

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

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

1. Auditing refers to

- a) Preparation and checking of account
- b) Examination of accounts of business units only
- c) Examination of accounts of professional accountants
- d) Checking of vouchers

2. Main object of auditing is

- a) Detection of errors
- b) To find out whether P&L a/c & B/S show true and fair state affairs
- c) Detection of frauds
- d) Detection and prevention of frauds and errors.

3. Auditing is luxury for a

- a) Joint stock company
- b) Partnership firm
- c) Small shop-keeper
- d) Government company

4. Auditing is compulsory for

- a) Small scale business enterprises
- b) All partnership firms
- c) All joint stock companies
- d) All proprietary concerns

5. Propriety audit refers to

- a) Verification of accounts
- b) Examination accounts of propriety concerns
- c) Enquiry against justification and necessity of expresses
- d) Audit of Govt. companies

6. Propriety is normally undertaken in case of

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

7. Interim audit refers to

- a) Examination of accounts continuously
- b) Examination of accounts intermittently
- 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

8. 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

9. A continuous audit is specially needed for

- a) Any trading concern

- b) Smaller concerns
- c) Banking companies
- d) Any manufacturing companies

10. Joint audit implies

- a) Audit of two concerns together
- b) Audit of joint stock companies
- c) Audit of joint sector companies
- d) Audit by two firms of C.A

11. Management audit means

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

12. Systems audit implies

- a) Systematic examination of accounts
- b) Audit undertaken to improve auditing systems
- c) Enquiring accounting and control systems
- d) Checking the performance of management

13. Internal audit means

- a) Audit undertaken to ascertain truth and fairness of state of affairs
- b) Audit undertaken internally to evaluate management functions
- c) Audit undertaken by employees of the organization to check financial irregularities
- d) Audit by independent auditor to improve internal affairs

14. Internal audit is

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

15. Internal audit is undertaken

- a) By independent auditor
- b) Statutorily appointed auditor
- c) By a person appointed by the management
- d) By Government auditor

ANSWERS

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

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