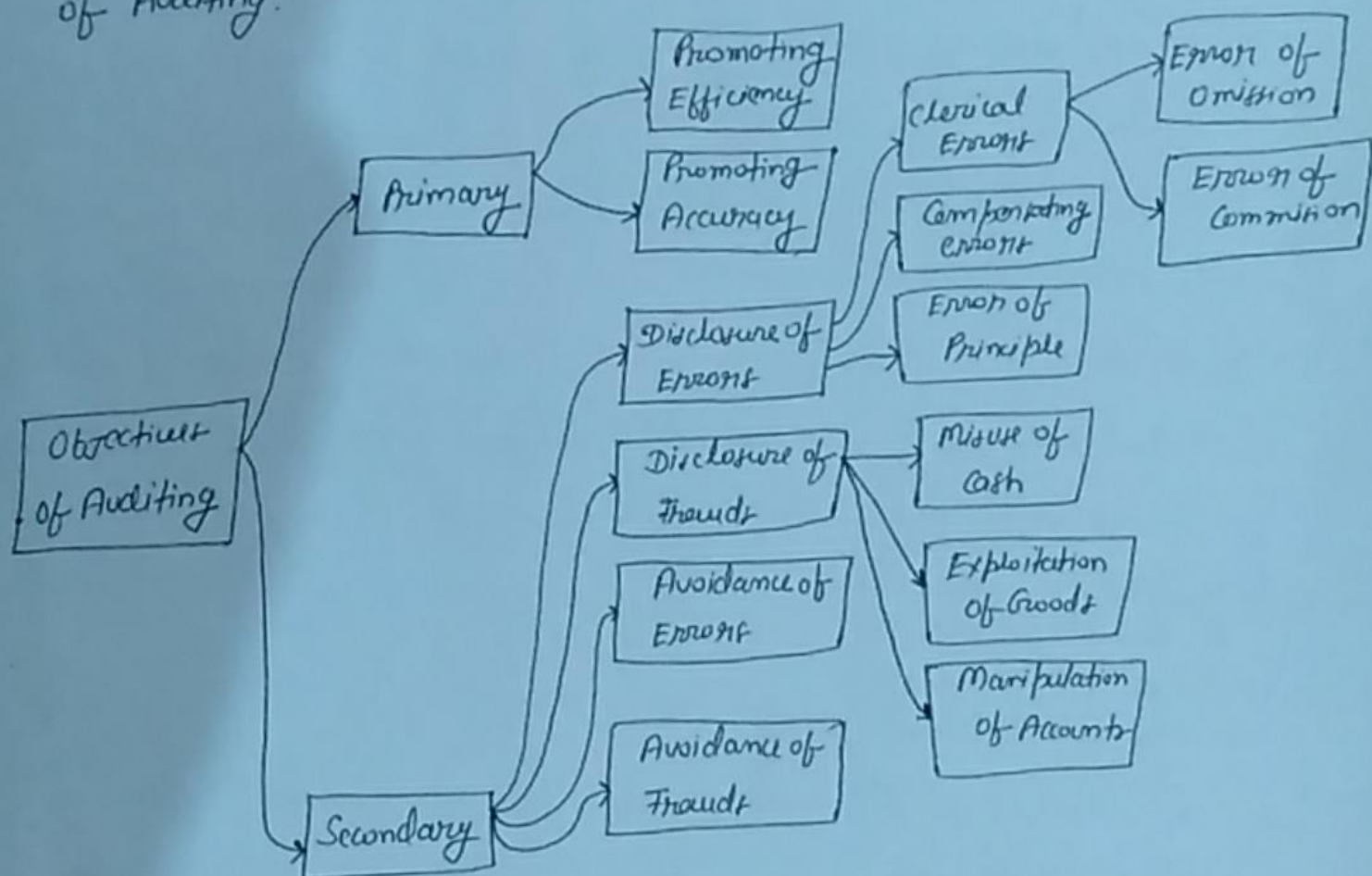


SUBJECT- AUDITING

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OBJECTIVES OF AUDITING

The Indian Institute of Chartered Accountants (ICAI) in its Auditing and Assurance Standard - 2 (AAS-2) specifies the following objectives of Auditing:



The purpose of an audit of books of accounts, including a structure of identified accounting policies, practices and appropriate statutory obligations, if any is to authorize an auditor to articulate a point of view on such financial statements. The auditor's point of view helps in determining the true and fair

view of the economic condition and functioning outcomes of a company. The auditor must be an autonomous body who is authorized to examine the enterprise, its records and financial statements inclined from an enterprise and therefore, create a point of view on the efficiency and prudence of the financial statements.

The elementary target of auditing is to facilitate to harmonize that the books of accounts display a true and fair view or not. Thus, the auditing is performed to build-up effectiveness and certainty in the accounts before putting them in front of the shareholders and administration. It provides authentic information about the economic position of the business, which may help the overall management of the business enterprise.

For the attainment of the elementary objectives of auditing, the following ancillary objectives are to be required:

- Disclosure of errors
- Disclosure of frauds
- Avoidance of errors
- Avoidance of frauds

Besides, errors which occur because of innocence and negligence, are of three types:

- Clerical errors
- Compensating errors
- Error of principles

Again, clerical errors are of two types: (1) Error of Omission (2) Error of Commission

However, the frauds which occur with a purpose to gain something by some influencing methods, they are of three types: (1) Misuse of cash (2) Exploitation of goods (3) Manipulation of Accounts.