

Roll No. \_\_\_\_\_

Question Booklet Number

O. M. R. Serial No.

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|

## B. B. A. (Sixth Semester) EXAMINATION, 2022-23

### AUDITING

| Paper Code |   |   |   |   |   |   |
|------------|---|---|---|---|---|---|
| B          | B | A | 6 | 0 | 5 | N |

Questions Booklet  
Series

C

Time : 1:30 Hours]

[ Maximum Marks : 75

#### Instructions to the Examinee :

#### परीक्षार्थियों के लिए निर्देश :

- Do not open the booklet unless you are asked to do so.
  - The booklet contains 100 questions. Examinee is required to answer 75 questions in the OMR Answer-Sheet provided and not in the question booklet. All questions carry equal marks.
  - Examine the Booklet and the OMR Answer-Sheet very carefully before you proceed. Faulty question booklet due to missing or duplicate pages/questions or having any other discrepancy should be got immediately replaced.
- प्रश्न-पुस्तिका को तब तक न खोलें जब तक आपसे कहा न जाए।
  - प्रश्न-पुस्तिका में 100 प्रश्न हैं। परीक्षार्थी को 75 प्रश्नों को केवल दी गई OMR आन्सर-शीट पर ही हल करना है, प्रश्न-पुस्तिका पर नहीं। सभी प्रश्नों के अंक समान हैं।
  - प्रश्नों के उत्तर अंकित करने से पूर्व प्रश्न-पुस्तिका तथा OMR आन्सर-शीट को सावधानीपूर्वक देख लें। दोषपूर्ण प्रश्न-पुस्तिका जिसमें कुछ भाग छपने से छूट गए हों या प्रश्न एक से अधिक बार छप गए हों या उसमें किसी अन्य प्रकार की कमी हो, तो उसे तुरन्त बदल लें।

(Remaining instructions on the last page)

(शेष निर्देश अन्तिम पृष्ठ पर)

1. Misstatements may result from .....  
 (A) An inaccuracy in gathering or processing data from which financial statements are prepared  
 (B) An omission of an amount or disclosure  
 (C) An incorrect accounting estimates  
 (D) All of the above
2. Misstatements can arise from .....  
 (A) Error  
 (B) Fraud  
 (C) Both (A) and (B)  
 (D) None of the above
3. The auditor's report shall be attached to .....  
 (A) Annual report  
 (B) Board report  
 (C) Cost audit report, if any  
 (D) Every financial statement
4. Special resolution means .....  
 (A) 1/3 majority  
 (B) 2/3 majority  
 (C) 1/2 majority  
 (D) 1/4 majority
5. Auditor is an ..... of a shareholder.  
 (A) Owner  
 (B) Agent  
 (C) Employer  
 (D) None of the above
6. The meeting held by the company within a period of not less than one month and not more than 6 months is called .....  
 (A) Statutory  
 (B) Annual  
 (C) General  
 (D) None of the above
7. Charging excessive provision for depreciation results in :  
 (A) Less profit  
 (B) More profit  
 (C) No change in profit  
 (D) No change in loss
8. Bonus shares are issued to .....  
 (A) New members  
 (B) Existing share holders  
 (C) Employees  
 (D) Creditors

9. Amount of share premium may be utilized for :
- Payment of dividend
  - Writing of preliminary expenses
  - Routine expense
  - Purchasing of assets
10. Interest on calls paid in advance according to table A, should not exceed :
- 6%
  - 5%
  - 10%
  - 12%
11. While checking the allotment of shares, the auditor should see that it is made within :
- 100 days of issue of prospectus
  - 120 days of issue of prospectus
  - 150 days of issue of prospectus
  - 180 days of issue of prospectus
12. Share Premium Account is shown on the .....
- Asset side of Balance sheet
  - Liability side of Balance sheet
  - Credit side of profit and loss Account
  - Footnote of balance sheet
13. The scope of auditing does not cover :
- Vouching
  - Checking arithmetical accuracy
  - Ledger posting
  - None of the above
14. Internal audit is conducted :
- Periodicality
  - Throughout the year
  - Once in a year
  - All of the above
15. Which among the following is an example of intangible asset ?
- Goodwill
  - Patents
  - All of the above
  - None of the above
16. Investigation is required when :
- Fraud is suspected in business
  - On acquisition of running business
  - All of the above
  - Either (A) or (B)

17. Preliminary expenses not written off are treated as :
- Fixed assets
  - Intangible assets
  - Fictitious assets
  - None of the above
18. Balance remaining in the forfeited Account after reissue is transferred to ..... account.
- General reserve
  - Capital reserve
  - Premium account
  - None of the above
19. .... assets are those which may or may not materialise as assets in the future.
- Tangible assets
  - Intangible assets
  - Contingent assets
  - None of the above
20. Copyright should be revalued at the date of the .....
- Balance sheet
  - Audit report
  - Internal check
  - None of the above
21. .... assets are those assets which have no value but represent only expenditure or loss.
- Wasting assets
  - Fictitious assets
  - Intangible assets
  - Circulating assets
22. Vouching is done .....
- End of the year
  - Throughout the year
  - Beginning of the year
  - None of the above
23. The auditing standards consist of .....
- Basic postulates
  - General standards
  - Field standards
  - All of the above
24. .... is a method of obtaining audit evidence.
- Observation
  - Inspection
  - Computation
  - All of the above

25. The time spent by each worker should be correctly recorded in the .....
- Attendance card
  - Time record book
  - Time recording clock
  - None of the above
26. An invitation to the public to subscribe the shares of the company is called .....
- Memorandum of association
  - Articles of association
  - Prospectus
  - Certificate of incorporation
27. The term ..... implies an examination of accounts and rewards for some special purpose.
- Investigation
  - Internal check
  - Audit programme
  - None of the above
28. Essentials of good audit report includes .....
- Simplicity
  - Clarity
  - Firmness
  - All of the above
29. .... are the assets which may arise on the happening of an uncertain event.
- Fixed assets
  - Intangible assets
  - Contingent assets
  - Wasting assets
30. The auditor has a right to .....
- Take legal and technical advice
  - Sign the audit report
  - Receive remuneration
  - All of the above
31. Compensating errors are also known as .....
- Offsetting error
  - Error of commission
  - Error of duplication
  - Error of principle

32. The term inventories stands for :
- Raw materials
  - Work in progress
  - All of these
  - None of the above
33. Test checking means :
- Checking of all transactions
  - Checking of half of the transactions
  - Checking of selected items
  - None of the above
34. Audit working papers are .....
- Important information about audit
  - Appointment letters regarding audit
  - Letter of notice
  - None of the above
35. Treating revenue expenditure as capital expenditure is an example of error of .....
- Principle
  - Compensating
  - Clerical
  - None of the above
36. Financial statements are prepared by :
- The accountant
  - The auditor
  - Managing director
  - None of the above
37. Preliminary expenses not written off are treated as :
- Fixed assets
  - Intangible assets
  - Fictitious assets
  - None of the above
38. To forfeit shares ..... days notice to the share holder's given.
- 40
  - 14
  - 24
  - 30
39. .... is made out of reserves or share premium.
- Preference shares
  - Bonus shares
  - Debentures
  - None of the above

40. Capitalization of reserves means .....
- Creation of provision
  - Declaration of dividend
  - Issue of bonus shares
  - None of the above
41. Share call amount due is credited to ..... account.
- Share application account
  - Share allotment account
  - Share capital account
  - Security premium account
42. .... of the companies Act 1956 prescribes the duty of preparing a report by an auditor.
- Sec-227(2)
  - Sec-273(1)
  - Sec-224(2)
  - Sec- 226 (1)
43. .... is deducted from called up capital to get paid up capital.
- Subscribed capital
  - Issued capital
  - Calls in arrears
  - None of the above
44. Discount on issue of shares is shown under the ..... lead.
- Current asset
  - Preliminary expenses
  - Miscellaneous expenses
  - None of the above
45. Internal audit is considered as a service to .....
- Share holders
  - Board of directories
  - Management
  - None of the above
46. The owners of the company are called :
- Debenture holders
  - Debtors
  - Shareholders
  - None of the above
47. A vacancy caused by resignation of an auditor is filled by :
- Board of directors
  - Managing director
  - General meeting
  - Central government

48. Auditing refers to :
- Preparation and checking of account
  - Examination of accounts of business units only
  - Examination of accounts of professional accountants
  - Checking of vouchers
49. Auditing is compulsory for :
- Small scale business enterprises
  - All partnership firms
  - All joint stock companies
  - All proprietary concerns
50. Main object of auditing is :
- Detection of errors
  - To find out whether P&L a/c and B/S show true and fair state affairs
  - Detection of frauds
  - Detection and prevention of frauds and errors.
51. Interim audit refers to :
- Examination of accounts continuously
  - Examination of accounts intermittently
  - Audit work to find out and check interim profits of a company
  - Carrying on audit for bonus purposes at the end of the year
52. A continuous audit is specially needed for :
- Any trading concern
  - Smaller concerns
  - Banking companies
  - Any manufacturing companies
53. Management audit means :
- Audit undertaken on behalf of the management
  - Evaluating performance of various management processes and functions
  - Audit undertaken on behalf of Govt. to punish management
  - Compulsory audit
54. Which of the following is not a kind of audit ?
- Statutory and private
  - Government and continuous audit
  - Interim audit
  - None of these
55. Voucher relates to .....
- Cash receipt
  - Cash payment
  - Credit transactions
  - All of the above

56. Auditing begins where ..... ends.
- Selling
  - Inventory valuation
  - Accounting
  - Purchases
57. Which of the following persons is qualified to be a company auditor?
- An employee of the company
  - A body corporate
  - A person who is indebted to the company for an amount exceeding ₹ 1,000
  - A practicing-chartered accountant
58. A company auditor can be removed before expiry of his term by :
- Shareholders
  - Board of Directors
  - Central Government
  - State Government
59. Auditor should see that amount received for premium on issue of shares should be shown in .....
- Subscribed capital
  - Capital Reserve Account
  - Share Premium account
  - Paid-up capital account
60. Sec.143 of Companies Act 2013 deals with .....
- Powers and rights of an auditor
  - Removal of an auditor
  - Appointment of an auditor
  - Remuneration of an auditor
61. Internal auditor is appointed by .....
- Management
  - Shareholders
  - Government
  - Statutory body
62. .... is the specific guidelines and directions for efficient and effective completion of the audit work on timely and daily basis, so as to minimise audit risk.
- Audit planning
  - Audit report
  - Audit programme
  - Audit certificate

63. Civil liability of an auditor implies liability for :
- Misappropriation of cash
  - Misappropriation of goods
  - Fraud
  - Misfeasance
64. The audit that is made compulsory under statute is called .....
- Statutory audit
  - Partial audit
  - Complete audit
  - Continuous audit
65. When a transaction has not been recorded in the books of account either wholly or partially such errors are called .....
- Error of commission
  - Error of omission
  - Compensating error
  - None of the above
66. Duties of an auditor is .....
- Statutory duties imposed by the Companies Act
  - Duties imposed by legal or court decisions
  - Duties arising out of professional etiquette
  - All of the above
67. Internal auditor of a company must be .....
- Cost accountant
  - Chartered accountant
  - ICWA
  - Need not possess any professional qualification
68. Objectives of internal audit includes .....
- Proper control
  - Perfect accounting system
  - Asset protection
  - All of the above
69. .... is the examination of all documentary evidence which are available to support the authenticity of transactions entered in the client's records.
- Accounting
  - Vouching
  - Internal check
  - None of the above

70. Sec.140 of the Companies Act 2013 deals with .....
- (A) Removal of an auditor  
(B) Appointment of an auditor  
(C) Remuneration of an auditor  
(D) None of the above
71. Effective internal check system reduces :
- (A) The liability of auditor  
(B) Work of auditor  
(C) Responsibilities of an auditor  
(D) None of the above
72. Misappropriation of goods may be checked by :
- (A) Proper supervision over stock  
(B) Checking of employees  
(C) Punishment of employees  
(D) None of the above
73. Auditor has no lien on :
- (A) Audit note book  
(B) Audit working papers  
(C) Books of accounts of clients  
(D) All of the above
74. Accounting standards are prepared by :
- (A) SEBI  
(B) RBI  
(C) ASB  
(D) ITA
75. Bonus shares are issued to .....
- (A) New members  
(B) Existing shareholders  
(C) Employees  
(D) None of the above
76. Window dressing implies :
- (A) Checking wastages  
(B) Under valuation of assets  
(C) Over valuation of assets  
(D) None of the above
77. Internal check is suitable for .....
- (A) Larger concerns  
(B) Smaller concerns  
(C) Petty-shop keepers  
(D) None of the above

78. The term "Audit" originated from the Latin word :
- Audire
  - Adhere
  - Adhere
  - None of the above
79. Investment should be vouched with the help of :
- Commission book
  - Brokers book
  - Sales deeds
  - Minute book
80. Purchases returns should be vouched with the help of :
- Bought Notes
  - Credit Notes
  - Goods inward Book
  - Cash Book
81. Verification refers to :
- Examination of journal and ledger
  - Examination of vouchers related to assets
  - Examining the physical existence and valuation of assets
  - Calculation of value of assets
82. Which of the following statements is correct ?
- Valuation is a part of verification
  - Verification is a part of valuation
  - Valuation has nothing to do with verification
  - Auditor is a valuer
83. Stock should be valued at :
- Cost
  - Market price
  - Cost price or market price whichever is lower
  - Cost less depreciation
84. Valuation of Fixed Assets is based on the concept :
- Going concern
  - Conservation
  - Money measurement
  - Dual aspect
85. "Auditor is not valuer" was stated in :
- Kingston Cotton Mills case
  - London & General Bank case
  - Lee . V. Neuchatel Co. Ltd case
  - London Oil Storage Co. case

86. Floating assets are valued at :
- Cost
  - Market price
  - Cost price or market price whichever is less
  - Cost less depreciation
87. A company auditor can be removed before expiry of his term by :
- Shareholders
  - Board of Directors
  - Central Government
  - State Government
88. Auditor should be dutiful like a :
- A watch dog
  - A blood hound
  - A detective
  - An insurer
89. A company can issue Redeemable Preference shares, if authorized by :
- Memorandum of association
  - Articles of association
  - Companies Act, 1956
  - None of the above
90. Premium received on issue of shares, later forfeited, should be transferred to :
- Capital reserve
  - Shares forfeited Account
  - Capital Account
  - None of the above
91. Dividend cannot be paid out of
- Capital profit
  - Capital receipts
  - Revenue receipts
  - None of the above
92. Auditor should determine ..... the and the timing of the audit report.
- Nature
  - Actual
  - Nature and actual
  - Form
93. While framing an audit plan auditor should ascertain ..... his cast by various legislations on him.
- Limitations
  - Duties and obligations
  - Rights and powers
  - Term of appointment and responsibilities

94. An audit programme is a set of ..... which are to be followed for proper execution of audit.
- Rules
  - Policies
  - Instructions
  - Actions
95. The auditor has to obtain ..... to substantiate his opinion on the financial statements.
- Internal evidence
  - External evidence
  - Internal and external evidence
  - Sufficient and appropriate evidence
96. If no auditors are appointed or re-appointed at the annual general meeting, the ..... may appoint a person to fill the vacancy.
- Board of directors
  - Company in general meeting
  - Central Government
  - Comptroller and Auditor General of India (C&AG)
97. A statutory auditor ..... also as internal auditor of the company.
- Can act
  - Cannot act
  - Though can act but ethically should not act
  - None of the above
98. The auditors have the right to attend :
- Board meeting
  - Annual general meeting
  - Extraordinary general meeting
  - Any general meeting
99. Auditor's report is the expert's opinion expressed by the auditor as to the fairness of .....
- Financial position
  - General position
  - Financial statements
  - Balance sheet and profit and loss account
100. Auditor has to report to .....
- Management
  - Owners
  - Government
  - Appointing Authority