

S.S.R. DEGREE COLLEGE, NIZAMABAD (AUTONOMOUS)
III SEMESTER INTERNAL ASSESSMENT I EXAMINATIONS
AUDITING QUESTION BANK

Choose the correct answer:-

UNIT-I

1. The main object of an audit is _____. (D)
A. Expression of opinion B. Detection and prevention of fraud and error
B. Both A & B C. Depends on the type of audit
2. The title of AAS2 issued by council of ICAI is _____. (B)
A. Objective and scope of the financial statement
B. Objective and scope of the Audit of financial statements
C. Objective and scope of business of an entity
D. Objective and scope of financial statements audit
3. A sale of Rs.50,000 to A was entered as a sale to B. This is an example of _____. (B)
A. Error of omission B. Error of commission
C. Compensating error D. Error of principle
4. "Goods sent on approvals basis" have been recorded as "Credit sales". This is an example of _____. (A)
A. Error of principle B. Error of commission
C. Error of omission D. Error of duplication
5. As per AAS4 if auditor detects an error then _____. (D)
A. He should inform the management.
B. He should communicate it to the management if it is material
C. The auditor should ensure financial statements are adjusted for detected errors.
D. Both (B) and (C)
6. Which of the following is not a limitation of auditing as per AAS4? (A)
A. Objectivity of auditor's judgment B. Selective testing
C. Persuasiveness of evidence D. Limitations of Internal control system
7. The term "Audit" originated from the Latin word (A)
A. Audire B. Adhere C. Adhere D. None of the above

8. The management takes so many decisions on the basis of (B)
A. Accounting Statement B. Financial Statement
C. Bank Statement D. None of the above
9. Express an opinion on the financial or non-financial areas is the goal of (C)
A. Accounting B. Managing C. Auditing D. None of the above
10. The main object of an audit is (A)
A. Expression of opinion B. Detection and prevention of fraud and error
C. Both A and B above D. Depends on the type of audit

UNIT-I

Fill in the Blanks

1. Auditing is a systematic examination of the [books and records or a business.
2. Audit done by the employee of the business undertaking is called Management audit.
3. Management audit otherwise called as Efficiency audit.
4. A kind of audit conducted for a part of the accounting year is called Periodical audit.
5. The audit that is made compulsory under statute is called statutory audit.
6. Audit derived from Latin word Audire which means Tohear.
7. The audit work performed by employee of the company is internal audit.
8. Statutory audit is also known as Compulsory audit.
9. CBDT stands for Central board of direct taxes.
10. Recording a transaction twice in the books of original entry is an error of Duplication.

UNIT-II

Choose the correct answer:-

1. Examples of casual vacancy are vacancy arising due to (D)
A. Resignation of the auditor B. Death of the auditor
B. Disqualification of the auditor D. All of the above
2. Auditor has to obtain _____ audit evidence. (D)
A. Adquate B. Correct C. Relevant D. Sufficient and appropriate
3. ___ of the companies Act, 1956 contains provisions regarding the appointment of the company (C)
A. Section 223 B. Section 221 C. Section 224 D. Section 226
4. The external auditor has to check the accounts of the organization, and their compliances (A)
to various
A. Rules and regulations B. Needs and purpose C. Requirements D. Auditing standards
5. The first auditor so appointed shall hold office till the conclusion of (C)
A. First accounting Year B. Next Accounting Year
C. First Annual General Meeting (AGM) D. First statutory meeting
6. Where the vacancy is caused by resignation of auditor, such vacancy shall only be filled by the (C)
A. C&AG B. Central Government
C. Company in general meeting D. Board of directors
7. In a casual vacancy in the official of auditors arises by his resignation it should only be filled by the company in a _____. (C)
A. Boards's Meeting B. Extraordinary general meeting
C. General Meeting D. Annual General Meeting
8. The auditors have the right to attend (D)
A. Board Meeting B. Annual general Meeting
C. Extraordinary general meeting D. Any general meeting
9. The auditor shall have the right to receive _____ for auditing the account of the company. (A)
A. Remuneration B. Commission C. Relevant D. Award
10. Auditor has to obtain _____ audit evidence. (D)
A. Adquate B. Correct C. Relevant D. Sufficient and appropriate

UNIT-II

Fill in the Blanks

1. The auditor of a government company shall be appointed by _____.
2. The liabilities of an auditor can be _____.
3. The first auditors appointed hold office till the Completion of first _____.
4. Auditors of a joint stock company are appointed by _____.
5. A company auditor can be removed by _____.
6. SEC 224(2) Deals with _____.
7. Under _____ set of standardized instructions which are to be followed while conducting audit.
8. _____ is a dairy maintained by audit staff to note errors.
9. _____ is a document sent by the auditor to the client usually before the commencement of the audit.
10. _____ are the written private materials which an auditor prepares for each audit.