

Name of Professor:	Class: TYBFM (Financial Management)
Examination Code:	Semester :VI/CBCS
Subject: Auditing II	Paper Code:

MULTIPLE CHOICE QUESTION (MCQ) QUESTION BANK

Sr . No.	Question	Option A	Option B	Option C	Option D	Correct Answer
1.	If amount of voucher is more than Rs. _____ a revenue stamp of Re.1 has to be put on the voucher.	50	50,000	500	5000	D. 5000
2.	The act of _____ vouchers is called vouching.	ticking	appraising	examining	rectifying	C. examining
3.	Auditor should verify the copies of bills issued to tenants with reference to _____ while vouching rental receipts.	Tenancy agreement	Tenancy note	Tenancy file	Tenancy term	A.Tenancy Agreement
4.	Which income is vouched with reference to counterfoils of dividend warrants?	Rental income	Interest income	Dividend income	Royalty received	C.Dividend income

5.	Auditor should verify the bank statement to verify that there is ___ in amount recovered & amount deposited in bank.	No difference	difference	surplus	Deficit	A.No difference
6.	Auditor should ensure that the gross amount of commission is disclosed in ____	Balance sheet	Receipts & payment account	P & L account	Cash flow statement	C.P & L account
7.	What has to be checked by auditor in case of imported goods?	GRN	Bill of entry	invoice	Delivery challan	B.Bill of entry
8.	What will the auditor examine while vouching insurance premium?	Insurance memo	Insurance counterfoi l	Insurance term contract	Insurance policy	D. insurance policy
9.	While vouching expenses, auditor should make sure that personal expenses are not recorded as ___ expenses	department	sector	country	company	D. company

10 .	Who should check whether imprest system of petty cash book is followed?	shareholders	auditor	employees	vendors	B. auditor
11 .	The auditor should ensure that _____ advertising expenses have been disclosed on the liability side of balance sheet.	current	prepaid	outstanding	contingent	C. Outstanding
12 .	Sales commission is calculated as a percentage of total sales made by the _____	firm	Sales team	industry	salesman	D. salesman
13 .	What is one object of verification ?	Enquire about ownership of the asset	To give assurance about future profitability	To give true and fair view	To detect and prevent error and frauds	A.Enquire about ownership of the asset
14 .	Who is bound to physically verify the plant & machinery?	government	management	shareholders	investigator	B.Management
15 .	Inventory consists of _____ items that are held for sale .	fixed	current	tangible	intangible	C.Tangible
16	It is the	easy	inexpensi	innovative	effective	D.Effective

.	duty of auditor to ascertain that the procedures for stock taking followed by management were _____		ve			
17.	In CARO, what does O stands for ?	opinion	order	ommission	offer	B.Order
18.	_____ shares are free shares.	equity	right	bonus	preference	C.Bonus
19.	Expenses debited to current years profit & loss account though relating to earlier years are known as _____	Prior period expenses	Prepaid expenses	Accrued expenses	Historical expenses	A.Prior period expenses
20.	_____ means the charges for use of know- how , patents etc.	Lease rentals	installments	royalty	penalty	C.Royalty
21.	Cost of goodwill is not allowed as deduction as per the provision of _____ Act.	Banking regulation act	Companies act 2013	Insurance Act	Income tax act	D. Income tax act
22.	An official document which gives the investor the	copyright	trademark	patent	goodwill	C.Patent

	exclusive right to make, use or sell his invention.					
23	What should the auditor obtain from management to ensure that all known contingent liabilities have been included in the accounts.	certificate	Verbal confirmation	remuneration	contract	A. Certificate
24	Auditor should ensure that amount of ___ is within the maximum limit sanctioned by central government	Stationery expense	Public deposit	Depreciation amount	Purchase expenditure	B.Public Deposit
25	What refers to determining fair value of assets?	vouching	verification	valuation	accounting	C.Valuation
26	Who is responsible to verify internal control system?	shareholders	government	Board of directors	auditor	D.Auditor
27	The broad areas which require SA shall be determined	SBI	SEBI	AASB	ROC	C.AASB

	by ____					
28	SA 200 is regarding ____	Going concern	Overall objectives of the independent auditor	Audit evidence	Audit planning	B.overall objectives of the independent auditor
29	Full form of AASB	Auditing and assurance standard board	Accounting & assurance standard board	Auditing & accounting special board	Auditing & assurance standard book	A.Auditing& Assurance Standard Board
30	Who issues audit engagement letter?	customer	banker	auditor	supplier	C.Auditor
31	What is included in letter of engagement ?	Audit notebook	Working papers	Auditor's bank account details	Confirmation of acceptance	D.Confirmation of acceptance
32	Which SA relates to auditor's responsibilities relating to fraud in an audit of financial statements?	240	250	315	230	A.240
33	Planning an audit of financial statements is given under SA ____	320	300	330	315	B.300
34	Working papers are the property of ____	employeees	management	vendor	auditor	D.Auditor
35	What is required to obtain such reasonable assurance on the	Internal confirmation	Management letter	External confirmation	Outward confirmation	C.External confirmation

	financials of the company?					
36 .	How many types of external confirmation are there?	three	two	five	four	B.Two
37 .	Materiality is basically a matter of _____ judgment.	professional	personal	assumption	statistical	A.Professional
38 .	Which one is a legal requirement relating to materiality?	Prior period item	Ordinary item	Changes in accounting policies	Percentage cut offs	D. Percentage cutoffs
39 .	The study group constituted by AASB shall be constituted of the members of the _____	institute	company	Auditor's assistants	Political party	A.Institute
40 .	A person shall be appointed as an auditor if he is _____ within the meaning of chartered accountant act, 1949.	Company secretary	Chartered accountant	Lawyer	Actuary	B.Chartered Accountant
41 .	What should a person hold to be qualified as a auditor if he is a chartered	Audit work of 5 companies	Training certificate	Shareholding in client's firm	Valid certificate of practice	D.Valid certificate of practice

	accountant?					
42	Who is eligible as an auditor of the company?	Body corporate other than LLP	Officer of the company	Partnership firm	Person who is a partner of the officer of the company	C.Partnership firm
43	Section 141 (3) of companies act 2013 is with respect to ____	Disqualification of an auditor	Removal of auditor	Casual vacancy	Appointment of government auditor	A.Disqualification of auditor
44	The ____ auditor of the company is appointed by the directors in the first meeting of board of directors.	first	fifth	second	sixth	A.First
45	Reappointment of auditor is given under which section?	Section 139(1)	Section 139 (2)	Section 139 (9)	Section 139 (11)	C.Section 139 (9)
46	Section 139 (8) is regarding ____	remuneration	removal	reappointment	Casual vacancy	D.Casual Vacancy
47	Government company auditor is appointed by ____	SEBI	CAGI	SBI	ICAI	B.CAGI
48	Removal of auditor is given under section ____	Section 131	Section 139	Section 140	Section 141	C.Section 140
49	Who has the right to sign audit	supplier	customer	employees	auditor	D.Auditor

	report?					
50	Auditor has the right to receive	remuneration	gift	shares	Salary	A. Remuneration