

**JMS COLLEGE, MUNGER, BIHAR
(MUNGER UNIVERSITY)
Department of Commerce**

**B.Com Part-I , AUDITING
Multiple Choice Questions (MCQs)**

1. Which type of audit is conducted by the Internal audit staff:
 - (a) Cost Audit
 - (b) Secretarial Audit
 - (c) Internal Audit
 - (d) Tax Audit

2. Auditing refers to
 - (a) Preparation and checking of account
 - (b) Examination of accounts of business units only
 - (c) Checking of vouchers
 - (d) Examination of accounts of professional accountants

3. Main objective of auditing is
 - (a) To find out Whether P&L a/c & B/S show true and fair state affairs
 - (b) Detection of frauds
 - (c) Detection of errors
 - (d) Detection and prevention of frauds and errors

4. Shares can be issued at premium under Section
 - (a) 75
 - (b) 76
 - (c) 79
 - (d) 52

5. Auditing is compulsory for
 - (a) All partnership firms
 - (b) Small scale business enterprises
 - (c) All joint stock companies
 - (d) All proprietary concerns

6. With regard to issue of share warrants to the bearers, the auditor should see that it is
 - (a) Permitted by the Board of Directors
 - (b) Sanctioned by the Central Government
 - (c) Permitted by Memorandum of Association
 - (d) None of the above

7. Propriety audit refers to
 - (a) Audit of Government companies
 - (b) Examination accounts of propriety concerns

- (c) Verification of accounts
- (d) Enquiry against justification and necessity of expenses

8. Propriety is normally undertaken in case of

- (a) Joint stock company
- (b) Government company
- (c) Statutory corporation
- (d) Government departments

9. Interim audit refers to

- (a) Examination of accounts intermittently
- (b) Examination of accounts continuously
- (c) Audit work to find out and check interim profits of a company
- (d) Carrying on audit for bonus purposes at the end of the year

10. Final audit implies

- (a) Audit of accounts at the end of the year
- (b) Finally checking of accounts to reveal frauds
- (c) Audit for submitting report immediately at the end of the year
- (d) Audit of banking companies

11. A continuous audit is specially needed for

- (a) Any trading concern
- (b) Banking companies
- (c) Smaller concerns
- (d) Any manufacturing companies

12. Joint audit implies

- (a) Audit of two concerns together
- (b) Audit of joint stock companies
- (c) Audit by two firms of CA
- (d) Audit of joint sector companies

13. Management audit means

- (a) Audit undertaken on behalf of the management
- (b) Evaluation performance of various management processes and functions
- (c) Audit undertaken on behalf of Govt to punish management
- (d) Compulsory audit

14. An auditor can be held liable under companies Act 1949 for

- (a) Negligence
- (b) Criminal offence
- (c) Breach of contract
- (d) Professional misconduct

15. Internal audit is

- (a) Voluntary for a company
- (b) Compulsory for a company with paid-up capital of Rs. 25 lakh and above
- (c) Not necessary for a company
- (d) Necessary for a company

16. Detection of errors and fraud in audit is

- (a) Primary object
- (b) Secondary object
- (c) Specific object
- (d) None of the above

17. Management audit is

- (a) Compulsory
- (b) Not compulsory
- (c) Compulsory under Income Tax Act
- (d) Compulsory under Indian Contract Act

18. The objective of internal audit is

- (a) To prevent error and fraud
- (b) To detect error and fraud
- (c) To improve financial control
- (d) All of the above

19. Internal check is carried on by

- (a) Special staff
- (b) Internal auditor
- (c) Accountant
- (d) The members of the staff among themselves

20. Auditor is an _____ of shareholder

- (a) Agent
- (b) Owner
- (c) Employer
- (d) Creditor

21. Institute of chartered Accounts of India was established in the year

- (a) July 1, 1949
- (b) July 1, 1956
- (c) April 1, 1956
- (d) April 1, 1949

22. 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

23. Falsification of accounts is undertaken by

- (a) Auditors
- (b) Clerks
- (c) Accountants
- (d) Responsible officials

24. CAATTS is also known as

- (a) Cost and Accounts Treatments
- (b) Classification and Accounting of Tax Tools
- (c) Computer Assisted Audit Tools and Techniques
- (d) None of the above

25. Accounting standards are prepared by

- (a) SEBI
- (b) ICAI
- (c) RBI
- (d) Income Tax Department

ANSWERS

1. (c)	2. (d)	3. (a)	4. (d)	5. (c)	6. (b)	7. (d)	8. (d)	9. (c)
10. (a)	11. (b)	12. (c)	13. (b)	14. (d)	15. (a)	16. (b)	17. (b)	18. (d)
19. (d)	20. (a)	21. (a)	22. (a)	23. (d)	24. (c)	25. (b)	--	--

Note : Dear students, for any doubt or clarification, send your query at madhulika.kvs@gmail.com