

SUBJECT- AUDITING

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VOUCHING OF CASH RECEIPTS - II

* RENT RECEIVABLE

The auditor has to examine the following points:

- Terms and Conditions of agreement and lease deed.
- Rent received should be compared with the list of properties maintained. If the rent is collected by agent, then it should be compared with the account submitted by the agent.
- Check the counterfoils of receipts issued to the tenants.
- In case of heavy arrears of rent outstanding auditor should confirm the arrears from tenants with the consent of client.
- Auditor should obtain a certificate from the responsible officer regarding the period for which the property remained vacant.
- (Vouchers - lease deed and agreement, counterfoils, correspondence)

* SALE OF INVESTMENTS

- The auditor should examine the bank advice to know the various details about the investments sold through broker.
- Broker's Sold Note on Commission Note should be examined to

Verify the sale proceeds and commission charged by the broker

- If the investments are sold at cum-dividend price, auditor should see that proper apportionment has been made between Capital and revenue receipt.
- If the investments are made against specified funds, they must be transferred to Profit or Loss Account.
(Voucher - Bank Advice, Broker's Sold Note)

* INCOME FROM INTEREST AND DIVIDEND

- The auditor should check dividend warrant counterfoil and covering letter received along with the cheque.
- If the dividend is collected through bank, amount should be verified with the bank statements.
- If the dividend warrant has been received and is not yet collected, it should show as yet to be collected.
- Interest received on the securities can be vouched from covering letters and schedule of securities.
- Interest on fixed deposits can be verified from the bank pass-book and interest on loan granted can be checked from the agreement made and counterfoil of receipt issued.
- It should be ensured that all interest received and accrued have been accounted for in the books and properly shown in the balance sheet.

(Voucher - For dividend counterfoils, Dividend warrants, Pass-Book, For Interest - Pass Book - Agreement, Counterfoils).

* COMMISSION RECEIVED

The following points should be examined by the auditor:

- Study the agreement for receiving commission.
- Verify the commission received with counterfoils of receipts.
- Check the calculations of commission according to the terms of agreement.
- List of names of the parties should be verified from whom the commission is receivable.
- In case of commission received on sale of goods on consignment basis, amount of commission should be verified from the copy of account sale sent to Consignor.

(Voucher-Agreement, Counterfoils)

* PROCEEDS FROM THE SALE OF FIXED ASSETS

- It should be vouched with minute book of Board of Directors, Correspondence, agents sale account and Sale Contract.
- It should be credited in proper account.
- Any profit arising on the sale of asset shall be credited to revenue account which is not available for distribution of dividends.
- If any expense on the sale assets is paid, the amount should be reduced and balance should be credited to asset account.
- Sale of fixed assets is to be sanctioned by the authorized

person or committee.

(Voucher - Sale Deed, Broker's Sold Note, Correspondence)

* INSURANCE CLAIMS

- It can be vouched with copy of insurance claim lodged, Correspondence with the insurance company counterfoil of the receipt issued.
- It should be verified that insurance claim recovered has been recorded in the proper account.

(Vouchers - Accounts, Correspondence)