY KEY			

|

|

\/

Register No.	Name of the Student	DOB	Marks
Foreign Key			

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10.18.5 Database Management System (CDMS) Software

One of the DBMS software Libre Office Base.

Introduction:

Libreoffice Base is a free and open source DBMs. It can be downloaded from www.libreoffice.org and is available for both Linux and windows operating systems. Data has to be stored in an organized manner using a DBMS. Also, the data being stored can be a text, number, date or in any other form. Steps to create the database:

1. Start the Libreoffice Base as per the standard process of starting the application in Windows or Linux.

In windows, click start. Libreoffice (or) double/click on the Libreoffice icon on the desktop (or) select base Database option form the bottom left pane)

2. A Database wizard opens. It allows you to create a new database or open an existing database.

3. Click create a new database ratio button.

4. Gives the option to register our database with Libre office.org.

5. Open option enables the user to edit the database.

6. Click the Finish button to complete the database creation process.

7. The Save As dialog box appears.

8. Browse for the drive and folder where you want to store your database.

9. Type the name in the file name text box.

10. Click the Save button.



Database Management Software

10.19 Create a Table Using Table Wizard

Creating a Table

Once the database is created, we can start working with objects of the database. First and foremost is the creation of the table.

In Libreoffice Base, a table can be created using a wizard or using the design View.

To create a table at the time of creating a database in database wizard, select the radio button with option "create tables using the table wizard", then click on the Finish Button.

In Base, ready-made tables are available.

- Click the sample tables List Box and select any one table.
- Click on Next Button – steps 2
- Click on Next Button – steps 3
- Click on Next Button – to complete the process of creating a table using wizard.

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- By default the "Insert data immediately" option is selected.
- Click on the Finish Button.

Data types

Data types are used to identify which type of data (value) we are going to store in the database.

Data types are broadly classified into five categories are listed below:

1. Numeric Types (o to 9)

2. Alphanumeric Types (a/A to 3 / z & o to 9)

3. Binary types (storing photos, music files, etc.,)

4. Date time (DD/MM/YYYY)

5. Other variable types.

Option to set primary key

Once the take is created, it will ask the user to set a primary key. The user can select the appropriate option to set the primary key or leave the table without a primary key.

10.19.1 Table Data View Dialog Box

Table data view dialog box enables the user to define the layout of the table and insert the data into the appropriate fields of the table.

10.20 Perform Operations on Table

Inserting data in the table

To insert the data in the table, select the table and double click on it. The table will open in the Datasheet view in which data can be inserted.

Edit Records in the table:

To edit the data either click on the edit icon or double click on the data in the cell of a label and modifications can be done.

Deleting Records from the table:

To remove the data from the table follow the steps:

Select the date – right click on selected date – select delete option.

Sorting Data:

Sorting means to arrange the data in either ascending order or descending order. Select the columns and then click on sort buttons. The data will be displayed accordingly.

Referential Integrity:

Referential integrity used to link between two or more tables with the help of primary key and foreign key constraints.

Creating and Editing Relationships between Tables:

A relationship refers to an association or connection between two or more tables. When the user relates two tables, then the same data need not be entered in separate tables.

There are three types of relationships which can be created in tables.

1. One to One

2. One to many or many to one

3. Many to Many

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One to one relation:

In this relationship, both the tables must have a primary key column.

Register No.	Name of the Student	DOB	Marks
PRIMARY KEY			

|

|

\/

Register No.	Group	Student / STD
Primary Key		

One to Many or Many to one Relation:

In relational databases, one – to – many relationships exist when one row in table A may be linked with many rows in table B, but one row in B is linked to only one row in table A.

In this relationship, one of the table must have Primary Key column

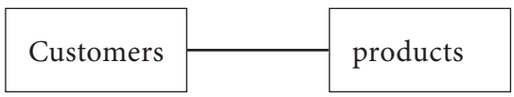
Table A	<—--------> <—--------> <—-------->	Table B
		Record
Record		
		Record
		Record

Many to Many relationship:

In many relationships no table has the primary key column. A many to many relationship occurs when multiple records in a table are associated with multiple records in another table.

Eg. A Many – to – Many relationships exist between customers and products.

Customers can purchase various products and products can be purchased by many customers.



10.21 Retrieve Data using Query

As the name suggests, query is to collect specific information from the pool of data.

A query is one of the most important features of any DBMS. Using a query, we can retrieve and display data from one or more tables in a database.

A Query can be created in three ways.

1. Using a Wizard
2. In design View
3. In SQT View

Steps:

1. In the Database Design Window, click the queries button.

2. In the Tasks Area, click on use wizard to create a query option.

3. Select fields from the respective tables.

4. From the list box, select the event name field.

5. Click on the next button that will display the screen to select the storing order.

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6. To set the search conditions or the criteria on the basis of which records will be filtered from the table.

7. Select field from Fields drop down list, is equal to from condition,

8. Steps 4, 5, 6 given in the steps pane deal with tasks like summarizing and performing numerical calculations.

9. To give an alias name i.e. the column header name will be displayed when we run the query.

10. Displays the entire overview of the query

11. Click on the finish button.

Creation of query using design View:

This is a more flexible method to create a Query from either a single or a multiple table of a database.

1. Click the Queries icon on the objects pane in the Database window.

2. Click create Query in design view…icon in the tasks Pane. The Query Design window appears.

3. Click on the Event table to be used in the Query and then click on Add button.

4. Similarly add table to tables Pane of The Query Design Window.

5. Click the close button in the ADD Table or Query dialog box to close it.

6. Next step is to select the fields.

7. In the grid, there is a row titled Alias. As mentioned before, it can be used to display meaning names in the output.

8. By default, the data that is displayed as a result of the query is not sorted. To sort the records in either ascending or descending orders of a particular field, the sort row is given in the grid.

9. Once the query is designed, click Run Query Button on the toolbar or press F5 key.

10. Click on save button to save the query.

11. By default, the query name will be displayed. Type a different name if required. Click on the OK button to save the query.

10.22 STRUCTURED QUERY LANGUAGE (SQL)

SQL stands for Structured Query Language. It is used for storing and managing data in relational database management systems (RDMS). It is a standard Language for Relational database System. It enables a user to create, read, update and delete relational databases and tables.

SQL comprises both data definition and data manipulation languages. Using the data definition properties of SQL, one can design and modify database schema, whereas data manipulation properties allow SQL to store and retrieve data from a database.

SQL uses the following set of commands to define a database.

A. **CREATE**

Create new databases, tables and views from RDBMS.

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Syntax:

Create database students record

Create table article

Create view for – students

B. **DROP**

Drops commands, tables and databases from RDBMS.

Syntax: Drop database students record

Drop Table article.

C. **ALTER :**

Modifies database

Syntax: Alter table article add subject varchar & Date time

A SELECT: Statement retrieves zero or more rows from one or more database tables or database views. In most applications, select is the most commonly used Data manipulation Language (DML) command.

The SELECT

Statement has many optional clauses:

WHERE specifies which rows to retrieve

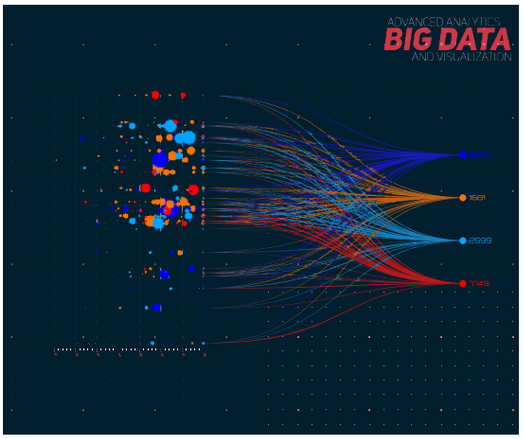
Order by specified an order in which to return the rows.

To

Retrieve all the columns in a table.

The syntax is SELECT from < Table Name >;

In order to execute queries click on the Queries option available on the left side under the database section, click create query in SQL view.



Data Sorting

10.23 Grouping of Data

To display the records containing the same type of values "WHERE" clause can be used with the select SQL command.

Ex.: To get details about the list of students whose favorite color is blue

Syntax used: Select from S Details Where color = 'Blue';

10.23.1 Create forms and reports using wizard

Libreoffice base provides the form & reports feature for data entry purposes. Both reports and forms are considered as objects of the database and are present in the database pane of the libreoffice Base user interface.

10.23.2 Forms in Base

A form is an object of the database that has a user-friendly interface where data can be entered and seen in an attractive and easy to read format.

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10.23.3 Creating a form using wizard

This is the simplest way to create a form.

Steps to create form using form wizard

Step 1: Open the Database created in Libreoffice and click the form icon on the database pane.

Step 2: To select the tables or queries for which the form has to be created,

Step 3: After selecting the table, all the fields of the table will be listed in the available fields list Box.'

Step 4: to appear all the fields in the form, shift all the fields of the table from available field's list box to fields in the form list box using >> button.

Click on the next button to move forward.

Step 5: To apply styles to the form being created

Step 6: Click the next button to set the name of the form.

Step 7: Click the Finish button.

Managing a form:

To manage a form click on the forms object in the Database pane and select the form from the forms pane.

Use the forms toolbar to open, edit, enter or remove data, to modify data, to change label background, to search record and to insert and delete the data in forms.

10.23.4 Steps to Create Report Using Wizards

Report helps to present information from the database in an easy to read, visually printable format.

Libre office Base makes it easy to create and customize a report using data from the database.

To create Reports using wizard is the recommended method for quickly and easily creating a report.

STEPS:

Step 1: From the database pane view select reports.

Step 2: Task view will appear from that click "Use wizard to create Report" options.

Step 3: In this step, select the tables' fields that are to be displayed in the report.

Eg. From the 'student record' Database, choose fields in reports.

Reg. No./ Name of the student / DOB

Step 4: Click the next button and the report generates labels for each field.

Step 5: A Report can group the results by one or more fields

Eg. : To group the results by assigning names as 'student info'.

Step 6: In this step, choose the layout for the data & the headers and footers of the report.

Step 7: Here we specify the 'Title' and the 'Type' of the report

Step 8: Click "Crete Report Now" option

Step 9: Click the 'finish' button.

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POINTS TO BE REMEMBERED:

- A DBMS is a software tool.
- A database is a collection of data in an organized manner.
- A Database is usually controlled by a database management system.
- Data in the database can be grouped or segregated using primary, composite primary and Foreign Keys.
- Libreoffice Base is one of the DBMS software.
- SQL is a standard language for storing, retrieving and managing data in a database.

KEY TERMS

- **Data** – Data are individual facts, statistics, or items of information, often numeric. In a more technical sense.
- **Database** – A database is an organized collection of structured information or data, typically stored electronically in a computer system.
- **SQL** – SQL stands for structured Query Language. It is used for storing and managing data in relational database management systems (RDMS).
- **DBMS** – A database management system (DBMS) is a software tool to organize (create, retrieve, update and manage) data in a database.

EVALUATION

ESFHZ

Objective Types (10x1 = 10 Marks)

I. Choose the correct answer:

1. DBMS stand for _____
   a. Database management system
   b. Data building master system
   c. Data bundle management system
   d. Databank management services.
2. A Database is Collection of _____
   a. Unorganized data
   b. Logically related data
   c. Irrelevant data
   d. Queries
3. The relational Database Model was proposed in _____
   a. 1980
   b. 1975
   c. 1970
   d. 1972
4. A collection of _____ makes a table
   a. Field
   b. Table
   c. Database
   d. Record.

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5. _____ key is uniquely identified the rows in a table
   a. Composite Primary Key
   b. Foreign Key
   c. Primary key
   d. Composite Key

6. Which one is the DBMS software from the following?
   a. Linux
   b. Windows
   c. Libreoffice base
   d. Mac

7. _____ is the recommended method to quickly and easily create a report.
   a. Design view
   b. Wizard
   c. SQL view
   d. Table view

8. _____ can present data in the database in an attractive and easy to read format.
   a. Forms
   b. Report
   c. Table
   d. Wizard

9. The _____ key is used to link two tables together via the primary key.
   a. Primary Key
   b. Composite Key
   c. Foreign Key
   d. Composite Primary Key

10. _____ Types of relationships in creation of tables.
    a. 3
    b. 4
    c. 2
    d. 5

Answers: 1. (a); 2. (b); 3. (c); 4. (a); 5.(c) 6. (c); 7. (b); 8. (a); 9. (c); 10.(a)

Part - B

II. Very Short Answers: 5 x 3 = 15 Marks

1. Define DBMS
2. What is the primary key?
3. Classify Data types in Database?
4. What are the types of relationships in tables?
5. What is a Query?

Part - C

III. Short Answers: 3 x 5 = 15 Marks

1. What are the features of DBMS?
2. Define the concept of relational Database and its elements.
3. Explain about different types of keys in Relational Database.

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Part - D

IV. Essay type Questions: 2 x 10 = 20 Marks

1. Explain about creating and editing relationships between Tables.
2. Explain about types of operations performed on Table.

Activity

Teachers Activity

1. Teach the students about the procedure to download Libreoffice Base DBMS Software.
2. Teach the students about the functions of DBMS software.

Student Activity

1. Perform step by step procedure for creating a form losing a wizard.

SIMPLE ASSESSMENTS:

1 _____ can be used in spreadsheet software to jump to a different location from within a spreadsheet

2. A _____ is an action or a set of actions that you can run as many times as you want in spreadsheet.

3. _____refers to a cell or a range of cells on a worksheet.

4. _____ short cut key is used to open an existing workbook.

5. _____ short cut key is used to insert a new worksheet.

Answer (1. hyper link 2. macro
3. cell reference 4. ctrl+o 5. shift+f11)

References:

1. www.psscove.ac.in
2. http://en.m.wikipedia.org
3. Other relevant websites.

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GLOSSARY

Articles of Association	நடைமுறை விதிகள்	26
Audit Note Book	தணிக்கைப் புத்தகம்	52
Audit Planning	தணிக்கை திட்டமிடல்	40
Audit Programme	தணிக்கை செயல்திட்டம்	41
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Balance Sheet Audit	இருப்பு நிலை குறிப்புத் தணிக்கை	33
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Error of Principle	விதிப் பிழை	10
Fraud	மோசடி	10
Goods on Sale or Return Basis	விற்பனை அல்லது திருப்ப அடிப்படையில் சரக்குகள் அனுப்புதல்	91

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Interim Audit	இடைக்காலத் தணிக்கை	32
Investigation	புலனாய்வு	15
Manipulation of Accounts	பொய் கணக்கு புனைதல்	12
Memorandum of Association	அமைப்பு முறையேடு	26
Minutes Book	நிகழ்ச்சிக் குறிப்பு புத்தகம்	27
Misappropriation of Cash	ரொக்க கையாடல்	10
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Vouching	சான்றாய்வு	60
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