T.Y. B.Com Semester V
Advanced Accounting & Auditing-5
Question Bank

Q1. According to Kautilya's Arthashastra, which of the following is considered a primary method of embezzlement by government officials or employees?

(A) Donating state funds to charitable causes without royal permission

(B) Delaying the receipt of government revenue and utilizing it for personal trade

(C) Overpaying vendors for state supplies to increase the king's prestige

(D) Recording accurate chronological entries in the royal account books

Q2. In the context of ancient Indian financial administration, what does the term 'Nigrahaka' typically refer to?

(A) The chief auditor who maintained the royal treasury records

(B) The defaulter or the person who is held liable for financial irregularities and penalties

(C) The king's personal secretary who managed royal correspondence

(D) The tax collector who traveled to remote villages to gather agricultural produce

Q3. What was the primary objective of auditing in Ancient India compared to the objective of modern financial audits?

(A) Ancient audits aimed to provide a 'true and fair view' to shareholders, while modern audits focus on detecting tax evasion

(B) Both ancient and modern audits have always prioritized protecting the interests of public investors

(C) Ancient audits focused on preventing embezzlement of the king's treasury, whereas modern audits focus on validating financial statements for stakeholders

(D) Ancient audits were voluntary, whereas modern audits are mandatory for all businesses

Q4. In modern Indian auditing, which professional body is responsible for formulating and issuing the Standards on Auditing (SAs)?

(A) The Securities and Exchange Board of India (SEB)

(B) The Reserve Bank of India (RBI)

(C) The Institute of Chartered Accountants of India (ICAI)

(D) The Ministry of Corporate Affairs (MCA)

Q5. Which statement correctly contrasts the structural independence of auditors in Ancient Indian times versus Modern Indian times?

(A) Modern auditors are appointed by the auditee's management, whereas ancient auditors were elected by the public

(B) Ancient auditors were independent private practitioners, whereas modern auditors are government employees

(C) Modern auditors are independent external professionals, whereas ancient auditors were state/administrative officials accountable to the king

(D) There is no structural difference; both ancient and modern auditors operated completely free from any government or state oversight

Q6. According to Kautilya's Arthashastra, what was the strict requirement regarding the maintenance of account books and receipts?

(A) Accounts were only required to be compiled at the end of the king's reign

(B) Transactions must be recorded daily, and receipts must be deposited promptly into the state treasury

(C) Government officials were encouraged to keep revenues in their personal vaults for security

(D) Oral declarations were considered sufficient, and written records were deemed unnecessary

Q7. How has the structural focus of auditing evolved from the historical framework of Ancient India to the modern regulatory environment?

(A) Historically, the focus was on corporate social responsibility, whereas modern audits focus exclusively on embezzlement

(B) The focus shifted from localized administrative compliance and state treasury protection to global accounting standards and investor protection

(C) Auditing has remained entirely unchanged in its methodology since the Vedic period

(D) Historically, auditing was done to evaluate the performance of private companies, whereas today it evaluates only government departments

Q8. Under the modern provisions of the Companies Act, 2013, what is the core opinion an auditor is required to express on the company's financial statements?

(A) Whether the company's stock price will increase in the upcoming year

(B) Whether the company's management has achieved all its personal targets

(C) Whether the financial statements give a 'true and fair view' of the financial position and performance

(D) Whether the company is completely free of any business risk

Q9. When comparing the focus on fraud between Kautilya's Arthashastra and Modern Indian Auditing, which statement is accurate?

(A) Modern audits do not care about fraud, while ancient audits focused solely on clerical errors

(B) Both ancient and modern systems were designed entirely to check the personal tax liabilities of the citizens

(C) Kautilya's financial irregularities were ignored, focusing only on the moral character of officials

(D) Ancient audits focused on detecting deliberate embezzlement by officials, while modern audits address material misstatements caused by fraud or error

Q10. ----------means the art of properly recording accounting transactions in books of accounts.

(A) Auditing

(B) Investigation

(C) Statistics

(D) Accountancy

Q11. The proper and in depth examination of recorded transactions is known as-----------.

(A) Valuation

(B) Verification

(C) Vouching

(D) Auditing

Q12. Which of the following statement is not true?

(A) Auditing is both an art & a science

(B) Accountancy is a necessity

(C) Auditing is an instrument of financial control

(D) The main task of an auditor is writing books of accounts.

Q13. The word Auditing has been derived from the latin word---------

(A) Account

(B) Audience

(C) Author

(D) Audire

Q14. Which of the following statement is not considered as Limitation of Auditing?

(A) Morale check on employees

(B) Disturbance in regular work

(C) Possibility of incomplete information & explanation

(D) Expensive for small business concern

Q15. Which of the following is not considered as technique of Auditing?

(A) To verify correctness of the values of assets & liabilities of business

(B) To check internal control system

(C) Vouching of journal and subsidiary books

(D) Prepare financial statements

Q16. Which of the following law is not required for the purpose of regulating the profession of Auditing in India?

(A) The Companies Act,2013
(B) The Chartered Accountant Act,1949
(C) Income tax Act,1961
(D) Audit Code formulated by the Auditor General of India

Q17. Which of the following is an advantage of Auditing?

(A) Helps the management
(B) All information & explanation not received
(C) Expensive
(D) Post-mortem of recorded figures

Q18. Book-keeping, Accountancy, Auditing and investigation are expanded form in ascending order Do you agree?

(A) Yes
(B) No
(C) No answer
(D) exaggeration

Q19. Which one of the following is an error of principle?

(A) Double posting
(B) Posting wrong amount to an account
(C) Debiting landlord's account for payment of rent
(D) omission to post an account

Q20. Which one of the following errors does not affect the trial balance?

(A) Overcastting of Sales Book
(B) Writing incorrect balance of an account in the trial balance
(C) Error of Principle
(D) Posting wrong side of an account

Q21. Which one of the following errors is considered Clerical error?

(A) Sending statement to the debtors for confirmation
(B) Mistake in totalling of subsidiary books
(C) Making adjusting entry for outstanding expenses
(D) None of these

Q22. Which is the main objective of Auditing?

(A) Morale check on employees

(B) Detection & prevention of errors & frauds
(C) Verify accounts are correctly written
(D) To comply with requirements of company act

Q23. Which of the following tactics of manipulation of accounts results in overstating of profit?

(A) Suppressing the sales invoices
(B) treating capital expenditure as revenue expenditure
(C) Making excess provision for discount on creditors
(D) Providing more bad debts reserve on debtors

Q24. When any transaction is left out to be recorded in the books of accounts wholly or partially is known as------------

(A) Error of commission
(B) Error of Omission
(C) error of Principle
(D) Clerical error

Q25. How many types of accounting errors are there

(A) three
(B) two
(C) four
(D) five

Q26. It was decided in the famous case of Kingston Cotton Mills Company Ltd. that

(A) no guarantee for correctness of Accounts
(B) Work honestly
(C) An Auditor is a watch dog and not a blood hound
(D) Accountancy is a necessity, while Auditing is a luxury

Q27. Frauds committed without misappropriation of cash or goods is known as----

(A) Manipulation of accounts
(B) Errors
(C) Frauds
(D) None of these

Q28. Which of the following steps is not going to help in detection of misappropriation of goods?

(A) Proper planning of purchases
(B) Efficient internal check system
(C) Verification of receipt side of cashbook

(D) Standards of consumption & wastage should be fixed

Q29. Which of the following statement is not true?

(A) Internal audit is not compulsory like statutory audit
(B) CAG looks after Government Audit
(C) Continuous audit is more suitable for large business units.
(D) The main objective of cost audit is preparing financial statement

Q30. The audit of accounts is carried on by salaried staff appointed by the management is known as

(A) Internal audit
(B) External Audit
(C) Auditing in depth
(D) Statutory Audit

Q31. An audit in which the various actions & decisions are examined to find out whether they are in public interest and whether they meet the standards of conduct is known as

(A) Propriety Audit
(B) Internal audit
(C) External Audit
(D) Auditing in depth

Q32. Are continuous audit remove disadvantages of annual audit?

(A) yes
(B) No
(C) Don't Say anything
(D) None of these

Q33. What is Efficiency Audit?

(A) To evaluate the efficiency of business management
(B) Verification of financial transactions
(C) To verify that all the rules & regulation of company act is followed or not
(D) Inquiry into business responsibilities to different sections of society

Q34. By whom Secretarial Audit is performed?

(A) Chartered Accountant
(B) Cost Accountant
(C) Company Secretary
(D) None of these

Q35. For whom internal audit is compulsory?

(A) Public companies which are having paid up capital more than 10crores
(B) Those companies whose borrowed capital or loan amount is more than 25crores or
(C) companies whose public deposits during current year is more than 25crores
(D) All of these

Q36. Which of the following is not an advantage of cost audit?

(A) Helpful for declaration of dividend
(B) It helps management in decision taking
(C) Verify correctness of cost accounting records
(D) Proper valuation of Finished goods and WIP

Q37. For whom audit is not compulsory?

(A) Private Trust
(B) Electricity companies
(C) Public Companies
(D) Businessman whose annual trun over is more than 1 crore

Q38. TO whom special auditor should submit his report?

(A) Central Government
(B) Creditors
(C) Management
(D) Shareholders

Q39. ------ include writing of books of accounts, preparation of final accounts and preparing reports.

(A) Accountancy
(B) Auditing
(C) Audit
(D) Vouching

Q40. Which of the following is considered as technique of Auditing?

(A) To verify correctness of the values of assets & liabilities of business
(B) To check internal control system
(C) Voching of journal and subsidiary books
(D) All of the above

Q41. Which of the following tactics of manipulation of accounts results in understating of profit?

(A) Showing fictitious purchases
(B) treating revenue expenditure as capital expenditure
(C) Making excess provision for discount on creditors
(D) Providing less bad debts reserve on debtors

Q42. Which of the following tactics of manipulation of accounts results in overstating of profit?

(A) Showing more vales of closing stock

(B) treating capital expenditure as revenueexpenditure

(C) Making excess provision for discount on debtors

(D) Providing more bad debts reserve on debtors

Q43. Voucher relates to ______.

(A) Cash receipt.

(B) Cash payment.

(C) Credit transactions

(D) All of the above.

Q44. Auditing begins where _____ends.

(A) Selling

(B) Inventory valuation

(C) Accounting

(D) Purchases

Q45. _______ is a method of organising the duties of various clerks in such a way that the work of one person is automatically checked by another.

(A) Internal control

(B) Internal check

(C) Internal audit

(D) All of the above

Q46. Audit means _______.

(A) Recording business transactions

(B) Preparing final accounts

(C) Examination of books, accounts or vouchers

(D) Decision making

Q47. Misappropriation of goods may be checked by

(A) Proper supervision of over stock

(B) Checking of employees

(C) Punishment of employees

(D) None of the above

Q48. Misstatements can arise from ______

(A) Error

(B) Fraud

(C) Both (1) and(2)

(D) None of the above

Q49. Auditor is an ________ of a shareholder.

(A) Owner
(B) Agent
(C) Employee
(D) None of the above

Q50. The scope of auditing does not cover--------

(A) To check correctness of recorded transactions
(B) Checking arithmetical accuracy of recorded transactions
(C) To prepare accounts as per GAAP
(D) To examine all evidences related to business

Q51. Auditor should be dutiful like a

(A) A watch dog
(B) A blood hound
(C) A detective
(D) An insurer

Q52. Manipulation of accounts is done by _______.

(A) Responsible & senior officers
(B) Owners
(C) Directors of the business
(D) All of the above

Q53. Compensating errors are also known as _______

(A) Offsetting error
(B) Error of commission
(C) Error of duplication
(D) Error of principle

Q54. Auditor shall report on the accounts examined by him __________.

(A) To the court
(B) To the bank
(C) To the general public
(D) To the shareholders

Q55. Purchase of machinery is a ____________.

(A) Revenue receipt
(B) Capital receipt
(C) Capital expenditure

(D) Revenue expenditure

Q56. Auditing is luxury for__

(A) Joint stock Company
(B) Partnership Firm
(C) Small shop keeper
(D) Government Company

Q57. Main object of auditing is___

(A) Detection and prevention of Error
(B) Detection and prevention of Fraud
(C) To find out whether P&L A/C &B/S shows true & fair view of state of affairs
(D) Moral check on employee

Q58. Auditor gives ________ regarding the financial statements

(A) True and fair view
(B) Correct view
(C) Fair view
(D) Completely true

Q59. When work of Accountancy ends, the work of -------begins

(A) Bookkeeping
(B) Auditing
(C) Accountancy
(D) Investigation

Q60. Auditor should be-------person.

(A) Independent
(B) Dependent
(C) Government employee
(D) None of the above

Q61. Auditor should have knowledge of

(A) Accounting
(B) Auditing
(C) Law applicable on the entity
(D) All of these

Q62. Auditor should have communication skills in following areas:

(A) Oral skills
(B) Written skills
(C) Both (1) and (2)

(D) He does not require any communication skills

Q63. Function of audit is to

(A) Detect errors

(B) Detect fraud

(C) Safeguard the interest of stakeholders

(D) All the above

Q64. The basic requirement which is absent in auditing is

(A) Exact accounts

(B) Certainty in financial statements

(C) Conclusive evidence

(D) All of the above

Q65. Which of the following statement is not true?

(A) The auditor shall express an opinion on financial statements

(B) Lack of Assurance of completely correct accounts

(C) Useful for small business

(D) Auditor should examine whether recognized accounting principles have been followed

Q66. Auditing has all characteristics except

(A) Done every financial year

(B) Based on conclusive evidence

(C) Mandatory for companies

(D) None of the above

Q67. The primary objective of the Auditing is

(A) Detection & prevention of frauds

(B) The conformity of the statements with the books of account

(C) To give opinion on true & fair view of the financial statements

(D) Moral check on employees

Q68. Auditing is done for the benefit of which one of the following?

(A) The shareholders

(B) Management

(C) Government

(D) All of the above

Q69. The factor which distinguishes an error from fraud

(A) Caused by officer or employee of the company

(B) Intention

(C) Materiality
(D) Caused by the auditor or the client

Q70. Which of the following is not component of financial statement?

(A) Profit and Loss Account
(B) Balance Sheet
(C) Notes to Accounts
(D) Board’s Report

Q71. Which of the following is not quality of an auditor?

(A) Integrity, Objectivity and Independency
(B) Confidentiality
(C) Prejudice
(D) Responsible

Q72. Which of the following is quality of an auditor?

(A) Integrity, Objectivity and Independency
(B) Confidentiality
(C) Skills and competence
(D) All of above

Q73. One of the following is not an advantage of audit

(A) It provides satisfaction to management
(B) It helps in getting loans
(C) It is less costly
(D) It detects errors and frauds

Q74. Audit is conducted by

(A) Cost Accountant
(B) Company Secretary
(C) Chartered Accountant
(D) Any person

Q75. When a transaction is recorded without due regard of fundamental principles of accounting it is an example of:

(A) Error of omission
(B) Error of posting
(C) Error of casting
(D) Error of principle

Q76. Agreement of Trial Balance means there is no error in the books of account.

(A) True

(B) FALSE
(C) May be
(D) No Idea

Q77. Which of the following is not a kind of audit?

(A) Statutory and private.
(B) Government and continuous audit.
(C) Interim audit.
(D) None of these

Q78. This kind of audit is conducted generally between two annual audits.

(A) Internal audit
(B) Interim audit.
(C) Final audit.
(D) Continuous Audit

Q79. When the auditor is an employee of the organization being audited, the audit is classified as _____

(A) Internal
(B) External
(C) Compliance
(D) Both 1&2

Q80. Internal auditor is appointed by______

(A) Management
(B) Shareholders
(C) Governmen
(D) Statutory body

Q81. _______ is the specific guidelines and directions for efficient and effective completion of the audit work on timely and daily basis, so as to minimize audit risk.

(A) Audit planning
(B) Audit report
(C) Audit programme
(D) Audit certificate

Q82. Internal check is a part of

(A) Internal audit
(B) Internal accounting
(C) External audit
(D) Internal control

Q83. The audit that is made compulsory under statute is called ________

(A) Statutory audit
(B) Partial audit
(C) Complete audit
(D) Continuous audit

Q84. Internal control includes ________.

(A) Internal audit
(B) Internal check
(C) Both internal audit and internal check
(D) Internal check and external audit

Q85. Management audit otherwise called as _______

(A) Financial audit
(B) Efficiency audit
(C) Cost audit
(D) Cash audit

Q86. Auditor has no lien on

(A) Audit note book
(B) Audit working papers
(C) Books of accounts of clients
(D) All of the above

Q87. The objectives of the audit planning are ________

(A) To give appropriate attention to all important areas of audit
(B) To identify potential problems
(C) To coordinate work with other auditors and experts
(D) All of the above

Q88. Audit papers are the property of ______.

(A) Client
(B) Auditor
(C) Both the client and the auditor
(D) The audit committee

Q89. Audit programme helps in fixing the ______for the work done among the audit staff members.

(A) Remuneration
(B) Assets
(C) Negligence
(D) Responsibility

Q90. On completion of an audit _______serves the purpose of audit record which may be useful for future reference.

(A) Audit note book
(B) Audit programme
(C) Auditor's working papers
(D) All of these

Q91. Audit programme is prepared by _____

(A) The auditor
(B) The client
(C) The audit assistant
(D) The management

Q92. Process of collecting and preparing Auditor's working papers is known as __________.

(A) Audit evidence
(B) Planning an audit
(C) Documentation
(D) Policies and procedures

Q93. Working papers should be preserved for ____ years.

(A) 10
(B) 4
(C) 8
(D) 7

Q94. Income tax department started search and seizer procedure at the reputed company. CA. P, a statutory auditor of the reputed company was asked for the working paper of the company along with the permission of CIT (A) to provide for the information. Can CA. P provide access to working paper?

(A) Yes
(B) No
(C) May be
(D) May not be

Q95. Which of the following is not a type of Internal Check System?

(A) Physical check
(B) Mechanical check
(C) Limitary check
(D) Personal check

Q96. _______ is a method of organising the accounting system of a business concern or a factory by which the duties of various clerks are arranged in such a way that the work of one person is automatically checked by another.

(A) Internal control

(B) Internal check

(C) Internal audit

(D) All of the above

Q97. Which of the following is not one of the objective of Vouching?

(A) To check correctness of recorded transactions

(B) To verify that all the documentary evidence is authenticated

(C) To see whether recorded transactions are duly supported by documentary evidence or not.

(D) All of the above

Q98. Effective internal check system reduces

(A) The liability of auditor

(B) Work of auditor

(C) Responsibilities of an auditor

(D) None of the above

Q99. Cost auditor submits reports to the

(A) Shareholder

(B) Board of directors

(C) Employees

(D) Creditors

Q100. Which of the following is not one of the Characrteristic of Internal check?

(A) Divison of work

(B) Avoid duplication of work

(C) Compulsory Leave

(D) Lack of Flexibility

Q101. Examination of original documentary evidences in support of accounting entries means------

(A) Vouching

(B) Valuation

(C) Verification

(D) Audit Programme

Q102. -----------is backbone of Auditing.

(A) Valuation

(B) Vouching
(C) Verification
(D) None of the above

Q103. Advertise Suspense Account is ------type of expenditure.

(A) Capital
(B) Revenue
(C) Deferred Revenue
(D) None of the above

Q104. Salary is----------type of expenditure.

(A) Capital
(B) Revenue
(C) Deferred Revenue
(D) None of the above

Q105. Internal check is useful for--------

(A) Large business
(B) Small business
(C) Partnership firms
(D) All of these

Q106. Remuneration of an internal auditor is fixed by ______.

(A) Management
(B) Shareholders
(C) Government
(D) Statutory body

Q107. Sole proprietary concerns are ______ to get their financial statements audited by independent financial auditors.

(A) Legally required
(B) Not legally required
(C) Ethically required
(D) Not ethically required

Q108. Balance sheet audit is also known as

(A) Continuous audit
(B) Annual audit
(C) Internal audit
(D) Financial audit

Q109. The Auditors Working Papers are divided into two parts

(A) Permanent audit file and current audit file
(B) Permanent audit file and Regular audit file
(C) temporary audit file and current audit file
(D) current audit file and transitory audit file

Q110. The methods of collecting Audit Evidences are

(A) Inspection
(B) Computation
(C) Confirmation
(D) All of these

Q111. Which of the following information not suitable for test checking method?

(A) Purchase transactions
(B) Sales transactions
(C) Cash transactions
(D) All of the above

Q112. Which one of the following is a relevant voucher for vouching of payment of purchases?

(A) Correspondence with creditors
(B) Correspondence with Debtors
(C) Cash receipts
(D) ledgers

Q113. Which one of the following is a relevant voucher for vouching of Sales return?

(A) Credit notes issued to customers
(B) Goods inward register
(C) Correspondence with customers
(D) All of these

Q114. Which of the following is not one of the objectives of Vouching?

(A) To verify future situation of loss or profit
(B) To check the accuracy of accounting transactions
(C) To verify that all the transactions related to transactions are avaiable with customer
(D) To verify that all the documentary evidence is properly authenticated

Q115. From following which are the types of vouchers?

(A) Primary
(B) Secondary
(C) Primary & Secondary
(D) None of the these

Q116. Which one of the following is not a relevant voucher for vouching of Sale of Fixed Assets?

(A) Receipts given by purchaser
(B) Correspondence with purchasers
(C) Sale deed
(D) Passbook

Q117. Which type of assets is purchase of machinery?

(A) Non-Current Assets
(B) Current Assets
(C) Deferred Revenue
(D) None of the above

Q118. Which method is used for calculation of closing stock?

(A) FIFO
(B) LIFO
(C) WEIGHTED AVERAGE METHOD
(D) ALL OF THESE

Q119. Bills payable is----------of liability.

(A) Capital & Reserve
(B) Current Liability
(C) Non-Current Liability
(D) None of the above

Q120. Which type of assets is Discount on Debenture?

(A) Fixed Asset
(B) Current Assets
(C) Fictitious Asset
(D) None of these

Q121. The assets which are exhausted during the process of working is known as---

(A) Fixed Asset
(B) Current Assets
(C) Wasting Assets
(D) Deferred revenue assets

Q122. Which of the following expenditure is not considered as deferred revenue expenditure?

(A) Discount on debenture
(B) Advertisement suspense account

(C) Establishment Expenses
(D) Expenses of issue of shares at premium

Q123. Which of the following item is considered as a Contingent Asset?

(A) Uncalled share capital of the company
(B) Bills Receivable discounted
(C) Preliminary Expenses
(D) Claims for money under a legal action

Q124. Rate of underwriting commission on shares is-------%

(A) 5
(B) 7
(C) 8
(D) 2.5

Q125. Rate of underwriting commission on Debenture is-------%

(A) 5
(B) 7
(C) 8
(D) 2.5

Q126. Under which head is Debenture Discount recorded in Balance-sheet?

(A) Current Assets
(B) Non-Current Assets
(C) Current Liabilities
(D) Non-Current liabilities

Q127. --------not only Backbone of Auditing but also Heart of Auditing

(A) Vouching
(B) Voucher
(C) Internal Check
(D) Ordinary Check

Q128. During vouching Auditor should verify that above the amount of-------- receipt should bear revenue stamp.

(A) 5000
(B) 500
(C) 100
(D) 1000

Q129. The documentary or other evidences in support of transactions entered in the books of accounts is known as

(A) Audit note book
(B) Vouchers
(C) Vouching
(D) Verification

Q130. Vouching includes--------

(A) Routine Check
(B) Valuation & Verification
(C) Valuation
(D) Verification

Q131. -------means examination of original documentary evidence in support of accounting entries.

(A) Vouching
(B) Routine Check
(C) Valuation
(D) Verification

Q132. Which books are included in Subsidiary Books?

(A) Purchase Book
(B) Sales Book
(C) Purchase return book
(D) All of these

Q133. Which transactions are recorded in Journal Proper?

(A) Opening entries
(B) Closing Entries
(C) Bad debts
(D) All of these

Q134. Which transactions are not recorded in Journal Proper?

(A) Opening entries
(B) Closing Entries
(C) Bills payable book
(D) Adjusting Entries

Q135. Which ledgers are included in personal ledgers?

(A) Bought ledger
(B) Sales ledger
(C) Bought ledger & Sales ledger
(D) None of these

Q136. Which ledgers are not included in personal ledgers?

(A) Bought ledger
(B) Sales ledger
(C) Debtors' ledger
(D) Bills payable book

Q137. Which items are included in amounts receivable?

(A) Pre-paid expenses
(B) Income due but not received
(C) Deferred Revenue Expenses
(D) All of these

Q138. Which items are not included in amounts receivable?

(A) Pre-paid expenses
(B) Income due but not received
(C) Deferred Revenue Expenses
(D) Pre-received incomes

Q139. Which items are included in amounts payable?

(A) Unpaid salary
(B) Rent received in advance
(C) Unpaid wages
(D) All of these

Q140. Which items are not included in amounts payable?

(A) Pre-paid expenses
(B) Unpaid salary
(C) Unpaid wages
(D) Rent received in advance

Q141. Which of the following is not correct in respect of verification of assets?

(A) The asset actually exist.
(B) Any charge on business assets must not be verified
(C) The assets have been acquired for the business
(D) The assets are properly valued

Q142. Which type of Asset Goodwill is?

(A) Tangible
(B) Intangible Asset
(C) Fixed Asset
(D) Wasting Asset

Q143. Which of the following is not one of the objectives of Verification?

(A) To verify existence of assets
(B) To see ownership of an asset
(C) To verify any charge on asset
(D) To record the asset

Q144. ------is the basis for valuation of assets.

(A) Type of asset
(B) Type of liabilities
(C) Type of expenses
(D) None of these

Q145. Verification is next step of-----------

(A) Vouching
(B) Valuation
(C) Routine checking
(D) All of these

Q146. Verification is done by -----------

(A) Junior Assistant
(B) Senior Assistant
(C) Auditor
(D) Clerk

Q147. Vouching is done by--------

(A) Junior Assistant
(B) Senior Assistant
(C) Auditor
(D) Clerk

Q148. Determining the proper values of Assets & Liabilities means----

(A) Verification
(B) Valuation
(C) Vouching
(D) Auditing

Q149. The objective of the Valuation is ________

(A) Determining proper value of Assets
(B) To see ownership of an asset
(C) To verify any charge on asset
(D) None of these

Q150. Verification includes-----------

(A) Valuation & Vouching

(B) Test checking

(C) Valuation

(D) Vouching

Q151. The scope of Verification is --------

(A) Wide

(B) Narrow

(C) Limited

(D) None of these

Q152. The scope of Valuation is-------------

(A) Wide

(B) Unlimited

(C) Limited

(D) None of these

Q153. Which asset is valued at market value or book value whichever is less?

(A) Stock

(B) Building

(C) Machinery

(D) Oil wells

Q154. The liabilities which are uncertain, are known as----------

(A) Contingent liabilities

(B) Current liability

(C) Non-Current Liability

(D) None of these

Q155. Which of the item is considered as contingent liability?

(A) Forfeited Shares

(B) Goodwill

(C) Bills discounted but not matured

(D) Building

Q156. Which of the asset is not considered as Wasting Asset?

(A) Mines

(B) Oil wells

(C) Quarries

(D) live stock

Q157. Which of the asset is considered as Wasting Asset?

(A) Mines
(B) Oil wells
(C) Quarries
(D) All of these

Q158. Which of the asset is tangible Asset?

(A) Building
(B) Goodwill
(C) Raw-material
(D) patent

Q159. Which method is used for calculation of depreciation on Wasting Asset?

(A) Depletion Method
(B) Written down value method
(C) Annuity Method
(D) Straight line method

Q160. Special auditor of a company is appointed by ______________.

(A) Shareholders of the company
(B) Comptroller and auditor general of India
(C) Company law board
(D) Central government

Q161. Usually the errors which arises due to carelessness or negligence of the book-keeper while recording transactions in the books of accounts

(A) Error of principle
(B) Clerical Error
(C) Error of omission
(D) Error of duplication

Q162. What is meant by Final Audit?

(A) Finally checking of accounts to reveal frauds
(B) Audit for submitting report immediately at the end of the year
(C) Audit of banking companies
(D) Audit of accounts at the end of the year

Q163. Which of the following is included in Characteristic of Internal Check system?

(A) Proper division of Work among employees
(B) Selective checking of work
(C) Duties of employees are not defined

(D) Annual review

Q164. Objectives of internal audit include _________.

(A) Increase efficiency of management

(B) Prompt preparation of final accounts

(C) Find out errors & frauds at earlier stage

(D) All of these

Q165. Which of the following statements is not correct?

(A) One of the objective of vouching is to increase profitability of business

(B) Vouching is backbone of Auditing

(C) Auditing is luxury while Accountancy is necessity

(D) An Auditor is a watch dog and not a blood hound

Q166. Payment for wages should be vouched with the help of

(A) Cash receipt

(B) Wage sheet

(C) Credit transactions

(D) Purchase order

Q167. When is the procedure of Vouching done?

(A) At the end of the year

(B) Throughout the year

(C) At the beginning of the year

(D) Can't say

Q168. Which is not the Principle of Verification of Assets?

(A) Confirm the existence of assets

(B) Confirm that owner ship of the asset

(C) Liabilities should be arranged in the form of liquidity

(D) Ascertain that no charge has been created on the asset

Q169. Objective of internal check with regard to wages does not include __________.

(A) Inclusion of dummy workers in the list of workers

(B) To avoid errors in the wage sheet

(C) To ensure the correctness of time cards and piece work cards

(D) calculating Improper payment of each workers

Q170. Which of the following are unlikely to see in the current file of auditors' working papers?

(A) Details of Memorandum & articles of association

(B) Audit Programme

(C) Summary of unadjusted errors

(D) Papers related to internal audit