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CORE CONCEPT OF PRINCIPLE OF AUDITING

Auditing:

It is a bit difficult to give a precise definition of word audit in a word or two, Originally its meaning and use was confined merely to cash audit and the auditor had to ascertain whether the person responsible for the maintenance of accounts had properly accounted for all the cash receipts the payment on behalf of his principle. But the word, audit, had a wide usage and it now means a through scrutiny of the books of accounts and its ultimate aim is to verify the financial position position disclosed by the balance sheet and the profit and loss account of a company. The following are the some of the definitions of audit given by some writers:

Spicier and Pegler

An audit is such an examination of the books, accounts and vouchers of a business as it enable the auditor to satisfy that the Balance Sheets is properly drawn up, so as to give a true and fair view of the state of the affairs of the business and whether the profit and loss accounts gives a true and fair view of the profit or loss for the financial period according to the best of his information and explanations given to him and as shown by the books, and if not, in what respects he is not satisfied.

Montgomery

Auditing is a systematic examination of the books and records of a business or other organization, in order to ascertain or verify and report upon the facts regarding its financial operation and the result thereof.

Lawrence R. Dicksee

An audit is an examination of records undertaken with a view to establishing whether they correctly and completely reflect the transactions to which they relate. In some circumstances it may be necessary to ascertain whether the transactions are supported by authority.

F.R.M De Paula

An audit denotes the examination of Balance sheet and profit and loss accounts prepared by others together with the books, accounts and vouchers relating there to in such a manner that the auditor



may be able to satisfy himself and honestly report that in his opinion, such Balance sheet is properly drawn up so as to exhibit a true and correct views of the state of affairs of the particular concern according to the information and explanations given to him and as shown by the books of accouts.

A.W. Hanson

An audit is an examination of such records to establish their reliability and the reliability of statement drawn from them.

R.B. Bose

Audit may be said to the verification of the accuracy and correctness of the books of accounts by independent person qualified for the job and not in any way connected with the preparation of such accounts.

Taylor and Perry

An audit is an investigation by an auditor into the evidence from which the final Revenue Accounts and Balance sheet or other statement of an organization have been prepared, in order to ascertain that they present a true and fair view of the summarized transactions for the period under review and of the financial state of the organization at the ending-date, so enabling the auditor to report thereon
Auditing has become a compulsory task in the business organization.

All the organizations like business, social, industries and trading organizations make audit of books of accounts. Now-a-days, owner of business and its management are separate. So, to detect and prevent frauds, auditing has become essential. Its advantages are as follows:

1. Audit Helps To Detect And Prevent Errors And Frauds

An auditor's main duty is to detect errors and frauds, preventing such errors and frauds and taking care to avoid such frauds. Thus, even though all organizations do not have compulsion to audit, they make audit of all the books of accounts.

2. Audit Helps To Maintain Account Regularly

An auditor raises questions if accounts are not maintained properly. So, audit gives moral pressure on maintaining accounts regularly.