Auditing.
(Meaning and objectives)

It is rightly said, "When Book-keeping ends Accounting begins and when Accounting ends Auditing begins. The authenticity and accuracy of any financial statements can be checked through auditing only. Therefore, when the accountants prepares the financial statements, then to check whether these statements are true and fair, or not, the work of auditor begins. Hence, it can be said that audit is an intelligent and critical examination of the books of accounts of the business.

Meaning of Auditing: The term audit is derived from a Latin word "audire" which means to hear. Auditing is the verification of financial position as disclosed by the financial statements. It is an examination of accounts to ascertain whether the financial statements give a true and fair view of financial position and profit and loss of the business. Auditing is the intelligent and critical test of accuracy, adequacy and dependability of accounting data and accounting statements.

Objectives of Auditing:

The objectives of auditing have been classified under two heads:

1) Main Objective
2) Subsidiary objective

Main Objective:

The main objective of the auditing is to find reliability of financial position and profit and loss statements. The objective is to ensure that the accounts reveal a true and fair view of the business and its transactions. To verify and establish that at a given date balance Sheet presents true and fair view of financial position of the business and profit and loss account gives the true and fair view of profit or loss for the accounting period.

Subsidiary Objectives:

The Subsidiary objectives of auditing are:-

1) Detection and Prevention of Fraud and
2) Detection and Prevention of Error.

1) Detection and Prevention of Fraud:

Fraud refers to intentional ~~mist~~ misrepresentation of financial information. Fraud may involve:

a) manipulation, falsification or alteration of records and documents.

b) misappropriation of assets

c) Suppression of effect to transactions from records.

d) Recording to transactions without substance and

e) Misapplication of accounting policies.

2) Detection and Prevention of Errors:

Detection and prevention of errors is another important objective of auditing. Auditing ensures that there is no mis-statement in the financial statements. Errors can be detected through checking and vouching thoroughly books of accounts, ledger accounts, vouchers and other relevant informations.

Hence, it could be said that the main and subsidiary objectives enables an accountant to be more accurate, authentic and sincere towards his ~~work~~ work and an auditor's work begins when an accountant's work ends.