

# **AUDIT MCQ + 130 MCQ MASTER**

## **BOOK FOR CMA INTER (ICMAI | PTP | MTP | PREVIOUS PAPERS)**

**1. The first Auditor of a Company shall be appointed by the Board of Directors within**

- (A) 30 days from the date of registration
- (B) 90 days from the date of registration
- (C) 30 days from the date of first AGM
- (D) 1 year from the date of registration

**2. Authorization for Government Audit.**

- (A) BOD
- (B) Audit committee
- (C) CAG
- (D) None of the above

**3. Maximum term of Individual Auditor**

- (A) 1 term of 5 years
- (B) 2 term of 5 years
- (C) 3 term of 5 years
- (D) None of the above

**4. In case of a company other than a Government Company, any casual vacancy in the post of auditor is to be filled by the**

- (A) Board of Directors
- (B) Managing Director
- (C) Comptroller and Auditor General (CAG)
- (D) Shareholders

**5. An Audit Committee should have a minimum of \_\_\_\_\_ number of directors.**

- (A) 4
- (B) 3
- (C) 5
- (D) 6

**6. Unpaid dividend standing at the credit of Unpaid Dividend A/C should be transferred to Investor Education and Protection Fund after \_\_\_\_\_ years of its remaining unpaid(D)**

- (A) six
- (B) eight
- (C) seven
- (D) five

**7. Appointment of auditor for government company is done by**

- (A) BOD
- (B) Audit committee
- (C) Managing Director
- (D) CAG

**8. Statutory Auditor is appointed by the shareholder in the**

- (A) General Meeting
- (B) Statutory Meeting
- (C) EGM
- (D) Board Meeting

**9. Statutory Auditor can be removed by the**

- (A) Shareholders
- (B) Audit committee
- (C) BOD
- (D) None of the above

**10. An individual auditor who has completed his term shall not be eligible for reappointment as auditor in the same company for**

- (A) Next 3 Years
- (B) Next 5 Years
- (C) Next 7 Years
- (D) Next 8 Years

**11. Section 146 of the Companies Act, 2013 deals with**

- (A) Auditor not to render certain services
- (B) Auditor to sign Audit Reports
- (C) Auditor to attend general meeting
- (D) Punishment for contravention

**12. Remuneration of Auditors is covered under the following section of Companies Act, 2013:**

- (A) Section 142
- (B) Section 148
- (C) Section 139
- (D) Section 143

**13. Any fraud to involve an amount of \_\_\_\_\_ is to be reported to the Central government.**

- (a) 5 crore or above
- (b) 100 crore or above
- (c) 1 crore or above
- (d) 10 crore or above

**14. Auditor not to render certain services under section \_\_\_\_\_.**

- (A) 139
- (B). 144
- (C). 142
- (D). 145

**15. Any casual vacancy in a government company is filed by CAG within \_\_\_\_\_ days.**

- (A) 15 days
- (B) 30 days
- (C) 45 days
- (D) 60 days

**16. The company shall inform the auditor concerned of his or its appointment, and also file a notice of such appointment with the Registrar within fifteen days of the meeting in which the auditor is appointed in Form \_\_\_\_\_.**

- (A) ADT-1
- (B) ADT-2
- (C) ADT-3
- (D) None of these

**17. A Cost Auditor submits his report to**

- (A) Board of Directors
- (B) Government
- (C) Shareholders
- (D) Statutory Auditor

**18. Form for maintenance of Cost Records by the Company is .....**

- (A) CRA-1
- (B) CRA-2
- (C) CRA-3
- (D) CRA-4

**19. Cost Audit can be done by the-**

- (A) Employee of the organization
- (B) Cost Auditor
- (C) Secretarial Auditor
- (D) None of the above

**20. Secretarial Audit can be done by-**

- (A) Employee of the organization
- (B) Cost Auditor
- (C) Secretarial Auditor
- (D) None of the above

**21. Cost Audit Report is submitted to Board of Directors in Form No.**

- (A) CRA-1
- (B) CRA-2
- (C) CRA-3
- (D) CRA-4

**22. Cost Auditor is appointed by**

- (A) Audit Committee
- (B) Board of Directors
- (C) Board of Directors on recommendation from Audit Committee
- (D) None of the above

**23. Secretarial Audit is covered under Section \_\_\_\_\_ of Companies Act, 2013.**

- (A) Section 204
- (B) Section 148
- (C) Section 139
- (D) None of the above

**24. Secretarial Audit is applicable to the public sector company having the turnover of-**

- (A) 100 crores
- (B) 200 crores
- (C) 250 crores
- (D) 300 crores

**25. Form for Secretarial Audit Report is-**



- (A) MR-2
- (B) MR-3
- (C) MR-4
- (D) MR-5

**26. Secretarial Audit is applicable to the Public Company having the paid-up share capital of Rs. \_\_\_\_\_.**

- (A) 50 crores
- (B) 75 crores
- (C) 100 crores
- (D) 200 crores

**27. Dividend cannot be paid out of**

- (A) current year's profit after providing depreciation
  - (B) undistributed profits for any previous financial year or years after providing for depreciation
  - (C) profit on revaluation of any fixed assets
  - (D) money provided by the Central Government or a State Government
- 28. Proving the truth means vouching of**

- (A) Payment
- (B) Expenses
- (C) Assets
- (D) Liabilities

**29. Audit of debenture is covered under section**

- (A) 70
- (B) 71
- (C) 72
- (D) 73

**30. Declaration of dividend is covered under section \_\_\_\_\_ of the Companies Act, 2013.**

- (A) 122
- (B) 123
- (C) 124
- (D) 125

**31. An audit report is the \_\_\_\_\_ product of audit.**

- (A) Main
- (B) Final
- (C) Semi final
- (D) None of the above

**32. Audit is conducted to draw overall opinion on \_\_\_\_\_.**

- (A) Financial Statement
- (B) Cost Statement
- (C) Income Statement
- (D) None of the above.

**33. SA-700 stands for \_\_\_\_\_.**

- (A) Audit Planning
- (B) Joint Auditor
- (C) Forming an opinion and reporting on Financial Statement
- (D) None of the above

**34. An auditor should submit a Disclaimer of Opinion when**

- (A) he is satisfied with the truth and fairness of financial statements
- (B) he has certain reservations as to the presentation of truth and fairness in financial statements
- (C) some material information is not available
- (D) the effect of any disagreement with the management is not so material

**35. Objective of an Audit is to formulate an overall opinion on**

- (A) Cost Statement
- (B) Financial Statement
- (C) Books of Accounts
- (D) None of these

**36. While conducting audit of financial statement auditor need to comply with**

- (A) Cost Audit Standards
- (B) Secretarial standards
- (C) Auditing Standards
- (D) None of the above

**37. The assets protection is possible through**

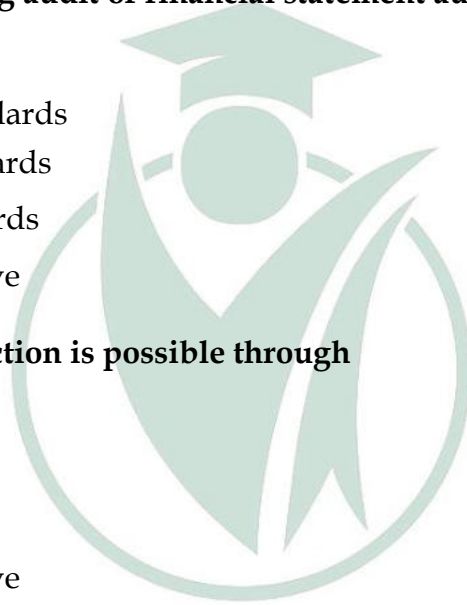
- (A) Internal Audit
- (B) Internal Control
- (C) Internal Check
- (D) None of the above

**38. Review of internal control system is very important for the auditor as the effectiveness of internal control system will determine the extent of checking to be done by the:**

- (A) Management
- (B) Auditor
- (C) Accountant
- (D) None of the above

**39. Which of the following is not an audit risk?**

- (A) Inherent Risk
- (B) Detection Risk
- (C) Control Risk
- (D) Omission Risk



**40. Permanent Audit File does not contain**

- (A) a record of study and evaluation of internal control system
- (B) significant audit observations of earlier years
- (C) copies of management letters
- (D) analysis of significant ratios and trends

**41. Audit Procedures to obtain audit evidences include**

- (A) Compliance Procedure
- (B) Substantive Procedure
- (C) Both (A) and (B)
- (D) Neither (A) nor (B)

**42. The \_\_\_\_\_ is also expected to provide the resources needed and select staff members to accompany the auditors.**

- (A) Auditor
- (B) Client
- (C) Internal auditor
- (D) Auditee

**43. Each of the three parties involved in an audit \_\_\_\_\_ plays a role that contributes to its success.**

- (A) the client, the auditor, and the auditee
- (B) the client, the auditor, and the internal auditor
- (C) the client, the moderator, and the auditee
- (D) the client, the auditor, and the cost auditor

**44. SA 230 stands for \_\_\_\_\_.**

- (A) Quality control for an audit of financial Statements
- (B) Agreeing the terms of Audit engagements
- (C) Audit Documentation
- (D) Responsibility of Joint Auditor

**45. Permanent Audit file contains \_\_\_\_\_.**

- (A) Copies of management letters
- (B) Audit Programme
- (C) Analysis of transaction and balances
- (D) Analysis of significant ratios and trends

**46. The purpose of internal audit is to protect the**

- (A) Assets
- (B) Audit staff
- (C) Accountant
- (D) Management

**47. Final Audit is known as \_\_\_\_\_.**

- (A) Tax Audit
- (B) Internal Audit
- (C) Annual Audit
- (D) All of the above

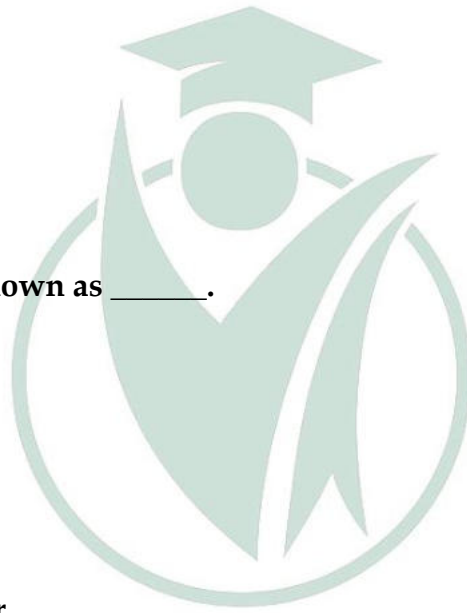
**48. SA 300 stands for \_\_\_\_\_.**

- (A) Responsibility of Joint Auditor
- (B) Overall planning of audit
- (C) Audit Planning
- (D) None of the above

**49. An auditor is required to retain the books of accounts for how long?**

- (A) 1 yrs
- (B) 5 yrs
- (C) 7 yrs
- (D) None of the above

**50. SA 530 stands for**



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- (A) Audit Documentation
- (B) Audit Sampling
- (C) Responsibility of Joint Auditor
- (D) Agreeing the terms of Audit Engagements

**51. Which of the following services cannot be rendered by an auditor as per Companies Act 2013?**

- (A) Vouching
- (B) Verification of assets and liabilities
- (C) Issuing certificates on relevant matters
- (D) Providing investment advisory services

**52. Various types of quality audits are;**

- (A) Product
- (B) Process
- (C) Management (system)
- (D) Registration (certification)
- (e) All of above

**53. When the auditor is an employee of the organization being audited (auditee), the audit is classified as a \_\_\_\_ Quality audit.**

- (A) Internal
- (B) External
- (C) Compliance
- (D) Both A & B

**54. The most comprehensive type of audit is the \_\_\_\_ system audit, which examines suitability and effectiveness of the system as a whole.**

- (A) Quantity
- (B) Quality
- (C) Preliminary
- (D) Sequential

**55. Audit is a fact-finding process that compares actual results with \_\_\_\_\_**

- (A) Specified standards and plans
- (B) Expected results
- (C) Premature results
- (D) Preliminary results

**56. CAAT stands for-**

- (A) Cornwall Air Ambulance Trust
- (B) Children Air Ambulance Trust
- (C) Center for alternatives to Animal Testing
- (D) Computer Assisted Auditing Technique

**57. Chartered Accountants have to retain the working papers for-**

- (A) 2 yrs
- (B) 3 yrs
- (C) 5 yrs
- (D) 7 yrs

**58. SA 210 stands for-**

- (A) Quality control for an audit of financial Statements
- (B) Agreeing the terms of Audit engagements.
- (C) Audit Documentation
- (D) Responsibility of Joint Auditor

**59. Current Audit file contains-**

- (A) AOA and MOA of the company
- (B) Analysis of significant ratios and trends
- (C) Notes regarding significant accounting policies
- (D) Audit programme

**60. The purpose of Internal audit is to detect the error in the;**

- (A) Accounting records
- (B) Employees records
- (C) Cash records
- (D) Bank records

**61. The purpose of internal audit is to determine liabilities of;**

- (A) Employer
- (B) Employees
- (C) Accountant
- (D) External auditor

**62. The function of internal audit is meant for-**

- (A) Dearth of Staff
- (B) Dearth of time
- (C) Dearth of time and funds
- (D) Dearth of funds

**63. Check list contains the instruction to be followed by the -**

- (A) Internal Auditor
- (B) External Auditor
- (C) Audit Assistants
- (D) Employee of the organization

**64. The \_\_\_\_\_ shall act as the secretary of the Audit Committee.**

- (A) Employee
- (B) Auditor
- (C) Company Secretary
- (D) Chairman



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**65. A nomination and remuneration committee should have \_\_\_\_\_ directors.**

- (A) 3
- (B) 2
- (C) 1
- (D) 4

**66. If the Debentures are issued as collateral security either to Banks or Creditors the Auditor needs to ensure that such issue is approved by**

- (A) Shareholders
- (B) Board of Directors
- (C) Debenture Trustee
- (D) Audit Committee

**67. As per SQC 1, Audit working papers should be retained for a period of**

- (A) 2 years
- (B) 5 years
- (C) 7 years
- (D) 10 years



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**68. Internal Auditor is appointed by**

- (A) Audit Committee
- (B) Shareholders in General Meeting
- (C) Extraordinary General Meeting
- (D) Board of Directors

**69. Internal Control Questionnaire contains the questions which need to be followed by the \_\_\_\_\_ .**

- (A) Employer of the organisation
- (B) Employee of the organisation

- (C) Auditor of the entity
- (D) Banker to the organisation

**70. Which of the following is not included in the Current Audit File?**

- (A) Memorandum and Articles of Association
- (B) Current year's audit programme
- (C) Internal Control Questionnaire
- (D) Copies of budget

**71. Which of the following is not external audit evidence?**

- (A) Quotations
- (B) Confirmation from debtors
- (C) Goods Received Note
- (D) Confirmation from bankers

**72. Audit documentation is covered by**

- (A) SA 220
- (B) SA 230
- (C) SA 520
- (D) SA 530

**73. Which of the following is not an example of internal audit evidence?**

- (A) Credit Note and Debit Note
- (B) Sales Invoices
- (G) Quotations
- (D) Goods Received Notes

**74. Form is used for the purpose of intimation of appointment of cost auditor by the company to the Central Govt.**

- (A) CRA-1
- (B) CRA-2
- (C) CRA-3
- (D) CRA-4

**75. No audit firm shall be appointed or reappointed as auditor for more than term(s) of consecutive years.**

- (A) one, four
- (B) two, four
- (C) one, five
- (D) two, five

**76. Which of the following is not a basic element of audit report as per SA 700 (Revised)?**

- (A) Auditor's opinion
- (B) Basis of opinion
- (C) Report of Accrual Assumption
- (D) Key audit matters

**77. Which of the following is not a part of rural self-governance system in India?**

- (A) Gram Panchayat
- (B) Gram Parishad
- (C) Panchayat Samiti
- (D) Zilla Parishad

**78. Casual vacancy in the office of a cost auditor is filled by**

- (A) Board of Directors
- (B) Shareholders
- (C) Government
- (D) Comptroller and Auditor General of India

**79. According to the Central Co-operatives Societies Act, percentage of the profits of a co-operative society should be transferred to a Reserve Fund before distribution of dividend or payment of bonus to its members.**

- (A) 20%
- (B) 25%
- (C) 30%
- (D) 35%

**80. Which of the following is an audit risk?**

- (A) Financial Risk
- (B) Operational Risk
- (C) Control Risk
- (D) Systematic Risk

**81. Internal Audit is mandatory for every unlisted public company having paid up share capital of during the preceding financial year.**

- (A) 100 crores
- (B) 50 crores
- (C) 500 crores
- (D) 200 crores

**82. Each qualified chartered accountant not in full time employment can be the auditor of at most companies.**

- (A) 10
- (B) 15
- (C) 20
- (D) 30

**83. Auditor's duty to report fraud to the Central Government is guided by of the Companies Act, 2013.**

- (A) Section 139(1)
- (B) Section 141(3)
- (C) Section 143(12)

(D) Section 148(1)

**84. The audit report where an Auditor gives an opinion on the truth and fairness of financial statements, subject to certain reservations, is known as**

(A) Unqualified Audit Report

(B) Qualified Audit Report

(C) Adverse Audit Report

(D) Disclaimer of Opinion

**85. Which of the following statements is true?**

(A) Internal check is an independent appraisal.

(B) Internal check is an allocation of duties among the staff in such a way that it eliminates the chances of any duplicity of work.

(C) Internal check is an alternative to internal audit.

(D) Internal check is a reactive process.

**86. Which of the following is not a basic principle of governing an audit as per SA 200?**

(A) Integrity

(B) Confidentiality

(C) Subjectivity

(D) Audit evidence

**87. Audit working paper is the property of the**

(A) Auditor

(B) Government

(C) Client

(D) Registrar of Companies

**88. Which of the following is a part of functional classification of audit?**

(A) Continuous audit

(B) Internal audit

- (C) Cost audit
- (D) Tax audit

**89. Which of following is not a source of dividend?**

- (A) Out of current year's profit after providing for past losses
- (B) Out of profits of any previous financial year without providing depreciation
- (C) Out of profits for current year after providing for depreciation for current year
- (D) Out of past reserves subject to certain conditions

**90. Which of the following services by an auditor is not restricted under Section 144 of the Companies Act 2013?**

- (A) Actuarial services
- (B) Rendering outsourced financial services
- (C) Investment Advisory Services
- (D) Issuing Deposit Return Certificate

**91. Minimum penalty payable by a company for contravention of any provisions of Section 139 to 146 (both inclusive) of Companies Act 2013 is**

- (A) Rs.25000
- (B) Rs.100000
- (C) Rs.30000
- (D) Rs.15000

**92. Test checking requires application of \_\_\_\_\_.**

- (A) Mathematical theory
- (B) sampling theory
- (C) Geometry theory
- (D) Stakeholder's theory

**93. Which of the following is not a content of audit report as per CARO \_\_\_\_\_.**

- (A) Inventory
- (B) Acceptance of Deposit
- (C) Recruitment of employees
- (D) Repayment of loan

**94. Member of the Institute of Company Secretaries of India are eligible to conduct Secretarial Audit if he/she is having a valid \_\_\_\_\_.**

- (A) Membership No.
- (B) PAN No.
- (C) Certificate of Practice
- (D) None of the above

**95. Cooling period of an individual auditor is**

- (A) One term of 5 years
- (B) Two consecutive terms of 5 years each
- (C) One term of 4 years
- (D) Two consecutive terms of 4 years each

**96. Preventive Control is a type of**

- (A) Internal Control
- (B) Detective Control
- (C) Verification
- (D) None of the above

**97. An effective internal control system consists of which of the following steps?**

- (A) Control Environment
- (B) Assessment of Risk
- (C) Control Activities

(D) All of the above

**98. Which of the following is / are method to obtain Audit Evidence**

(A) Observation

(B) Computation

(C) Analytical Review

(D) All of the above

**99. Which of the following is/are step (s) of environmental audit?**

(A) Selection and scheduling of facility to audit.

(B) Assessment of Internal control

(C) production of draft report

(D) All of the above

**100. Which of the following contains Transaction Audit?**

(A) Expenditure Audit & Receipts Audit

(B) Expenditure Audit & Income Audit

(C) Payments Audit & Receipts Audit

(D) None of the above

**101. Which of the following is not an essential feature of auditing?**

(A) It involves evaluation & verification of the relevance, reliability and adequacy of evidence in support of verifiable information such as vouchers, documents, explanations.

(B) It is analytical, critical and investigative review of systems of Accounting & Internal Controls.

(C) The information audited are nonfinancial in nature.

(D) There should be standards or criteria for evaluation of the information in a systematic & scientific manner.

**102. The word "Auditing" has been derived from Latin word "audiere" which means\_\_\_\_\_.**

(A) To Hear

(B) To verify

- (C) To Examine
- (D) To Identify

**103. Management is interested in the Financial Statements for \_\_\_\_\_.**

- (A) For day-to-day decision-making
- (B) For Collection of Taxes
- (C) For research purpose
- (D) None of the above

**104. Government is interested in the Financial Statements for \_\_\_\_\_.**

- (A) For day-to-day decision-making
- (B) For Collection of Taxes
- (C) For research purpose
- (D) None of the above

**105. Verification of the value of assets, liabilities, and the balance of reserves, provision and the amount of profit earned or loss suffered by an entity is called as \_\_\_\_\_.**

- (A) Continuous audit
- (B) Balance sheet audit
- (C) Interim audit
- (D) Partial audit

**106. Audit in depth synonymous for \_\_\_\_\_**

- (A) Examination in Depth
- (B) Completed audit
- (C) Final audit
- (D) Internal audit

**107. Test Checking reduces the \_\_\_\_\_.**

- (A) Power of an auditor

- (B) Expenses of auditor
- (C) Work of an auditor

(D) Liability of an auditor

**108. A flow chart, made by the auditor, of an entity's internal control system is a graphic representation that depicts the auditor's \_\_\_\_\_.**

- (A) Understanding of the system
- (B) Understanding of fraud risk factors
- (C) Documentation of assessment of control risk
- (D) Both 1 and 3

**109. Internal auditor is appointed by \_\_\_\_\_.**

- (A) The Management
- (B) The Shareholders
- (C) The Government
- (D) The Statutory Body

**110. The work of one clerk is automatically check by another clerk is called \_\_\_\_\_.**

- (A) Internal control
- (B) Internal check
- (C) Internal audit
- (D) None of the above

**111. An internal control includes \_\_\_\_\_.**

- (A) Internal Audit
- (B) Internal Check
- (C) Both 1 and 2
- (D) None of the above

**112. The most important objective of internal audit is \_\_\_\_\_.**

- (A) Early detection of errors and fraud
- (B) Facilitating final audit
- (C) Early finalization of annual account
- (D) Ensuring systematic accounting

**113. Internal check is meant for \_\_\_\_\_.**

- (A) Prevention of frauds
- (B) Detection of frauds
- (C) Helping audit is depth
- (D) Detection of errors

**114. Cut-off testing is performed during audit of sales to address the following assertion\_\_\_\_\_.**

- (A) Occurrence
- (B) Measurement
- (C) Cut-off
- (D) All of these

**115. Which of the following is/are advantage/s of audit?**

- (A) Audit is a tool, which different stakeholders can use to protect their interests in the enterprise
- (B) Audit is not only a corrective measure but has a deterrent effect. It serves as a moral check on the employees from committing defalcations or embezzlements
- (C) The employees of the organisation remain alert and vigilant as regards the updating of books of accounts and other records
- (D) All of these

**116. \_\_\_\_\_ involves examination of legalities by blending the techniques of propriety audit, regularity, investigative and financial audits.**

- (A) Forensic audit

- (B) Tax audit
- (C) Cost audit
- (D) Human Resource Audit

**117. Audit Documentation is related to**

- (A) SA 300
- (B) SA 230
- (C) SA 250
- (D) SA 310

**118. \_\_\_\_\_ is a detailed plan of the auditing work to be performed, specifying the procedures to be followed in verification of each item and the financial statements and the estimated time require(D)**

- (A) Audit programme
- (B) Flow-chart
- (C) Audit Documentation
- (D) Audit Working Papers

**119. \_\_\_\_\_ refers to the possibility of material misstatement due to complex transactions or even due to organised frau(D)**

- (A) Control Risk
- (B) Inherent Risk
- (C) Detection Risk
- (D) None of these

**120. Benefits of Audit Sampling are \_\_\_\_\_.**

- (A) It reduces the workload of the auditor
- (B) It saves time and cost
- (C) It gives dependable result as it is based on statistical sampling methods
- (D) All of these

**121. The main role of \_\_\_\_\_ is the following:**

- (A) Recommending Auditing Standards,

**(B) Monitoring and Enforcing Compliance with Auditing Standards and (C) Power to Investigate**

- (A) NFRA
- (B) NACAS
- (C) IFC
- (D) None of these

**122. NFRA consists which of the following?**

- (A) Accounting Standards Committee
- (B) Auditing Standards Committee
- (C) Enforcement Committee
- (D) All of these

**123. The term '\_\_\_\_\_ ' means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.**

- (A) Enforcement Committee
- (B) Internal Financial Controls
- (C) National Advisory Committee on Accounting Standards
- (D) National Financial Reporting Authority

**124. Which of the following is not a duty of duties of the NFRA?**

- (A) Recommend accounting and auditing policies and standards to be adopted by companies for approval by the Central Government.
- (B) Monitor and enforce compliance with Income Tax Act and auditing standards.
- (C) Perform such other functions and duties as may be necessary or incidental to the aforesaid functions and duties.
- (D) Oversee the quality of service of the professions associated with ensuring compliance with such standards and suggest measures for improvement in the quality of service.

**125. An auditor expresses \_\_\_\_\_ opinion on financial statements when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, either individually or in aggregate, are both material and pervasive to the financial statements.**

- (A) Qualified
- (B) Disclaimer
- (C) Adverse
- (D) None of these

**126. Some situations when an auditor should express a qualified opinion is/are \_\_\_\_\_.**

- (A) non-adherence to AS2 with regard to inventory valuation at the lower of cost and net realisable value.
- (B) Auditor being prevented by the management from observing the counting of physical inventory where such action is material to the financial statements.
- (C) Both 1 and 2
- (D) non-receipt of branch audit reports from a significant number of branches.

**127. An audit report with an unmodified opinion is also known as ' \_\_\_\_\_ ' or 'Unqualified Report'**

- (A) Clean Report
- (B) Clear Report
- (C) Neet Report
- (D) Honest Report

**128. Basic Elements of Audit Report as per Standards on Auditing are \_\_\_\_\_.**

- (A) Key Audit Matters
- (B) Auditor's Opinion
- (C) Basis for Opinion
- (D) All of these

**129. As per Rule 11 of Companies (Audit and Auditors) Rules 2014, the auditor's report shall also include his views and comments on which of the following matters?**

- (A) whether the company has disclosed the impact, if any, of pending litigations on its financial position in its financial statement;
- (B) whether the company has made provision, as required under any law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;
- (C) whether there has been any delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.
- (D) All of these

**130. Essential Characteristics of a Good Audit Report are \_\_\_\_\_.**

- (A) Simplicity, Clarity, Brevity, Firmness, Objectivity, Disclosure, Impartiality, Information based and Timeliness
- (B) Simplicity, Clarity, Brevity, Firmness, Objectivity, Disclosure, Impartiality, Information-based and Popularity
- (C) Simplicity, Clarity, Brevity, Firmness, Objectivity, Disclosure, Impartiality, Information based and ambiguity
- (D) None of these

**131. Auditor shall verify whether the unpaid dividend has been transferred to the Unpaid Dividend Account within \_\_\_\_\_ days from the expiry of \_\_\_\_\_ days allowed for declaration and payment of dividend (D)**

- (A) 7,20
- b.7,30
- c.15,20
- (D) 15,15

**132. If debentures are redeemable, it cannot be redeemed in which of the following ways?**

- (A) By way of payment as donation
- (B) By payment whenever the company desires to do so

- (C) By way of personal drawing
- (D) By way of payment as shares without consideration

**133. The audit procedure to be applied in this context of Splitting of Shares are \_\_\_\_\_**

- (A) The auditor shall confirm that alteration was authorised by articles
- (B) He should verify the minutes of the Board meeting and ordinary resolution passed in the general meeting in which the approval of members is obtained
- (C) He should verify that alteration had been effected in copies of Memorandum, Articles, etc
- (D) All of these

**134. Audit Report contains \_\_\_\_\_.**

- (A) Details of Facts
- (B) Details of Frauds
- (C) Expression of Opinion
- (D) Expression of Suggestions

**135. Audit Certificate contains \_\_\_\_\_.**

- (A) Details of Facts
- (B) Details of Frauds
- (C) Expression of Opinion
- (D) Expression of Suggestions

**136. An auditor expresses \_\_\_\_\_ opinion on financial statements when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, either individually or in aggregate, are both material and pervasive to the financial statements.**

- (A) Qualified
- (B) Adverse
- (C) Modified
- (D) Disclaimer

**137. Any casual vacancy in a govt. company is filled by the CAG of India within days.**

- (A) 15
- (B) 30
- (C) 45
- (D) 60

**138. A cost auditor submits his report along with reservations and observations in Form No. \_\_\_\_\_**

- (A) CRA 1
- (B) CRA 2
- (C) CRA 3
- (D) CRA 4

**139. An auditor shall submit a unmodified report when \_\_\_\_\_.**

- (A) The financial statements exhibit true and fair view
- (B) The financial statements are partially correct
- (C) The financial statements are incomplete
- (D) The financial statements are unavailable

**140. Which of the following is not a content of audit report as per CARO?**

- (A) Inventory
- (B) Acceptance of deposit
- (C) Recruitment of employees
- (D) Repayment of loan

**141. Which of the following are the essential characteristics of a good audit report?**

- (A) Simplicity
- (B) Clarity
- (C) Objectivity

(D) All of these

**142. Auditor of a company appointed u/s \_\_\_\_\_ shall not act as the cost auditor of the company.**

(A) 139

(B) 148

(C) 204

(D) 141

**143. As per Section 139(9), a retiring auditor may be re-appointed at an annual general meeting, if:**

(A) he is not disqualified for re-appointment

(B) he has not given the company a notice in writing of his unwillingness to be re-appointed

(C) a special resolution has not been passed at that meeting appointing some other auditor or providing expressly that he shall not be re-appointed

(D) All of these

**144. The first auditor of a company, other than a Government company, shall be appointed by the \_\_\_\_\_ within thirty days from the date of registration of the company.**

(A) Shareholders

(B) Board of Directors

(C) Government

(D) Employees

**145. The company shall inform the auditor concerned of his or its appointment, and also file a notice of such appointment with the Registrar within fifteen days of the meeting in which the auditor is appointed in Form \_\_\_\_\_.**

(A) ADT 1

(B) ADT 2

(C) ADT 3

(D) ADT 4

**146. No individual shall be appointed or reappointed as auditor for more than one term of \_\_\_\_\_ consecutive years**

(A) 4

(B) 5

(C) 6

(D) 3

**147. Section \_\_\_\_\_ of Companies Act, 2013 contains the statutory provisions in relation to remuneration of auditors**

(A) 139

(B) 148

(C) 142

(D) 141

**148. \_\_\_\_\_ refers to the process of conducting the audit of a single organisation by more than one auditor.**

(A) Joint audit

(B) Cost audit

(C) Internal audit

(D) Continuous audit

**149. The amendments that gave the local self-governance in India the constitutional protection are and \_\_\_\_\_.**

(A) 53 and 54

(B) 63 and 64

(C) 73 and 74

(D) 83 and 84

**150. The major objective of audit of Municipalities and Panchayats are \_\_\_\_\_.**

- (A) To ensure on the fairness and correctness of contents in the Financial Statement
- (B) To report on adequacy of Internal control
- (C) To ensure value of money is fully received on amount spent.
- (D) All of these

**151. Which of the following records are not maintained by a cooperative - societies as accounting records?**

- (A) Cash book
- (B) Memorandum of Association
- (C) Register of assets and investments
- (D) Register of sureties

**152. Which of the following is not falling under the broad category of Banks?**

- (A) Commercial Banks
- (B) Regional Rural Banks
- (C) Co-operative Banks
- (D) None of these

**153. The auditor of a nationalised bank is primarily required to comment on which the following aspects in its report to the Central Government?**

- (A) whether the financial statements present a true and fair view of the affairs of the bank and whether all necessary explanation and information has been made available to him
- (B) whether or not the monetary supports received from the offices and branches of the bank have been found adequate for the purpose of his audit
- (C) whether or not the transactions of the bank, which have come to his notice, have been within the powers of that bank
- (D) Both 1 and 3

**154. In relation to advances made by bank an auditor needs to review which of the followings?**

- (A) Scrutinise the subsidiary, ledger, & control accounts

- (B) Scrutinise the overdue account and scheme for recovery of such amount.
- (C) Ensure the proper documentation of account.
- (D) All of these

**155. Hospitality sector covers a wide range of organisations which can broadly be divided into \_\_\_\_ categories**

- (A) 4
- (B) 3
- (C) 2
- (D) 1

**156. Steps common for the category of Restaurants in relation to Hospitality Sector is/are \_\_\_\_\_.**

- (A) Vouch revenue out of commissions from various companies and tour partners.
- (B) Verify the total revenue recognised based on the daily and monthly sales report.
- (C) Check that the revenue has been realised in cash based on bank statements. Check whether arrears written off, if any, has been duly approved by the person responsible.
- (D) Both 2 and 3

**158. Steps of audit common for all organisations are \_\_\_\_\_.**

- (A) Understand the ownership structure of the organisation
- (B) Evaluate the internal control system and determine the nature, timing and the extent of the audit procedures
- (C) Check that the organisation has a valid licence from an appropriate authority to run the business
- (D) All of these

**ANSWERS OF ALL MCQ**

Q.1	(A) 30 days from the date of registration
Q.2	(C) CAG
Q.3	(A) 1 term of 5 years
Q.4	(A) Board of Directors
Q.5	(B) 3
Q.6	(C) seven
Q.7	(D) CAG
Q.8	(A) General Meeting
Q.9	(C) BOD
Q.10	(B) Next 5 Years
Q.11	(C) Auditor to attend general meeting
Q.12	(A) Section 142
Q.13	(c) 1 crore or above
Q.14	(b). 144
Q.15	(B) 30 days
Q.16	(A) ADT-1
Q.17	(A) Board of Directors
Q.18	(A) CRA-1
Q.19	(B) Cost Auditor
Q.20	(C) Secretarial Auditor
Q.21	(C) CRA-3
Q.22	(C) Board of Directors on recommendation from Audit Committee

Q.23	(A) Section 204
Q.24	(C) 250 crores
Q.25	(B) MR-3
Q.26	(A) 50 crores
Q.27	(C) profit on revaluation of any fixed assets
Q.28	(B) Expenses
Q.29	(B) 71
Q.30	(B) 123
Q.31	(B) Final
Q.32	(A) Financial Statement
Q.33	(C) Forming an opinion and reporting on Financial Statement
Q.34	(C) some material information is not available
Q.35	(B) Financial Statement
Q.36	(C) Auditing Standards
Q.37	(A) Internal Audit
Q.38	(B) Auditor
Q.39	(D) Omission Risk
Q.40	(C) copies of management letters

Q.41	(C) Both (A) and (B)
Q.42	(D) Auditee
Q.43	(A) the client, the auditor, and the auditee

Q.44	(C) Audit Documentation
Q.45	(D) Analysis of significant ratios and trends
Q.46	(A) Assets
Q.47	(C) Annual Audit
Q.48	(C) Audit Planning
Q.49	(C) 7 yrs
Q.50	(B) Audit Sampling
Q.51	(D) Providing investment advisory services
Q.52	(e) All of above
Q.53	(A) Internal
Q.54	(B) Quality
Q.55	(A) Specified standards and plans
Q.56	(D) Computer Assisted Auditing Technique
Q.57	(D) 7 yrs
Q.58	(B) Agreeing the terms of Audit engagements
Q.59	(D) Audit programme
Q.60	(A) Accounting records
Q.61	(B) Employees
Q.62	(A) Dearth of Staff
Q.63	(C) Audit Assistants
Q.64	(C) Company Secretary
Q.65	(A) 3

Q.66	(B) Board of Directors
Q.67	(C) 7 years
Q.68	(D) Board of Directors
Q.69	(B) Employee of the organisation
Q.70	(A) Memorandum and Articles of Association
Q.71	(C) Goods Received Note
Q.72	(B) SA 230
Q.73	(G) Quotations
Q.74	(B) CRA-2
Q.75	(D) two, five
Q.76	(C) Report of Accrual Assumption
Q.77	(B) Gram Parishad
Q.78	(A) Board of Directors
Q.79	(B) 25%
Q.80	(C) Control Risk

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Q.81	(B) 50 crores
Q.82	(C) 20
Q.83	(C) Section 143(12)
Q.84	(B) Qualified Audit Report
Q.85	(A) Internal check is an independent appraisal
Q.86	(C) Subjectivity

Q.87	(A) Auditor
Q.88	(B) Internal audit
Q.89	(B) Out of profits of any previous financial year without providing depreciation
Q.90	(D) Issuing Deposit Return Certificate
Q.91	(A) Rs.25000
Q.92	(B) sampling theory
Q.93	(C) Recruitment of employees
Q.94	(C) Certificate of Practice
Q.95	(A) One term of 5 years
Q.96	(A) Internal Control
Q.97	(D) All of the above
Q.98	(D) All of the above
Q.99	(D) All of the above
Q.100	(A) Expenditure Audit & Receipts Audit
Q.101	(C) The information audited are nonfinancial in nature.
Q.102	(A) To Hear
Q.103	(A) For day-to-day decision-making
Q.104	(B) For Collection of Taxes
Q.105	(B) Balance sheet audit
Q.106	(A) Examination in Depth
Q.107	(C) Work of an auditor
Q.108	(A) Understanding of the system

Q.109	(A) The Management
Q.110	(B) Internal check
Q.111	(C) Both 1 and 2
Q.112	(A) Early detection of errors and fraud
Q.113	(A) Prevention of frauds
Q.114	(C) Cut-off
Q.115	(D) All of these
Q.116	(A) Forensic audit
Q.117	(B) SA 230
Q.118	(A) Audit programme
Q.119	(B) Inherent Risk
Q.120	(D) All of these

Q.121	(A) NFRA
Q.122	(D) All of these
Q.123	(B) Internal Financial Controls
Q.124	(B) Monitor and enforce compliance with Income Tax Act and auditing standards.
Q.125	(C) Adverse
Q.126	(C) Both 1 and 2
Q.127	(A) Clean Report
Q.128	(D) All of these

Q.129	(D) All of these
Q.130	(A) Simplicity, Clarity, Brevity, Firmness, Objectivity, Disclosure, Impartiality, Information based and Timeliness
Q.131	(B) 7,30
Q.132	(A) By way of payment as donation
Q.133	(D) All of these
Q.134	(C) Expression of Opinion
Q.135	(A) Details of Facts
Q.136	(B) Adverse
Q.137	(B) 30
Q.138	(C) CRA 3
Q.139	(A) The financial statements exhibit true and fair view
Q.140	(C) Recruitment of employees
Q.141	(D) All of these
Q.142	(A) 139
Q.143	(D) All of these
Q.144	(B) Board of Directors
Q.145	(A) ADT 1
Q.146	(B) 5
Q.147	(C) 142
Q.148	(A) Joint audit
Q.149	(C) 73 and 74
Q.150	(D) All of these

Q.151	(B) Memorandum of Association
Q.152	(D) None of these
Q.153	(D) Both 1 and 3
Q.154	(D) All of these
Q.155	(A) 4
Q.156	(D) Both 2 and 3
Q.158	(D) All of these



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