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CORE CONCEPT OF PRINCIPLE OF AUDITING

companies changed the approach of auditing as ownership was pestered from management. The emphasis now is clearly on the verification of accounting date with a view on the reliability of accounting statement.

In the words of 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”.

In the words of **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”.

In the words of **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.

In the words **A.W. Hanson**, ”An audit is an examination of such records to establish their reliability and the reliability of statement drawn from them”.



In the words of **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".

The main purpose of Auditing or object is to find the opinion of an auditor about the correctness and reliability of accounts and the financial position of the business concern. For this purpose auditor has to check the arithmetical accuracy of the books of account and to find out that whether the transactions entered in the books of account are correct or incorrect. This is done by various methods like inspecting comparing and checking. So all that work that is done by the auditor ensures him that figures are facts.

From the above definitions it is clear that the auditor's basic duty is to examine the accounts and its arithmetical accuracy. He must ensure than the financial statements depicts true and fair view of the state of affairs of the business. Since, Auditing is a full and critical examination of the books of accounts to find out their accuracy. That is why it is said that auditing begins where accounting ends.

Difference between Accounting and Auditing

- 1. Scope:** Accounting is concerned with preparing of financial statements. Auditing is concerned with checking of financial statements.
- 2. Purpose:** The purpose of accounting is to show the performance and financial statement. The purpose of auditing is to certify the true and fair view of financial statement.
- 3. Nature:** Accounting is concerned with current data. It constructive in nature. Auditing is concern with past data. It is analytical nature.