

## AQ.6

### Q.6 write about benefits of audit.

Ans.

- a) **point out deficiencies:** Audit reviews existence and operations of various controls operating in entity. Hence it is useful at pointing out deficiencies.
- b) **Detection:** Audit may also detect fraud or error pr both.
- c) **Moral check on employees:** Audit acts as moral check on employees from committing frauds for fear pf being discovered by audit.
- d) **High quality:** audited accounts provide high quality information. Gives confidence to users that information on which they are relying is qualitative and outcome of excercise carried out by following auditing standards.
- e) **safeguarding shareholders interest:** financial statement are prepared by management , as shareholders are owners pf company so they need an independent mechanism that financial info is qualitative and reliable. Hence, their interest is safeguarded by audit.
- f) **Help to govt. :** audited financial statement are helpful to govt authorities for determining tax liabilities.
- g) **creditors/ lenders:** audited FS can be relied upon by lenders, bankers for making their credit decisions i.e. whether to lend or not to lend to a particular entity.