

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

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

1. Which of the following statements is correct?

- a) Valuation is a part of verification
- b) Verification is a part of valuation
- c) Valuation has nothing to do with verification
- d) Auditor is a valuer

2. Stock should be valued at

- a) Cost
- b) Market price
- c) Cost price or market price whichever is lower
- d) Cost less depreciation

3. Valuation of Fixed Assets is based on the concept

- a) Going concern
- b) Conservation
- c) Money measurement
- d) Dual aspect

4. Valuation means

- a) Calculating value of assets
- b) Checking the value of assets
- c) Checking the physical existence of assets
- d) Examining the authenticity of assets

5. "Auditor is not valuer" was stated in

- a) Kingston Cotton Mills case
- b) London & General Bank case
- c) Lee . V . Neuchatel Co. Ltd case
- d) London oil Storage Co. case

6. Fixed assets are valued at

- a) Cost
- b) Market price
- c) Cost price or market price whichever is less
- d) Cost less depreciation

7. Floating assets are valued at

- a) Cost
- b) Market price
- c) Cost price or market price whichever is less
- d) Cost less depreciation

8. The scope of work of internal audit is decided by the

- a) Share holders
- b) Management
- c) To improve financial control
- d) All of the above

9. Outstanding expenses should be verified with the help of

- a) Cash book
- b) Balance book
- c) Journal proper
- d) None of the above

10. Book debts should be verified with the help of

- a) Balance sheet
- b) Amount received from Debtors
- c) Debtors schedule
- d) Certificate from the management

11. Investments in hand should be verified with the help of

- a) Schedule of investments
- b) Balance sheet
- c) Inspection of securities
- d) Certificate from the bank

12. First auditor of a company is appointed by the

- a) Shareholders
- b) Central Govt.
- c) Company Law Board
- d) Board of Directors

13. Which of the following persons is qualified to be a company auditor?

- a) An employee of the company
- b) A body corporate
- c) A person who is indebted to the company for an amount exceeding Rs. 1000
- d) A practicing chartered accountant

14. The first auditor of a company will hold office

- a) For a period of one year
- b) Till holding of statutory meeting
- c) Till the conclusion of first annual general meeting
- d) Till a new auditor is appointed

15. Normally, a company auditor is appointed by the

- a) Central Government
- b) Shareholders
- c) Board of Directors
- d) Company Law board

ANSWERS

1. (a)	2. (c)	3. (a)	4. (b)	5. (a)	6. (d)	7. (c)	8. (d)	9. (c)
10. (c)	11. (c)	12. (d)	13. (d)	14. (c)	15. (b)	--	--	--

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