

MCQ'S QUESTION BANK - AUDITING

INTRODUCTION TO AUDITING

1. The main object of an audit is ____

a) Expression of opinion	b) Detection and Prevention of fraud and error
c) Both (a) and (b)	d) Depends on the type of audit.

2. The title of AAS-2 issued by Council of ICAI is ____
 - a) Objective and Scope of the Financial Statements
 - b) Objective and Scope of the Audit of Financial Statements**
 - c) Objective and Scope of Business of an Entity
 - d) Objective and Scope of Financial Statements Audit

3. Which of the following is not true about opinion on financial statements?
 - a) The auditor should express an opinion on financial statements.
 - b) His opinion is no guarantee to future viability of business
 - c) He is responsible for detection and prevention of frauds and errors in financial statements**
 - d) He should examine whether recognised accounting principle have been consistently

4. A sale of Rs. 50,000 to A was entered as a sale to B. This is an example of ____

a) Error of omission	b) Error of commission	c) Compensating error	d) Error of principle
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5. 'Goods sent on approval basis' have been recorded as 'Credit sales'. This is an example of ____

a) Error of principle	b) Error of commission	c) Error of omission	d) Error of duplication
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6. Which of the following statements is not true?
 - a) Management fraud is more difficult to detect than employee fraud
 - b) Internal control system reduces the possibility of occurrence of employee fraud and management fraud**
 - c) The auditor's responsibility for detection and prevention of errors and frauds is similar.
 - d) All statements are correct.

7. As per AAS-4 if auditor detects an error then –
 - a) He should inform the management.
 - b) He should communicate it to the management if it is material
 - c) The auditor should ensure financial statements are adjusted for detected errors.
 - d) Both (b) and (c)**

8. Which of the following is not a limitation of audit as per AAS-4?

a) Objectivity of auditor's judgment	b) Selective testing
c) Persuasiveness of evidence	d) Limitations of internal control system.

9. How many principles are listed in AAS-1 which govern auditor's professional obligation?

a) Nine	b) Fourteen	c) Seven	d) Eight
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10. Both auditing and accounting are concerned with financial statements. Which of the following
 - a) Auditing uses the theory of evidence to verify the financial information made available by Accountancy
 - b) Auditing lends credibility dimension and quality dimension to the financial statements prepared by the accountant.**
 - c) Auditor should have through knowledge of accounting concepts and convention to enable him to express an opinion on financial statements
 - d) All of the above.

11. The risk of management fraud increases in the presence of :

a) Frequent changes in supplies	b) Improved internal control system
c) Substantial increases in sales	d) Management incentive system based on sales done in a quarter

12. Auditing standards differ from audit procedures in that procedures relate to
a) Audit assumptions b) acts to be performed c) quality criterion d) methods of work
13. Which of the following factors likely to be identified as a fraud factor by the auditor?
a) The company is planning a initial public offer of quality shares to raise additional capital for expansion.
b) Bank reconciliation statement includes deposits-in-transit.
c) Plant and machinery is sold at a loss.
d) The company has made political contributions.
14. The most difficult type of misstatement to detect fraud is based on:
a) Related party purchases b) Related party sales
c) The restatement of sales d) Omission of a sales transaction from being recorded.
15. Which of the following statements is correct concerning the required documentation in working papers of fraud risk assessment undertaken by the auditor?
a) All risk factors as mentioned in AAS-4, should be considered and documented along with response to them.
b) Document the identification of fraud risk factors along with response to them.
c) Document material fraud, risk factors and response to them.
d) No documentation in required.
16. Which of the following is the most appropriate potential reaction of the auditor to his assessment that the risk of material misstatement due to fraud is high in relation to existence of inventory?
a) Visit location on surprise basis to observe test counts
b) Request inventory count at a date close to year-end
c) Vouch goods sent on approval very carefully
d) Perform analytical procedures.
17. Which of the following is not likely to be a fraud risk factor relating to management's characteristics
a) Tax evasion b) Failure to correct known weakness in internal control system
c) Adoption of conservative accounting principles
d) High management turnover
18. Professional skepticism requires that the auditor assume that management is
a) reasonably honest b) Neither honest nor dishonest
c) Not necessarily honest d) Dishonest unless proved otherwise
19. Which of the following information should a successor auditor obtain during the inquiry of the predecessor auditor before accepting engagement?
i) Information about integrity of management
ii) Disagreement with management concerning auditing procedures
iii) Review of internal control system.
iv) Organisation structure
a) (i) and (ii) b) (ii) and (iii) c) (i) , (ii) and (iii) d) i) and (iii)
20. The audit engagement letter, generally, should include a reference to each of the following except
a) limitations of auditing b) responsibilities of management with respect to audit work
c) expectation of receiving a written management representation letter.
d) a description of the auditor's method of sample selection.
21. The use of an audit engagement letter is the best method of assuring the auditor will have which of the following?
a) Auditor will obtain sufficient appropriate audit evidence.
b) Management representation letter
c) Access to all books, accounts and vouchers required for audit purpose
d) Cooperation from other auditors

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- 22.** The use of an audit engagement letter is the best method of documenting
- the required communication of significant deficiencies in internal control
 - significantly higher control risk than that assessed in prior audit.
 - Objective and scope of auditor's work
 - Notification of any changes in the original arrangements of the audit.
- a) (i) and (ii) b) (i) and (iii) c) ii and (iv) d) (iii and (iv)
- 23.** An auditor who accepts an audit but does not possess the industry expertise of the business entity should
- engage experts
 - obtain knowledge of matters that relate to the nature of entity's business
 - inform management about it
 - take help of other auditors
- 24.** The least important element in the evaluation of an audit firm's system of quality control would relate to-
- assignment of audit assistants
 - system of determining audit fees
 - consultation with experts
 - confidentiality of client's information
- 25.** The primary purpose of establishing quality control policies and procedures for deciding on client evaluation is to-
- ensure adherence to generally accepted auditing standards
 - acceptance or retention of clients whose management does not lack integrity
 - ensure audit fees is charged according to the type of audit work assigned
 - all of the above
- 26.** Which of the following is not a quality control consideration on accepting a new client?
- Availability of audit assistants with necessary skill and competence.
 - Provision of other services to the client which may impair independence
 - Predecessor auditor's advice as to whether audit fees were paid promptly
 - Review of audit work done by one partner by the other
- 27.** An auditor obtains knowledge about a new client's business and its industry to-
- Make constructive suggestions concerning improvements to the client's internal control system.
 - Evaluate the appropriateness of audit evidence obtained
 - Understand the events and transactions that may have an effect on client's financial statements.
 - All of the above

CONCEPTS OF AUDITING

- 1.** Audit of banks is an example of -
- Statutory audit
 - Balance sheet audit
 - Concurrent audit
 - Both (a) and (b)
 - All of the above
- 2.** Concurrent audit is a part of-
- Internal check system
 - Continuous audit
 - Internal audit system
 - None
- 3.** In India, balance sheet audit is synonymous to-
- Annual audit
 - Continuous audit
 - Detailed audit
 - Statutory audit
- 4.** Audit in depth is synonymous for-
- Complete audit
 - Completed audit
 - Final audit
 - Detailed audit
- 5.** Balance sheet audit includes verification of_
- Assets
 - Liabilities
 - Income and expense accounts where appropriate
 - All of the above

6. Which of the following statements is not true about continuous audit?
a) It is conducted at regular interval b) It may be carried out on daily basis
c) It is needed when the organization has a good internal control system
d) It is expensive
7. Which of the following is not a fact of EPA?
a) Economic audit b) Efficiency audit c) Expenditure audit d) Effectiveness audit
8. The Delhi Government had constructed six bungalows for its ministers. They are lying unoccupied for last three years. This would be a matter of concern for-
a) Propriety Auditor b) Performance Auditor c) Financial Auditor d) None of the above
9. Financial auditor is not concerned with propriety of business transactions. However, the exceptions to this rule are contained for audit of limited companies in_
a) Section 227 (IA) of the Companies Act, 1956
b) Section 227 (IA) and section 227(4A) of the Act
c) CARO, 2003 d) Section 227 (IA) and CARO, 2003
10. Balance sheet does not include-
a) Verification of assets and liabilities
b) Vouching of income and expense accounts related to assets and liabilities
c) Examination of adjusting and closing entries d) Routine checks
11. Which of the following statements is not correct about materiality?
a) Materiality is a relative concept
b) Materiality judgments involve both quantitative and qualitative judgments
c) Auditor's consideration of materiality is influenced by the auditor's perception of the needs of an informed decision maker who will rely on the financial statements
d) At the planning stage, the auditor considers materiality at the financial statement level only
12.the audit risk,..... the materiality andthe audit effort
a) Lower, Higher, Lower b) Lower, Lower, Higher
c) Higher, Lower, Lower d) Lower, Higher, Higher
13. When issuing unqualified opinion, the auditor who evaluates the audit findings should be satisfied that the
a) Amount of known misstatement is documented in working papers
b) Estimates of the total likely misstatement is less than materiality level
c) Estimate of the total likely misstatement is more than materiality level
d) Estimates of the total likely misstatement cannot be made
14. In determining the level of materiality for an audit, what should not be considered?
a) Prior year's errors b) The auditor's remuneration
c) Adjusted interim financial statements d) Prior year's financial statements
15. Analytical procedures issued in the planning stage of an audit, generally
a) helps to determine the nature, timing and extent of other audit procedures
b) directs attention to potential risk areas
c) indicates important aspects of business d) All of the above
16. Which of the following statements is most closely associated with analytical procedure applied at substantive stage?
a) It helps to study relationship among balance sheet accounts
b) It helps to discover material misstatements in the financial statements
c) It helps to identify possible oversights
d) It helps to accumulate evidence supporting the validity of a specific account balance

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- 17.** For all audits of financial statements made in accordance with AAS-14, the use of analytical procedures is at the discretion of the auditor in which stage?
 a) Substantive testing b) Planning stage c) Overall review stage d) All of the above
- 18.** The basic assumption underlying the use of analytical procedures is :
 a) It helps the auditor to study relationship among elements of financial information
 b) Relationship among data exist and continue in the absence of known condition to the contrary
 c) Analytical procedures will not be able to detect unusual relationships
 d) None of the above.
- 19.** What are analytical procedures?
 a) Substantive tests designed to assess control risk
 b) Substantive tests designed to evaluate the validity of management's representation letter
 c) Substantive tests designed to study relationships between financial and non-financial
 d) All of the above
- 20.** Which of the following is not an analytical procedure?
 a) Tracing of purchases recurred in the purchase book to purchase invoices.
 b) Comparing aggregate wages paid to number of employees
 c) Comparing the actual costs with standard costs
 d) All of them are analytical procedure
- 21.** When applying analytical procedures, an auditor could develop independent estimate of an account balance to compare it to-
 a) client's unedited account balance
 b) client's unedited account balance adjusted for trends in the industry
 c) Prior year audited balance
 d) Prior year audited balance adjusted for trends in the industry
- 22.** What is the primary objective of analytical procedures used in the overall review stage of an audit?
 a) To help to corroborate the conclusions drawn from individual components of financial statements
 b) To reduce specific detection risk
 c) To direct attention to potential risk areas
 d) To satisfy doubts when questions arise about a client's ability to continue

AUDIT EVIDENCE

- 1.** Of the following, which is the least persuasive type of audit evidence?
 a) Bank statements obtained from the client
 b) Documents obtained by auditor from third parties directly.
 c) Carbon copies of sales invoices inspected by the auditor
 d) Computations made by the auditor
- 2.** Which of the following statements is, generally, correct about the reliability of audit evidence?
 a) To be reliable, evidence should conclusive rather than persuasive
 b) Effective internal control system provides reliable audit evidence
 c) Evidence obtained from outside sources routed through the client
 d) All are correct.
- 3.** In an audit of financial statements, substantive tests are audit procedures that ___
 a) may be eliminated for an account balance under certain conditions
 b) are designed to discover significant subsequent events
 c) will increase proportionately when the auditor decreases the assessed level of control risk
 d) may be test of transactions, test of balance and analytical procedures

4. The nature, timing and extent of substantive procedures is related to assessed level of control risk
 - a) randomly
 - b) disproportionately
 - c) directly
 - d) inversely
5. Which of the following factors is most important in determining the appropriations of audit evidence?
 - a) The reliability of audit evidence and its relevance in meeting the audit objective
 - b) The objectivity and integrity of the auditor
 - c) The quantity of audit evidence
 - d) The independence of the source of evidence
6. When is evidential matter, generally, considered sufficient?
 - a) When it constitutes entire population
 - b) When it is enough to provide a basis for giving reasonable assurance regarding truthfulness
 - c) When it is objective and relevant
 - d) When auditor collects and evaluates it independently
7. Which of the following is not a corroborative evidence?
 - a) Minutes of meetings
 - b) Confirmations from debtors
 - c) Information gathered by auditor through observation
 - d) Worksheet supporting consolidated financial statements
8. Which of the following statements is not true with respect to management representations obtained as per AAS-11?
 - a) Authenticated copy of relevant minutes of meetings may be regarded as management representation
 - b) It should always be in working
 - c) It may be dated prior to the report date
 - d) It should be addressed to the auditor
9. What would most appropriately describe the risk of incorrect rejection in terms of substantive testing?
 - a) The auditor concludes balance is materially correct when in actual fact it is not
 - b) The auditor concludes that the balance is materially misstated when in actual fact it not
 - c) The auditor has rejected an item for sample which was material
 - d) None of the above
10. Which of the following affects audit effectiveness?
 - a) Risk of over reliance
 - b) Risk of incorrect rejection
 - c) Risk of incorrect acceptance
 - d) Both (a) and (c)
11. What would most effectively describe the risk of incorrect acceptance in terms of substantive audit testing?
 - a) The auditor has ascertained that the balance is materially correct when in actual fact it is not
 - b) The auditor concludes the balance is materially misstated when in actual fact is not
 - c) The auditor has rejected an item from sample which was not supported by documentary evidence
 - d) He applies random sampling on data which is inaccurate and inconsistent

AUDIT PREPARATION

1. Which of the following Auditing Assurance Standard deals with Audit Planning?
 - a) AAS-7
 - b) AAS-8
 - c) AAS-9
 - d) AAS-3
2. Audit programme is prepared by-
 - a) the auditor
 - b) the client
 - c) the audit assistants
 - d) the auditor and his audit assistants

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3. The working papers which auditor prepares for financial statements audit are : _
 - a) evidence for audit conclusions
 - b) owned by the client
 - c) owned by the auditor
 - d) retained in auditor's office until a change in auditors
4. The quantity of audit working papers compiled on engagement would most be affected by-
 - a) management's integrity
 - b) auditor's experience and professional judgment
 - c) auditor's qualification
 - d) control risk
5. Which of the following best describes the primary purpose of audit programme preparation?
 - a) To detect errors or fraud.
 - b) To comply with GAAP
 - c) To gather sufficient appropriate evidence
 - d) To assess audit risk
6. Which of the following is not an advantage of the preparation of working paper?
 - a) To provide a basis for review of audit work
 - b) To provide a basis for subsequent audits
 - c) To ensure audit work is being carried out as per programme
 - d) To provide a guide for advising another client on similar issues
7. The auditor's permanent working paper file should not normally, include-
 - a) extracts from client's bank statements
 - b) past year's financial statements
 - c) attorney's letters
 - b) debt agreements
8. For what minimum period should audit working papers be retained by audit firm?
 - a) For the time period the entity remains a client of the audit firm.
 - b) For a period of ten years
 - c) For a period auditor opines them to be useful in servicing the client
 - d) For the period the audit firm is in existence.
9. Which of the following factors would least likely affect the quantity and content of an auditor's working papers
 - a) The assessed level of control risk
 - b) The possibility of peer review
 - c) The nature of auditor's report
 - d) The content of management representation letter
10. Which of the following statement is true regarding an auditor's working papers?
 - a) They document the level of independence maintained by the auditor
 - b) They should be considered as the principle support for the auditor's report
 - c) They should not contain details regarding weaknesses in the internal control system
 - d) They help the auditor to monitor the effectiveness of the audit firm's quality control
11. Which of the following statement best describes the understanding with respect to ownership and custody of working papers prepared by an auditor?
 - a) The working papers may be obtained by third parties when they appear to be relevant to issues raised in litigation
 - b) The safe custody of working papers is the responsibility of client, if kept at his premises
 - c) The working papers must be retained by an audit firm for a period of 10 years
 - d) Successor auditors may have access to working papers of the predecessor auditors. The approval of client is not required.
12. The current file of the auditor's working papers, generally, should include-
 - a) a flowchart of the internal controls
 - b) Organisation charts
 - c) a copy of financial statements
 - d) copies of bond and debentures
13. Knowledge of the entity's business does not help the auditor to-
 - a) reduce inherent risk
 - b) identify problem areas
 - c) evaluate reasonableness of estimates
 - d) evaluate appropriates of GAAP.
14. The main advantage of using statistical sampling techniques is that such techniques:
 - a) mathematically measure risk
 - b) eliminate the need for judgmental sampling
 - c) defines the values of tolerable error
 - d) all of the them.

15. Which of the following methods of sample selection is least suitable for extrapolating results to the population?
 a) Systematic sampling b) Random sampling c) Haphazard sampling d) None
16. Which of the following statements is correct?
 a) Lower the sampling risk greater the sample size
 b) Smaller the tolerable error, greater the sample size
 c) Lower the expected error, smaller the sample size d) All are correct
17. Which of the following features is most important for random-based selection?
 a) Sample should be drawn from population
 b) Every strata of population should be represented in the sample
 c) Every item in the population has an equal chance of being selected in the sample
 d) Items should be selected at 'n' th interval
18. Risk of under reliance is the risk that the sample selected to test controls____
 a) Does not support the auditor's planned assessed level of control risk when the true operating effectiveness of the control structure justifies such an assessment
 b) Supports the auditor's planned assessed level of control risk when the actual position does not warrant such reliance
 c) Is not supported by adequate documents d) both (a) & (c)
19. Which of the following factors is (are) considered in determining the sample size for tests of control?
 a) Projected error b) Tolerable error c) Expected error d) Both (b) and (c)
20. Tolerable error, is the maximum monetary error that the auditor is prepared to accept in the population and still conclude that audit objective has been achieved, is directly related to
 a) Sample size b) Audit risk c) Materiality d) Expected error

CAPTIAL AND REVENUE EXPENDITURE

1. Which of the following expenses should not be treated as capital expenditure?
 a) Expenses paid on installation of a plant.
 b) Cost of dismantling a building in case a new building is to be constructed on the land
 c) Legal expenses incurred to defend a suit related to title of patent. The suit has been lost
 d) The fees paid to engineer who constructed the plant.
2. Which of the following is not a revenue expense?
 a) Cost of raising a loan
 b) Cost of accessories of motor vehicles spent at the time of purchase
 c) Expenses incurred for laying of sewers on land purchased
 d) Insurance premium paid at the time of registration of the ship
3. Depreciation does not arise from _____
 a) effluxion of time b) use
 c) obsolescence through technology be market changes d) remarket expectation
4. Which of the following Schedule of the Companies Act, 1956 deals with depreciations?
 a) Schedule XIV b) Schedule V c) Schedule XIII d) Schedule X
5. Schedule XIV has prescribed rates of depreciation for double shift and triple shift working for which one of the following assets?
 a) Building b) Plant and Machinery c) Furniture and fittings d) Ships
6. If the book value of an asset stands atper cent of the original cost, a company need not provide depreciation on it.
 a) two b) fifteen c) five d) ten

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7. A company has bought patents. Which of the following methods is most suitable for providing depreciation on them?
a) SLM b) WDV c) Sum-of year digits d) Any of the above
8. Which of the following is a revenue reserve?
a) Capital redemption reserve b) Security premium account
c) Debenture redemption reserve d) Capital reserve
9. Which of the following will not lead to creation of secret reserve?
a) Undervaluation of closing stock b) Charging capital expenditure to revenue
c) Goods sent on consignment being shown as actual sales
d) Charging higher rates of depreciation on fixed assets than actually required

COMPANY AUDITOR

1. Who is responsible for the appointment of statutory auditor of a limited company ?
a) Directors of the company b) Members of the company
c) The Central Government d) All of the above
2. Which of the following sections deal with qualifications of the auditor ?
a) Section 226 (1) and section 226(2) b) Section 224 (1) and section 224 (2)
c) Section 226 (3) and section 226(4) d) Section 224(3) & Sec.224
3. Which of the following statement is not true?
a) A partnership firm can be appointed as a statutory auditor of limited company
b) Appointment can be made in the name of the firm
c) Majority of the partners should be practicing in India
d) All partners should be chartered accountants
4. As per the requirements of section 226(3) and 226(4) a person is disqualified from being appointed as a statutory auditor if he holds-
a) Equity shares or debentures of the company
b) Equity shares carrying voting of the company
c) Shares carrying voting rights of the company
d) Security carrying voting rights of the company
5. The board of directors shall appoint first auditor of a company
a) With in one month of completion of capital subscription state of the company
b) With in one month of the promotion of the company
c) With in one month of the commencement of the business of the company
d) With in one month of incorporation of the company
6. The term of the auditor ship of first auditor would be from the date of appointment till__
a) the conclusion of statutory meeting
b) the conclusion of first annual general meeting
c) the conclusion of next annual general meeting d) the date of removal
7. In case the directions fail to appoint first auditor (s), the shareholders shall appoint them at.....by passing a resolution
a) a general meeting b) first annual general meeting
c) statutory meeting d) annual general meeting
8. Life Insurance Corporation of India holds twenty five percent of subscribed capital of XYZ Ltd. The appointment of statutory auditor in XYZ Ltd. Would be by__
a) ordinary resolution b) special resolution c) (a) or (b) d) none of the above
9. ICICI prudential, a life insurance company, holds thirty-two percent of subscribed share capital of Delta Ltd. The statutory auditor of Delta Ltd. would be appointed by__
a) ordinary resolution b) Special resolution c) either of the above d) none

10. Which of the following statement is not true regarding appointment of statutory auditor by the Central Government?
- Such powers have been conferred upon it by section 224(3)
 - If a company fails to appoint an auditor at a general meeting
 - If an auditor refuses to accept appointment, the powers of the Central Government can be exercised.
 - None of the above
11. If a casual vacancy in the office of auditor arises by his resignation it should only be filled by the company in a.....
- Board meeting
 - extraordinary general meeting
 - General meeting
 - annual general meeting
12. For the purposes of section 224(IB) the number of partners of a firm which shall be taken into account would be as on the date of _
- completion of audit
 - auditor's report
 - acceptance of audit
 - Starting of audit work
13. Which of the following is counted for the purposes of section 224(IB) the number of partners of a firm which shall be taken into account would be as on the data of ____
- Joint audit
 - Audit to non-profit companies
 - Audit of unlimited companies
 - All of the above
 - (a) and (b) only
14. Mr. Narayan, a Chartered Accountant, has nineteen audits, Out of following audits which audits should he accept to ensure he doesn't violate provisions of section 224(IB) _
- Audit of Zeba Ltd. a private company
 - Audit of branch of Pointec Ltd. a foreign company
 - Audit of two branches of Virtue Ltd. an Indian company
 - All of them
15. Which audit out of the following would not be regarded as one audit for the purposes of section 224(IB)?
- Audit of one branch each of two different companies
 - Joint audit
 - Audit head office & branches
 - Audit of one or more branches of a company
16. The auditor of a Government company is appointed by the C & AG. His remuneration is fixed by__
- the C & AG
 - the shareholders
 - the shareholders at an annual general meeting
 - the board of directors
17. The section which contains provisions regarding remuneration of the auditor is_
- Section 224(9)
 - Section 224(7)
 - Section 224(8)
 - Section 224(6)
18. The authority to remove the first auditor before the expiry of term is with_
- the shareholders in a general meeting
 - the shareholders in the first annual General meeting
 - the board of directors
 - the Central Government
19. Which of the following statements is not correct regarding removal of first auditor before expiry of the term?
- He is removed at a general meeting
 - The shareholders are authorized to do so
 - The approval of the Central Government is required for such removal
 - The provisions for such removal are contained in section 224(7)
20. The retiring auditor does not have a right to__
- make written representations
 - get his representations circulated.
 - be heard at the meeting
 - speak as a member of the company

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- 21.** Who out of the following cannot be appointed as a statutory auditor of the company?
 a) Erstwhile director **b) Internal auditor** c) Relative of a director d) Only (b) and (c)
- 22.** A statutory auditor has a right of access at all times to
 a) Books and accounts of a company b) Books, accounts and documents of the company
c) Books, accounts and vouchers of the company
 d) Notices and documents of the company
- 23.** The auditor has a right to-
 a) Obtain information and explanation
 b) Obtain information and explanation from the employees and officers
 c) Obtain information and explanation necessary for the purpose of audit
d) Both (b) and (c)
- 24.** The principal auditor, as per clarification issued by the ICAI, does not have any right to-
a) Inspect working papers of the branch auditor b) Visit branches
 c) Seek information necessary for audit purposes
 d) Incorporate the branch audit report in his audit report
- 25.** Under which of the following section auditor has a duty to enquire into six specified matters and report by exception?
 a) Section 227(4A) **b) Section 227 (IA)** c) Section 227 (2) d) Section 227(3)
- 26.** The auditor has to enquire, under section 227 (IA) into different aspects, related to shares allotted for cash for the purpose of auditor include-
 a) Shares against whose allotment cash has actually been received
 b) Shares allotted for consideration other than cash
 c) Shares allotted against a debt payable **d) All of them**
- 27.** Right to visit branches has been given to the auditor under which section?
 a) Section 222(3) b) Section 228(2) **c) Section 228(4)** d) Section 228(3)
- 28.** Which of the following statements with regard to rules regarding exemption from branch audit is not true?
 a) A branch office of a company can be granted exemption on the basis of quantum of activity criterion
b) If a satisfactory arrangement of scrutiny check of the books of account of a branch office of a manufacturing company has been made, it can be exempted from branch audit
 c) Cost consideration should be considered as an important factor/ground for exemption from branch audit
 d) The auditor should state in his audit report that branch office is exempted by virtue of quantum of activity or any other basis
- 29.** The branch auditor is appointed by -
 a) Shareholders in an annual general meeting **b) Shareholders in general meeting**
 c) Board of directors in board meeting d) Any of the above
- 30.** Auditor of acompany does not have right to visit foreign branches of the company
 a) Unlimited liability **b) Manufacturing** c) Banking d) Non-profit making
- 31.** Special audit is conducted at the order of the Central Government. Which section gives such powers?
 a) Section 233(A) b) Section 233A **c) Section 242(A)** d) Section 242A
- 32.** Who among the following can be appointed as special auditor by the Central Government?
 a) The statutory auditor **b) chartered accountant in practice**
 c) Any chartered accounted who is not in practice d) Both (a) and (b)
- 33.** The scope of the audit including reference to the pronouncements of the ICAI, which the auditor adheres to, generally is communicated to the client in the ____

- i) auditor's report ii) engagement letter iii) representation letter
a) i) only b) Both (i) and (ii) c) Both (i) and (iii) d) All the above
- 34.** If any director is disqualified from being appointed under section 274(1) (g), the auditor should mention this fact in his audit report. For this purpose, how does he determine their eligibility :
a) He obtains a representation from each director
b) He obtains a management representation
c) He enquires from Registrar of Companies d) Any one of the above
- 35.** As per the 'Statement on Qualification in Auditor's Report's issued by the ICAI, the auditor, Under section 227(3) has to give a statement of fact on_
a) proper books of account b) accounting standards
c) cess payable under section 441A d) None of the above
- 36.** The date on auditor's report should not be__
a) the date of AGM
b) later than the date on which the accounts are approved in board's meeting
c) earlier than the date on which the accounts are approved by the management
d) Both (a) and (b)
- 37.** Section 227(2) of the Companies Act, requires the auditor to give his report to the members of the company on certain matters. Which of the following is not included in the above?
a) Accounts examined by him
b) Every balance sheet and profit and loss account laid before a general meeting during his tenure
c) Every document that is a part of or 'annexed to' the balance sheet
d) Every document which is attached to the profit and loss account
- 38.** When restrictions that significantly affect the scope of the audit are imposed by the client, the auditor generally should issue which of the following opinion?
a) Qualified opinion b) Disclaimer of opinion c) Adverse opinion
d) Unqualified report with 'an emphasis of matter' paragraph;
- 39.** Which of the following report not result in qualification of the auditor's opinion due to a scope limitation?
a) Restrictions the client imposed b) Reliance on the report of other auditor
c) Inability to obtain sufficient appropriate evidential matter
d) Inadequacy of accounting records
- 40.** The inventory consists of about one per cent of all assets. The client has imposed restriction on auditor to prohibit observation of stock take. The auditor cannot apply alternate audit procedures.
a) unqualified opinion b) qualified opinion c) disclaimer of opinion d) adverse opinion
- 41.** If in the above question, the inventory consisted of about ten per cent of total assets, other conditions remaining same, the auditor should issue __
a) unqualified opinion b) qualified opinion c) disclaimer of opinion d) adverse opinion
- 42.** The auditor has serious concern about the going concern of the company. It is dependent on company's obtaining a working capital loan from a bank which has been applied for. The management of the company has made full disclosure of these facts in the notes to the balance sheet. The auditor is satisfied with the level of disclosure. He should issue_
a) unqualified opinion b) unqualified opinion with reference to notes to the accounts
c) qualified opinion d) disclaimer of opinion
- 43.** Which of the following is true about explanatory notes?
a) These are given by the directors of the company
b) These are given to adhere to requirements of section 211.
c) These are given by auditors of the company in auditor's report d) All of the above

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- 44.** The client changed method of depreciation from straight line to written down value method. This has been disclosed as a note to the financial statements. It has an immaterial effect on the current financial statements. It is expected, however, that the change will have a significant effect on future periods. Which of the following option should the auditor express?
 a) Unqualified opinion b) Qualified opinion c) Disclaimer of opinion d) Adverse opinion
- 45.** Which of the following is not true regarding requirements under section 227(3) (f) of the Companies Act, 1956?
 a) The auditor has to satisfy himself whether any of the directors of the company, whether public or private, are disqualified from being appointed as directors as per section 274(1) (g).
 b) Section 274(1) (g) is applicable to appointment of directors both in public and private companies but reporting is limited to only those directors of a company who are also directors of a public company
 c) The auditor requires every director to submit a written representation in respect of each public company, of which the is a director, as to whether such company has defaulted in terms of provisions of sections 274(1) (g)
 d) The disqualification should be considered on the date of audit report.
- 46.** The management of a company, to which AS-3. is not applicable, does not include statement of cash flows in its annual report. The auditor should express-
 a) Unqualified opinion b) Qualified opinion c) Adverse opinion
 d) Any of these depending upon materiality and pervasiveness and adequacy of disclosure
- 47.** In case the auditor gives a disclaimer of opinion in the audit report which of the following paragraph(s) of a standard unqualified audit report are modified?
 a) Scope paragraph b) Opinion paragraph
 c) Scope and opinion paragraphs d) Introductory, scope and opinion paragraph
- 48.** A departure from recognized accounting principle is disclosed in a note to the financial statements. The auditor should
 a) issue a standard unqualified audit report b) issue a qualified report
 c) issue an unqualified report with 'emphasis of matter' paragraph d) disclaim opinion
- 49.** AB & Co, chartered accountant, have been requested by their client XYZ Ltd. not to confirm accounts receivables because of concerns about creasing conflicts with customers over amounts owed. The auditors were satisfied concerning receivables after applying alternative audit procedures AB & Co.'s auditors report likely contained
 a) Qualified opinion b) Disclaimer of opinion
 c) Unqualified I opinion with an explanatory paragraph d) Unqualified opinion
- 50.** The auditor should state the reasons for his reservations in audit report and should try to quantify the effect on them. This should be done in case he has expressed _
 i) a qualified opinion ii) an unqualified opinion with emphasis of matter paragraph
 iii) an adverse opinion iv) a disclaimer of opinion
 a) i) only b) i) and (iv) only c) i), iii) and (iv) only d) All of the above
- 51.** Companies exempted from application of CARO, 2003 does not include_
 a) a banking company b) an insurance company
 c) a private limited company with paid up capital and reserves not more than fifty five lakh
 d) a licensed company
- 52.** Under CARO, 2003, the auditor's report should include report about maintenance of proper recording relating to____
 a) Fixed assets and cost b) Fixed assets, cost and investments
 c) Fixed assets , cost investments and inventories d) Fixed assets, cost and inventory

53. Under CARO, 2003 the auditor is required to report on __
- arrears of cumulative preference dividends
 - Preferential allotment of shares to related party
 - disposal of fixed assets and its effect on going concern.
 - unsecured loans granted to related party.

GOVERNMENT AUDIT

- As per C & AG Act, 1971 the tenure of the Comptroller and Auditor General isYears
 - Four
 - five
 - six
 - seven
- The part of Government Audit which is concerned with examining whether the money has been spent for the purpose specified in Appropriation Act is called.
 - audit of sanctions
 - audit of provision of funds
 - audit of rules and orders
 - audit of financial propriety
- Audit of transaction does not include –
 - Propriety audit
 - efficiency –cum performance audit
 - audit of receipts
 - audit of expenditure
- The income Tax Department has sent Mr. X double refund of advance tax. The Government Auditor detected this while conducting
 - audit of expenditure
 - performance audit
 - audit of stores and stock
 - audit of receipts
- Audit of debt, deposits and remittances does not cover-
 - audit of borrowings
 - audit of amortization of debt
 - audit of sanctions
 - remittance audit
- A state Government spent rupees fifty lakhs on renovation of Raj Bhavan' for its Governor. In the C & AG's opinion, this expenditure was more than what occasion demanded? It is an example of –
 - Propriety audit
 - Performance audit
 - Audit against provision of funds
 - None of the above
- Audit reports on PSU are
 - submitted to the President/Governor for being laid before the parliament
 - sent to concerned ministries/departments
 - Submitted to BOD of concerned PSU
 - Any of the above
- The C & AG, some years ago, gave adverse comments on expenditure incurred on buying coffins for soldiers killed in a war. In his opinion, the coffins cases imported could have been replaced with less expensive, domestically produced ones. This is an aspect of –
 - Audit of sanctions
 - Audit of stores and stocks
 - Propriety audit
 - Both (b) and (c)
- Who among the following is eligible to be appointed as an audit of Government Company?
 - A chartered accountant in practice
 - A chartered accountant whether in practice or not
 - An auditor appointed by the C & AG
 - Any of the above
- The statutory auditor of a Government Company submits his report to_
 - the BODs of the company
 - the C & AG
 - the Legislature
 - the company secretary

EDP AUDIT

1. Which of the following statement is not distinguishing feature for computer based processing and manual processing?
 - a) Errors in a CIS environment are less systemic as compared to errors in manual processing
 - b) The potential for human error in the CIS environment is greater as compared to manual system
 - c) In a computer based accounting system, audit trail is in electronic form
 - d) Computer processing offers management a variety of analytical tools.

2. To avoid invalid data input, a bank added an extra number at the end of each account number and subjected the new number to an algorithm. This techniques is known as
 - a) Dual read b) Test for reasonableness c) Check digit d) Occurrence correction

3. When computer programme or files can be accessed from terminals, access can be limited to authorized individuals by__
 - a) appointing a librarian b) controlling passwords
 - c) appointing EDP auditor d) Both (a) and (b)

4. Erroneous data has been detected by computer program controls. It has been excluded from processing and printed separately "Error Report". Who should most probability by review and follow up on this report?
 - a) system, analyst b) Data control group c) Programmer d) Computer operator

5. General controls will be ineffective when EDP department-
 - a) Participates in computer software acquisition decisions
 - b) Design Documentation for computerized operations.
 - c) Originate changes in master files. d) Provide physical security for programme files.

6. Which of the following activities would most likely be performed by EDP department?
 - a) Authorising transactions b) Parity checks
 - c) Distributing output d) Correction of transactional errors

7. The completeness of "wages" figure can be tested by comparing the number of time cards to be processed with transaction on wages sheet. This type of control technique is called
 - a) check total b) control total c) occurrence correction d) check digit

8. Which of following will not affect audit in a CIS environment?
 - a) The objective of expression of opinion on financial statements
 - b) Compliance procedures adopted by the auditor
 - c) Performance of substantive procedures
 - d) Evaluation of inherent risk and control risk

9. Which of the following statements is not true of the test data approach in a test of computerised accounting system?
 - a) Test data tests only those controls which the auditor wishes to rely
 - b) Test data should consist of data related to all controls prevalent in the organization
 - c) The result of test data indicates that all the application and general controls are functioning properly
 - d) Test data processed by the client's computer programme under the auditor's control

10. Which of the following CAATs allow fictitious transactions planted by the auditor to be processed along with real ones on client's system?
 - a) Integrated test facility b) Test data approach
 - c) Generalised audit software d) Parallel simulation

11. An auditor is least likely to use computer software to-
 - a) access client data files b) assess control risk
 - c) performing analytical producers d) None of the above

AUDIT OF CASH TRANSACTION

1. Which of the following documents is not relevant for vouching cash sales?
 - a) Daily cash sales summary
 - b) Salesmen's summary
 - c) Monthly statements sent to customers
 - d) Bank statement
2. The auditor should examine subsequent realization of revenue such as dividends, interest, commission, etc to-
 - a) identify cases of unrecorded revenue
 - b) ensure proper disclosure in the balance sheet
 - c) recompute accrued income on the data of balance sheet
 - d) Any of these
3. To test whether sales have been recorded, the auditor should draw a sample from a file of
 - a) purchase orders
 - b) sales orders
 - c) sales invoices
 - d) bill of loading
4. For vouching of which item, the auditor is most likely to examine cost records?
 - a) Commission earned
 - b) Bad debts recorded
 - c) Credit sales
 - d) Sale of scrap
5. The "Guidance Note on Revenue" issued by the ICAI does not deal with
 - a) Sales revenue
 - b) Revenue rendering service
 - c) Revenue from sale of fixed assets
 - d) Income from interest, dividend
6. An auditor conducts a surprise check on the pay day (i.e) the day wages and salaries are paid. The primary purpose of this audit procedures is
 - a) to ensure that there are no ghost workers
 - b) to ensure the casual workers employed are authorized by the supervisor
 - c) to test procedures for distributing pay cheques
 - d) to obtain understanding of internal control system
7. Which of the following would prevent double payment of the same voucher?
 - a) The person signing the cheque should cancel the supporting documents
 - b) Cheques should be signed by at best two persons
 - c) The data of payment of vouchers of similar nature should be the same or close to each other
 - d) All of the above
8. In case of unclaimed wages, the auditor should examine whether-
 - a) the amount has been deposited in a separate bank account
 - b) deposited with the cashier
 - c) held in a safe deposit box
 - d) All of these
9. While vouching wages, auditor should examine whether there is proper segregation of duties. Which of the following activities should not be done by same department?
 - a) Maintaining personnel records and approving changing in wages rates
 - b) Proposing pay roll summary and disbursement of wages
 - c) Making salary statements and filing tax returns
 - d) Comparing time clock records with time reports prepared by supervisors and preparing list of workers employed along with the units of production for each one of them
10. In order to vouch, which of the expenses, the auditor will examine Bill of Entry?
 - a) Custom
 - b) Excise duties
 - c) Sales tax
 - d) Income tax
11. While vouching, how will the auditor ensure himself that all credit sales transactions have been recorded by the entity?
 - a) Examining cut-off points
 - b) Matching entries in the sales book against renumbered sales invoices and goods outward notes
 - c) Counting the number of invoices and matching the number with entries on sales book
 - d) Both (a) and (b)

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- 12.** In case of sales return, the auditor should examine which documents?
 a) Credit notes, advice notes and inward return notes
 b) Debit notes, advice notes and inward return notes
 c) Purchase invoices, advice notes and inward return notes
 d) Credit notes, inspection report and inward return notes
- 13.** An internal auditor discovered that fictitious purchases have been recorded by the purchase clerk. This indicates absence of which control?
 a) Purchase invoices are independently matched with purchase orders and goods received notes
 b) Goods received notes requires the signature of individual who authorized the purchase
 c) Routine checks are performed by internal auditor fortnightly.
 d) Purchase function and production function are clubbed in one department
- 14.** Which of the following is most crucial to a purchase department?
 a) Reducing the cost of acquisition
 b) Selecting supplies
 c) Authorizing the acquisition of goods
 d) Assuring the quality of goods
- 15.** The auditor is most likely to examine related party transactions very carefully while vouching
 a) credit sales
 b) sales returns
 c) credit purchases
 d) cash purchases
- 16.** In order to vouch bought ledger, the auditor obtain confirmations from creditors. The principal reason for the auditor to examine suppliers statements at balance sheet date is to obtain evidence that
 a) the supplier exist
 b) there are no unrecorded liabilities
 c) recorded purchases actually occurred
 d) to link creditors with cash book entries
- 17.** The creditors accounts, generally, have credit balance. Debit balance may be due to-
 a) advance paid against an order
 b) goods returned
 c) wrong debit to supplier account
 d) Any of these
- 18.** In case of vouching, the auditor is least likely to examine authorization by appropriate authority in case of -
 a) bad debts written off
 b) sales return
 c) purchase return
 d) discount allowed to customers as per organizational policy
- 19.** Vendors should be approved by Management before purchase department executes an order. If this is not done, then which of the following situations may arise-
 a) purchases could be made from vendors whose product quality may not be good
 b) Purchases may be made from related parties without management's knowledge
 c) Purchases could be made from vendors who may have offered price to vice-president purchases
 d) Any of these

VERIFICATION & VALUATION OF ASSETS

- 1.** Which of the following is not true with regard to verification of assets?
 a) It involves substantiation of occurrence of transactions
 b) Its objective is to establish existence, ownership, possession, valuation and disclosure of assets
 c) The auditor has to form an opinion on different aspects
 d) All are true
- 2.** Which of the following statements is not true ?
 a) Valuation of assets is the responsibility of management
 b) The auditor can rely on a certificate issued by an authorized valuator as to the valuation of assets in the balance sheet
 c) The auditor should value the asset as per generally accepted accounting principle
 d) Valuation is no part of auditor's duty

3. An auditor is verifying valuation of building which has been self-constructed by the client. Which of the following documents is least relevant to the auditor for verification purposes?
 - a) Bills of contractor
 - b) Minutes of meeting of board of directors
 - c) Certificates of engineer and architect
 - d) Loan agreement
4. Which of the following assets is least likely to be subjected to lien?
 - a) Freehold land
 - b) Plant and machinery
 - c) Leasehold property
 - d) Motor vehicles
5. An analysis of fixed assets account has revealed possibility of unrecorded sale of plant and machinery. Which of the following audit procedures may be adopted to discover it?
 - a) Examination of property tax files
 - b) Inquiry of plant manager
 - c) Examination of debits to accumulated depreciation
 - d) All of the above
6. The auditor has noticed existence of recurring losses sale of fixed assets this indicates
 - a) Depreciation charges are insufficient
 - b) Policy of sale or disposal of fixed assets needs to be reviewed
 - c) The sale of assets have not been properly authorized
 - d) Accounting errors
7. Which of the following financial statements assertions are addressed by testing the cut off for plant asset addition
 - a) Existence and ownership
 - b) Valuation and disclosure
 - c) Possession and ownership
 - d) Completeness and valuation
8. The auditor while verifying prepaid insurance has concluded that there is inadequate insurance of building He should__
 - a) Modify his audit report
 - b) Insist it should be disclosed in the notes to financial statements
 - c) Write it in letter of weakness
 - d) Both (b) and (c)
9. While verifying intangible assets, an auditor would recompute amortization charges and determine whether amortization period is reasonable. The auditor tries to establish ...by doing it
 - a) valuation
 - b) existence
 - c) disclosure
 - d) possession
10. When auditing prepaid insurance, an auditor discovers that the insurance policy bond on building is not available for inspection. This may indicate__
 - a) No insurance has been undertaken for building
 - b) Lien on building
 - c) Insurance premium has not been paid
 - d) Insurance premium paid but not recorded
11. Equity shares of XY Ltd. held by ABC Ltd. are in the custody of Stock Holding Corporation of India Limited. The auditor may verify this investment by -
 - a) Reviewing last year's working papers.
 - b) Obtaining a certificate from a responsible official of the ABC Ltd.
 - c) Obtaining a certificate from SHCIL
 - d) Obtaining a certificate from xy ltd.
12. Which of the following controls would ensure that securities are not lost, stolen or diverted?
 - a) Establish physical barriers over investment securities
 - b) Maintain files of authorized signatures
 - c) Segregate investment approval form accounting and from custody of securities
 - d) All of the above
13. Which of the following is not a proper third party to hold investments on behalf of the client?
 - a) Regional level custodian
 - b) National level custodian
 - c) India trills - National level stock broking firm
 - d) AEZ Securities Ltd. a stock broking firm
14. Which of the following would give the assurance that debtors mentioned on the date of balance sheet actually exist?
 - a) Sending debtor's confirmation letters
 - b) Reviewing subsequent collection
 - c) Verify debtors against sales document
 - d) Both (a) and (b)

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15. Analytical procedures are least likely to be use in the audit of –
 a) cash balance b) investments c) bills receivables d) debtors
16. Which of the following statements is not true with regard to teeming and lading ?
 a) It results in the deliberate misappropriation of cash receipts
 b) It is associated with cash receipts
 c) If same individual maintains cash receipts and cash payments teeming and lading is likely to exist
 d) To conceal the shortage, the defraud, usually, tries to keep bank and book amounts in daily agreement so that a bank reconciliation will not detect the irregularity.
17. The balance of cash in often between one to five percent of total assets. Tick the most appropriate statement with regard to verification of cash in context of this
 a) Cash in always material as materiality is qualitative concept
 b) No audit of cash is needed when, in auditor's opinion, cash is immaterial. Materiality is a relative concept
 c) The cash balance need only be audited if the balance is in overdraft
 d) Cash is to be verified if control risk is assessed as high
18. When counting cash on hand the auditor should ____
 a) ensure presence of somebody from management
 b) obtain a receipt from custodian as to its return
 c) ensure postage and revenue stamps are not counted in physical count
 d) temporary advances to employees are counted to calculate balance of cash in hand
19. Which of the following statement is not true regard to auditor's attendance at stock taking?
 a) Auditor should attend physical stock taking only if inventory is material
 b) Auditor may not attend physical verification of stock by management, if he does not find it appropriate to rely on it
 c) If inventory is material, even when the auditor is not placing reliance on the physical verification by the management, he should attend it
 d) The primary objective of an auditor's observation of an entity's observation of an entity's stock take is to obtain direct knowledge that the stock and has been property counted
20. While observing a client's annual physical inventory, an auditor conducted test counts for certain test counts were higher than the recorded quantities in the client's perpetual records. This situation could be the result of the client's failure to record –
 a) purchase returns b) sales returns c) goods with consignor d) purchase discounts
21. Inspection report/receiving report supports entries in
 a) sales book and sales return book b) purchase book and sales return book
 c) cash book and purchase book d) Sales book and purchase return book

INTERNAL CONTROL

1. Tests of control are not concerned with_
 a) Existence of controls b) Effectiveness of controls
 c) Continuity of controls d) Designing of controls
2. The sequence of steps in the auditor's consideration of internal control is as follows –
 a) Obtain an understanding, design substantive test, perform tests of control, make a preliminary assessment of control risk
 b) Design substantive tests, obtain an understanding, perform tests of control, make a preliminary assessment of control risk
 c) Obtain an understanding, make a preliminary assessment of control risk, perform tests of control, design substantive procedures.
 d) Perform tests of control, obtain and understanding, make a preliminary assessment of control risk, design

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- b) Detection risk is related directly to they effectiveness of the auditor prosecutor
 c) Detection risk related inversely to control risk
 d) Internet risk and control risk are highly interrelated
- 16.** The independence of an internal auditor will most likely be assured if he reports to the
 a) President Finance b) President System c) Managing Director d) CEO
- 17.** In comparison to the independent auditor, an internal auditor is more likely to be concerned with-
 a) cost accounting system b) internal control system
 c) legal compliance d) accounting system
- 18.** When an independent auditor decides that the work performed by internal auditors may have bearing on the nature, timing and extent of planned audit procedures, the independent auditor should evaluate objectivity of the internal auditor. The most important factor influencing it would be-
 a) organizational level to which he reports b) qualification of internal auditor
 c) system of quality control of his work d) all of the above
- 19.** When an independent auditor relies on the work of an internal auditor, he or she should-
 a) examine the scope of internal auditor's work
 b) examine the system of supervising review and documentation of internal auditor's work
 c) adequacy of related audit programme d) all of the above
- 20.** Proper segregation of duties reduces the opportunities in which a person would both-
 a) establish controls and executes them b) records cash receipts and cash payments
 c) perpetuate errors and frauds and conceals them
 d) record the transaction in journal and ledger.

INTRODUCTION TO AUDITING

1.	d	2.	b	3.	c	4.	b	5.	a
6.	b	7.	d	8.	a	9.	a	10.	b
11.	d	12.	b	13.	a	14.	d	15.	b
16.	a	17.	c	18.	b	19.	a	20.	d
21.	c	22.	d	23.	b	24.	b	25.	b
26.	c	27.	c						

CONCEPTS OF AUDITING

1.	e	2.	c	3.	a	4.	d	5.	d
6.	c	7.	c	8.	d	9.	d	10.	d
11.	d	12.	a	13.	b	14.	b	15.	d
16.	d	17.	a	18.	b	19.	c	20.	a
21.	d	22.	a						

AUDIT EVIDENCE

1.	c	2.	b	3.	d	4.	c	5.	a
6.	b	7.	d	8.	b	9.	b	10.	d
11.	a								

AUDIT PREPARATION

1.	b	2.	d	3.	c	4.	b	5.	c
6.	d	7.	a	8.	c	9.	d	10.	b
11.	a	12.	c	13.	a	14.	a	15.	c
16.	d	17.	c	18.	a	19.	d	20.	c

CAPTIAL AND REVENUE EXPENDITURE

1.	b	2.	d	3.	c	4.	b	5.	c
6.	d	7.	a	8.	c	9.	d	10.	b

COMPANY AUDITOR

1.	b	2.	a	3.	c	4.	d	5.	d
6.	b	7.	a	8.	b	9.	a	10.	b
11.	c	12.	c	13.	e	14.	d	15.	a
16.	b	17.	c	18.	a	19.	c	20.	d
21.	b	22.	c	23.	d	24.	a	25.	b
26.	d	27.	c	28.	b	29.	b	30.	b
31.	c	32.	b	33.	b	34.	a	35.	c
36.	c	37.	d	38.	a	39.	b	40.	a
41.	c	42.	b	43.	a	44.	a	45.	d
46.	a	47.	c	48.	b	49.	c	50.	a
51.	c	52.	c	53.	a				

GOVERNMENT AUDIT

1.	c	2.	b	3.	b	4.	d	5.	c
6.	a	7.	b	8.	d	9.	a	10.	b

EDP AUDIT

1.	a	2.	c	3.	d	4.	a	5.	c
6.	c	7.	d	8.	a				
9.	b	10.	a	11.	d				

AUDIT OF CASHTRANSACTION

1.	c	2.	a	3.	c	4.	d	5.	c
6.	c	7.	a	8.	a	9.	b	10.	a
11.	d	12.	d	13.	a	14.	c	15.	c
16.	b	17.	d	18.	d	19.	d		

VERIFICATION AND VALUATION OF ASSETS

1.	a	2.	c	3.	b	4.	c	5.	d
6.	a	7.	d	8.	d	9.	a	10.	b
11.	c	12.	d	13.	c	14.	d	15.	a
16.	c	17.	a	18.	c	19.	c	20.	B
21.	B								

INTERNAL CONTROL

1.	d	2.	c	3.	c	4.	c	5.	a
6.	d	7.	a	8.	b	9.	a	10.	c
11.	c	12.	b	13.	a	14.	c	15.	a
16.	c	17.	b	18.	a	19.	d	20.	c