

Roll No.

Question Booklet Number

O. M. R. Serial No.

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B. Com. (Honors) (Sixth Semester)

EXAMINATION, July, 2022

AUDIT PROCEDURE AND STANDARDS

Paper Code

BCOMH	6	0	0	2
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Questions Booklet
Series

A

Time : 1:30 Hours]

[Maximum Marks : 100

Instructions to the Examinee :

1. Do not open the booklet unless you are asked to do so.
2. The booklet contains 100 questions. Examinee is required to answer any 75 questions in the OMR Answer-Sheet provided and not in the question booklet. If more than 75 questions are attempted by student, then the first attempted 75 questions will be considered for evaluation. All questions carry equal marks.
3. 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.

परीक्षार्थियों के लिए निर्देश :

1. प्रश्न-पुस्तिका को तब तक न खोलें जब तक आपसे कहा न जाए।
2. प्रश्न-पुस्तिका में 100 प्रश्न हैं। परीक्षार्थी को किन्हीं 75 प्रश्नों को केवल दी गई OMR आन्सर-शीट पर ही हल करना है, प्रश्न-पुस्तिका पर नहीं। यदि छात्र द्वारा 75 से अधिक प्रश्नों को हल किया जाता है तो प्रारम्भिक हल किये हुए 75 उत्तरों को ही मूल्यांकन हेतु सम्मिलित किया जाएगा। सभी प्रश्नों के अंक समान हैं।
3. 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)

(Only for Rough Work)

1. Types of audit :
 - (A) Statutory Audit
 - (B) Voluntary Audit
 - (C) Both (A) and (B)
 - (D) None of the above
2. What is the importance of having the accounts audited by an independent auditor ?
 - (A) Help in the detection and minimizing wastages and losses.
 - (B) It ensures maintenance of adequate books and record, statutory register etc.
 - (C) Both (A) and (B)
 - (D) None of the above
3. Who is the owner of the audit working papers ?
 - (A) Auditor
 - (B) Company
 - (C) Members of the company
 - (D) Promoter of the company
4. Audit required under the Companies Act is what type of audit ?
 - (A) Statutory Audit
 - (B) Voluntary Audit
 - (C) Internal Audit
 - (D) External Audit
5. Surprise check is a part in which type of audit ?
 - (A) Internal Audit
 - (B) External Audit
 - (C) Both (A) and (B)
 - (D) None of the above
6. Which of the following is an example of inflating cash payments ?
 - (A) Making payments against cash vouchers
 - (B) Teeming and lading
 - (C) Not accounting of cash sale fully
 - (D) Making payments against inflated vouchers
7. Who is the mainly responsible for the implementation of internal financial controls in a company ?
 - (A) Auditors
 - (B) Directors
 - (C) Shareholders
 - (D) Government

8. What is the name of the organisation that offers the CA course in India ?
- (A) ICAI
(B) SEBI
(C) MCA
(D) RBI
9. Weak internal control may increase the :
- (A) Audit risk
(B) Auditor responsibility
(C) Both (A) and (B)
(D) None of the above
10. Who appoints an auditor for a voluntary audit of a sole proprietorship ?
- (A) CAG
(B) Bank
(C) Sole proprietorship itself
(D) District Court
11. Who appoints the auditor of a government company of the U. P. Government ?
- (A) Comptroller and Auditor General of India
(B) U. P. Government
(C) Members of Company
(D) Directors of Company
12. What is an advantage of having the accounts audited by an independent auditor ?
- (A) It provides safeguard the financial interest of members.
(B) It does not fulfil the statutory requirement of law.
(C) It is not helpful in setting tax liability.
(D) None of the above
13. Who appoints the first auditor of a public company ?
- (A) Board of Directors
(B) Members of the company
(C) CAG
(D) Previous Auditor
14. In which type of audit, the auditor's staff is engaged frequently during the year in checking the accounts of the client ?
- (A) Internal Audit
(B) External Audit
(C) Both (A) and (B)
(D) None of the above

15. Audit notebook is the part of :
- (A) Working papers of audit
 - (B) Internal audit
 - (C) Letter of engagement
 - (D) Audit sampling
16. 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
17. Which of the following statements is not true for the appointment of auditor of a company ?
- (A) A partnership firm can be appointed as a statutory auditor of limited company.
 - (B) Appointment and signature can be made in the name of the firm.
 - (C) Majority of the partners should be practising in India.
 - (D) Partners should be chartered accountants.
18. The Board of directors shall appoint first auditor of a company :
- (A) Within one month of completion of capital subscription state of the company
 - (B) Within one month of the promotion of the company
 - (C) Within one month of the commencement of the business of the company
 - (D) Within one month of incorporation of the company
19. The term of the auditorship of first auditor of a company 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

20. Goods purchased but not recorded in the purchase register is _____.
 (A) an error of omission
 (B) to reduce profits
 (C) an error of commission
 (D) affect on agreement of Trial Balance
21. Working papers are the property of the _____.
 (A) client and auditor
 (B) auditor
 (C) client
 (D) equity shareholders
22. Which of the following documents is not relevant for vouching of sales ?
 (A) Daily cash sales summary
 (B) Credit memos
 (C) Delivery challans
 (D) Sales department attendance record
23. The main object of an audit is _____.
 (A) to ensure that final accounts are prepared.
 (B) expression of an opinion on true and fair view of accounts.
 (C) to ensure the future viability of the enterprise .
 (D) detection and prevention of frauds and errors.
24. An audit programme must be prepared _____.
 (A) before commencement of an audit
 (B) after completion of an audit
 (C) after submission of an audit report
 (D) during the conduct of an audit
25. Analytical Review is _____.
 (A) an audit technique
 (B) audit in depth
 (C) a compliance procedure
 (D) reporting requirement

26. Audit in depth means :
- (A) detailed examination of selected transactions
 - (B) detailed examination of all transactions
 - (C) investigation of all transactions
 - (D) None of the above
27. Audit programme should be _____.
- (A) flexible
 - (B) rigid
 - (C) oral and flexible
 - (D) oral
28. _____ incorporates both Accounting and Administrative Controls.
- (A) Internal control
 - (B) Internal check
 - (C) Statutory audit
 - (D) Internal audit
29. Debtors are valued at _____.
- (A) realizable value
 - (B) as per articles of association
 - (C) book value
 - (D) decided by the customer
30. The main objective of window dressing is _____.
- (A) to mislead investors
 - (B) to reduce tax liability
 - (C) Both (A) and (B)
 - (D) None of the above
31. _____ document is not relevant for vouching cash purchases.
- (A) Purchase order
 - (B) Goods inward register
 - (C) Purchase invoice
 - (D) Attendance record of cashier
32. To select a sample for audit, the auditor should consider _____.
- (A) the size of the sample
 - (B) the volume of transactions
 - (C) adequacy of internal control system
 - (D) All of the above
33. Secret reserves are shown on _____.
- (A) assets side of Balance Sheet
 - (B) liabilities side of Balance Sheet
 - (C) credit side of Trading Account
 - (D) None of the above

34. Stock of goods on consignment should be valued at _____.
 (A) cost price
 (B) invoice price
 (C) cost of realizable value and invoice price whichever is lower
 (D) None of the above
35. _____ is not an error of Commission.
 (A) Mathematical error
 (B) Compensating error
 (C) Posting error
 (D) None of the above
36. Telephone charges should be examine on the basis of _____.
 (A) cash memo
 (B) telephone bill
 (C) agreement with telephone department
 (D) All of the above
37. The auditor examines Bill of Lading in order to vouch _____.
 (A) sales within the state
 (B) sales outside the state
 (C) sales outside the country
 (D) All of the above
38. _____ asset, which may subject to physical verification
 (A) Stock
 (B) Cash
 (C) Furniture
 (D) All of the above
39. Goods sold but not recorded in Sales Register is _____.
 (A) compensating error
 (B) an error of commission
 (C) an error of omission
 (D) None of the above
40. Audit plan should be best on knowledge of the _____.
 (A) client's reputation
 (B) client's family
 (C) client's share capital
 (D) client's business
41. Confirmation is _____.
 (A) a statutory compliance of audit
 (B) an audit technique
 (C) not a part of audit
 (D) None of the above

42. _____ should be checked by the auditor in verification of machinery.
- (A) Ownership
 - (B) Charge/line
 - (C) The possession
 - (D) All of the above
43. Closing stock with the consignee is to be shown as the asset of _____.
- (A) consignee
 - (B) customer
 - (C) consignor
 - (D) All of the above
44. If a material financial fraud is detected, auditor should _____.
- (A) report it to police
 - (B) report it to the Institute of CA of India
 - (C) ignore it
 - (D) report it to the owners or shareholders
45. An auditor is like a :
- (A) Bloodhound
 - (B) Watchdog
 - (C) May both according to situation
 - (D) None of the above
46. Process of verifying the documentary evidences of transactions are known as :
- (A) Auditing
 - (B) Testing
 - (C) Vouching
 - (D) None of the above
47. Auditing is compulsory for :
- (A) Small scale business
 - (B) Partnership firms
 - (C) Joint stock companies
 - (D) Proprietary concerns
48. The main object of an audit is _____.
- (A) Expert opinion
 - (B) Not detection of fraud
 - (C) Depends on the type of audit
 - (D) Both (A) and (B)
49. Internal audit is undertaken in private company :
- (A) By independent auditor
 - (B) Statutorily appointed auditor
 - (C) By a person appointed by the management
 - (D) By a government auditor
50. The scope of voluntary internal audit is decided by the :
- (A) Shareholders
 - (B) Management
 - (C) Government
 - (D) Law

51. The scope of statutory audit is decided by the :
- (A) Shareholders
 - (B) Management
 - (C) Government
 - (D) Law
52. Audit of bank at the year end is an example of :
- (A) Statutory audit
 - (B) Balance Sheet audit
 - (C) Both (A) and (B)
 - (D) None of the above
53. At the year end Balance Sheet audit is a part of _____.
- (A) Annual audit
 - (B) Continuous audit
 - (C) Both (A) and (B)
 - (D) None of the above
54. Institute of Chartered Accountants of India was established in :
- (A) 1956
 - (B) 1949
 - (C) 1965
 - (D) 1948
55. Internal control is maintained by the :
- (A) Staff specially appointed for the purpose
 - (B) Internal auditor
 - (C) Both (A) and (B)
 - (D) Members of the staff
56. A person is disqualified from being appointed as a statutory auditor if he holds :
- (A) Debentures of the company
 - (B) Equity shares carrying voting of the company
 - (C) Pref. shares carrying of the company
 - (D) Other securities carrying of the company
57. Survey expenses regarding claims are added to :
- (A) Law charges
 - (B) Claims
 - (C) Show as a separate item
 - (D) None of these
58. In case the directors fail to appoint first auditor(s), the shareholders shall appoint them at _____ by passing a resolution.
- (A) a general meeting
 - (B) annual general meeting
 - (C) without meeting
 - (D) None of the above

59. If a casual vacancy in the office of auditor arises by his resignation in non-Government company it should only be filled by the company in a _____.
 (A) Central Government
 (B) CAG
 (C) General Meeting
 (D) Annual General Meeting
60. The authority to remove the first auditor before the expiry of term is with :
 (A) The shareholders in a General Meeting
 (B) The shareholders in the first Annual General Meeting
 (C) The Board of Directors
 (D) The Central Government
61. Who out of the following cannot be appointed as a statutory auditor of the company ?
 (A) Director (Not a CA)
 (B) CA
 (C) CS
 (D) Both (A) and (C)
62. Physical Verification refers to :
 (A) Examining the physical existence and valuation of assets.
 (B) Examining the journal and ledger.
 (C) Examination of vouchers related to assets.
 (D) None of the above
63. Stock should be valued at :
 (A) Cost
 (B) Market price
 (C) Cost or market price whichever is lower
 (D) Cost less depreciation
64. Floating assets are valued at :
 (A) Cost
 (B) Market price
 (C) Cost or market price whichever is lower
 (D) Cost less depreciation
65. The nature, timing and extent of substantive procedures is related to assessed level of control risk :
 (A) Randomly
 (B) Disproportionately
 (C) Directly
 (D) Inversely
66. Errors and frauds already committed can be discovered under the system of _____.
 (A) internal audit, internal check, internal control
 (B) external check
 (C) statutory audit
 (D) interim audit

67. Treating revenue expenditure as capital expenditure is a case of _____.
 (A) fraud
 (B) misappropriation of cash
 (C) misappropriation of goods
 (D) manipulation of accounts
68. The first auditor appointed by head office _____.
 (A) for a period of one year
 (B) for a period of two years
 (C) for a period of three years
 (D) till the conclusion of the first annual general meeting
69. This kind of audit is conducted generally between two annual audits :
 (A) Internal audit
 (B) Interim audit
 (C) Final audit
 (D) Continuous audit
70. Voucher relates to _____.
 (A) Cash receipt.
 (B) Cash payment.
 (C) Credit transactions.
 (D) All of the above
71. Auditing begins where _____ ends.
 (A) Selling
 (B) Inventory valuation
 (C) Accounting
 (D) Purchases
72. Internal check is a part of :
 (A) Internal audit
 (B) Internal accounting
 (C) External audit
 (D) Internal control
73. If an auditor is not appointed at annual general meeting, he is appointed by the :
 (A) Shareholders
 (B) Company Law Board
 (C) Both (A) and (B)
 (D) None of the above
74. Audit means _____.
 (A) Recording business transactions
 (B) Preparing final accounts
 (C) Examination of books, accounts or vouchers
 (D) Decision-making
75. Duties of an auditor are _____.
 (A) Statutory duties imposed by the Companies Act
 (B) Duties imposed by legal or Court decisions
 (C) Duties arising out of professional etiquette
 (D) All of the above

76. Internal auditor of a company must be _____.
 (A) Cost Accountant
 (B) Chartered Accountant
 (C) ICWA
 (D) May or may not have above professional qualification
77. Objectives of internal audit includes _____.
 (A) Proper control
 (B) Perfect accounting system
 (C) Asset protection
 (D) All of the above
78. Internal control includes _____.
 (A) Internal audit
 (B) Internal check
 (C) Both internal audit and internal check
 (D) Internal check and external audit
79. Audit done by the employees of the business undertaking is called :
 (A) Final audit
 (B) Internal audit
 (C) Company audit
 (D) Statutory audit
80. Accounting standards are prepared by :
 (A) SEBI
 (B) Reserve Bank of India
 (C) Accounting Standard Board
 (D) ITA
81. Cost auditor submits reports to the :
 (A) Shareholder
 (B) Board of Directors
 (C) Employees
 (D) Creditors
82. Bonus shares are issued to _____.
 (A) Existing shareholders
 (B) Employees
 (C) Statutory audit
 (D) None of the above
83. Audit papers are the property of _____.
 (A) Client
 (B) Auditor
 (C) Both the client and the auditor
 (D) The audit committee
84. Audit programme helps in fixing the _____ for the work done among the audit staff as work done may be traced back to the individual staff members.
 (A) Remuneration
 (B) Liabilities
 (C) Negligence
 (D) Responsibility
85. On completion of an audit _____ serves the purpose of audit record which may be useful for future reference.
 (A) Audit programme
 (B) Audit working papers
 (C) Audit plan
 (D) Audit notes

86. Audit programme is prepared by _____.
- (A) The auditor
 - (B) The client
 - (C) The audit assistant
 - (D) The auditor and his audit assistants
87. The auditor has to obtain _____ to substantiate his opinion on the financial statements.
- (A) Internal evidence
 - (B) External evidence
 - (C) Internal and external evidence
 - (D) Sufficient and appropriate evidence
88. The quality of information generated by the audited organization is directly related to the strength of the organization's _____.
- (A) internal check
 - (B) internal control
 - (C) internal audit
 - (D) All of the above
89. _____ are the documents prepared or obtained by the auditors in connection with the audit.
- (A) Audit notes
 - (B) Audit working papers
 - (C) Audit report
 - (D) All of the above
90. Working papers help in proper _____ of audit.
- (A) Planning
 - (B) Performance
 - (C) Planning and performance
 - (D) Execution
91. The Auditors Working Papers are divided into two parts :
- (A) Permanent audit file and current audit file
 - (B) Permanent audit file and temporary audit file
 - (C) Temporary audit file and current audit file
 - (D) Current audit file and transitory audit file
92. On appointment of subsequent auditors, the company must give intimation of such appointment to _____.
- (A) The Board of Directors
 - (B) The Registrar of companies
 - (C) The auditor so appointed
 - (D) The Central Government
93. In case the Board of Directors fails to appoint the first auditors within one month of its incorporation the _____ may appoint the first auditors.
- (A) Chairman of the company
 - (B) Managing Directors
 - (C) Members of the company in general meeting
 - (D) Central Government

94. Examples of casual vacancy are vacancy arising due to _____.
 (A) Resignation of the auditor
 (B) Death of the auditor
 (C) Disqualification of the auditor
 (D) All of the above
95. If no auditors are appointed or re-appointed at the annual general meeting, the _____ may appoint a person to fill the vacancy.
 (A) Board of Directors
 (B) Company in General Meeting
 (C) Central Government
 (D) Comptroller and Auditor General (CAG) of India
96. Failure to give notice regarding filling of casual vacancy to the Central Government is an offence punishable with fine, who of the following are the persons on whom such fine can be imposed ?
 (A) Directors
 (B) Company
 (C) Every officer of the company
 (D) Company or every officer of the company
97. A statutory auditor _____ also as internal auditor of the company.
 (A) Can act
 (B) Cannot act
 (C) Though can act but ethically should not act
 (D) None of the above
98. A person shall not be qualified to be appointed as an statutory auditor of the company if he is in the employment of _____.
 (A) An officer of the company
 (B) An employee of the company
 (C) Both (A) and (B)
 (D) None of the above
99. Misstatements can arise from _____.
 (A) Error
 (B) Fraud
 (C) Both (A) and (B)
 (D) None of the above
100. When auditor does not have any objection regarding the information under audit, then he issues a/an _____.
 (A) Qualified opinion
 (B) Adverse opinion
 (C) Unqualified opinion
 (D) Negative opinion

4. Four alternative answers are mentioned for each question as—A, B, C & D in the booklet. The candidate has to choose the most correct/appropriate answer and mark the same in the OMR Answer-Sheet as per the direction :

Example :

Question :

Q. 1 (A) ☒ (B) (C) (D)

Q. 2 (A) (B) ☒ (C) (D)

Q. 3 (A) ☒ (B) (C) (D)

Illegible answers with cutting and over-writing or half filled circle will be cancelled.

5. Each question carries equal marks. Marks will be awarded according to the number of correct answers you have.
6. All answers are to be given on OMR Answer sheet only. Answers given anywhere other than the place specified in the answer sheet will not be considered valid.
7. Before writing anything on the OMR Answer Sheet, all the instructions given in it should be read carefully.
8. After the completion of the examination candidates should leave the examination hall only after providing their OMR Answer Sheet to the invigilator. Candidate can carry their Question Booklet.
9. There will be no negative marking.
10. Rough work, if any, should be done on the blank pages provided for the purpose in the booklet.
11. To bring and use of log-book, calculator, pager and cellular phone in examination hall is prohibited.
12. In case of any difference found in English and Hindi version of the question, the English version of the question will be held authentic.

Impt. : On opening the question booklet, first check that all the pages of the question booklet are printed properly. If there is any discrepancy in the question Booklet, then after showing it to the invigilator, get another question Booklet of the same series.

4. प्रश्न-पुस्तिका में प्रत्येक प्रश्न के चार सम्भावित उत्तर—A, B, C एवं D हैं। परीक्षार्थी को उन चारों विकल्पों में से एक सबसे सही अथवा सबसे उपयुक्त उत्तर छोटना है। उत्तर को OMR आन्सर-शीट में सम्बन्धित प्रश्न संख्या में निम्न प्रकार भरना है :

उदाहरण :

प्रश्न :

प्रश्न 1 (A) ☒ (B) (C) (D)

प्रश्न 2 (A) (B) ☒ (C) (D)

प्रश्न 3 (A) ☒ (B) (C) (D)

अपठनीय उत्तर या ऐसे उत्तर जिन्हें काटा या बदला गया है, या गोले में आधा भरकर दिया गया, उन्हें निरस्त कर दिया जाएगा।

5. प्रत्येक प्रश्न के अंक समान हैं। आपके जितने उत्तर सही होंगे, उन्हीं के अनुसार अंक प्रदान किये जायेंगे।
6. सभी उत्तर केवल ओ. एम. आर. उत्तर-पत्रक (OMR Answer Sheet) पर ही दिये जाने हैं। उत्तर-पत्रक में निर्धारित स्थान के अलावा अन्यत्र कहीं पर दिया गया उत्तर मान्य नहीं होगा।
7. ओ. एम. आर. उत्तर-पत्रक (OMR Answer Sheet) पर कुछ भी लिखने से पूर्व उसमें दिये गये सभी अनुदेशों को सावधानीपूर्वक पढ़ लिया जाये।
8. परीक्षा समाप्ति के उपरान्त परीक्षार्थी कक्ष निरीक्षक को अपनी OMR Answer Sheet उपलब्ध कराने के बाद ही परीक्षा कक्ष से प्रस्थान करें। परीक्षार्थी अपने साथ प्रश्न-पुस्तिका ले जा सकते हैं।
9. निगेटिव मार्किंग नहीं है।
10. कोई भी रफ कार्य, प्रश्न-पुस्तिका के अन्त में, रफ-कार्य के लिए दिए खाली पेज पर ही किया जाना चाहिए।
11. परीक्षा-कक्ष में लॉग-बुक, कैलकुलेटर, पेजर तथा सेल्युलर फोन ले जाना तथा उसका उपयोग करना वर्जित है।
12. प्रश्न के हिन्दी एवं अंग्रेजी रूपान्तरण में भिन्नता होने की दशा में प्रश्न का अंग्रेजी रूपान्तरण ही मान्य होगा।

महत्वपूर्ण : प्रश्नपुस्तिका खोलने पर प्रथमतः जाँच कर देख लें कि प्रश्न-पुस्तिका के सभी पृष्ठ भलीभाँति छपे हुए हैं। यदि प्रश्नपुस्तिका में कोई कमी हो, तो कक्षनिरीक्षक को दिखाकर उसी सिरीज की दूसरी प्रश्न-पुस्तिका प्राप्त कर लें।