

Questions	A	B	C	D	Answer
Auditing is a _____ examination of books.	accounts examined	systematic	employee	Haphazard	b
Book keeping starts when business transactions _____.	employee	take place	Prescribed qualification	ends	b
A Book keeper is an _____ of an organisation.	owner	employee	accounts examined	Lender	b
Accounting _____ when Book keeping _____.	accounts examined	Prescribed qualification	begins, ends	None of the above	c
An Auditor needs _____.	take place	moral	Prescribed qualification	Boss	c
Investigation is _____ in scope.	wide	employee	take place	narrow	a
Auditor's main duty is to report on _____.	accounts examined	moral	take place	Lenders	a
Error arising by violating accounts principles is error of _____.	principle	take place	moral	commission	a
Complete _____ does not affect the agreement of trial balance.	accounts examined	omission	employee	Lenders	b
Fraud is an _____.	principle	unintentional mistake	accounts examined	intentional mistake	d
_____ means showing cosmetic view of the state of affairs.	accounts examined	Prescribed qualification	window dressing	Secret Reserve	c
Auditing exercises _____ check on the employees.	principle	wide	moral	Narrow	c
Auditor should form his opinion about the accounts on the basis of _____.	audit evidence	moral	omission	Doubts	a
Financial statements include _____ _____.	Balance sheet P & L A/c	window dressing	principle	Journal	a
_____ A/c shows result of business activities.	P & L	audit evidence	intentional mistake	Journal	a
_____ contributes to national growth.	social audit	statutory audit	interim audit	Checking	a
_____ is done to ascertain correctness of taxable profit.	statutory audit	continuous audit	Tax audit	social audit	c
Concurrent audit is a part of –	Internal check system	Continuous audit	Internal audit system	Employee audit	c
In India Balance Sheet audit is synonymous to –	Annual audit	Continuous audit	Detailed audit	Statutory audit	a
Audit in depth is a synonymous for –	Complete audit	Completed audit	Final audit	Detailed audit	d
Balance sheet audit includes verification of –	Assets	Liabilities	Income and expenditure	All of the above	d
Balance sheet audit does not include	Verification of assets and liabilities	Vouching of income and expenditure	Examination of adjusting	Routine checking and closing entries	d
_____ is compulsory under law.	internal audit	statutory audit	cost audit	Employee audit	b
The audit which is done for satisfaction of the owner is _____.	cost audit	internal audit	statutory audit	Employee audit	b
The objective of _____ is to suggest improvement to the functions of the organisation.	cost audit	internal audit	statutory audit	Employee audit	b
Internal auditor is appointed by the _____.	cost audit	management	social audit	Lenders	b
_____ is carried out through out the year.	internal audit	statutory audit	continuous audit	Employee audit	c

Continuous audit is ____.	Completed audit	Final audit	costly	Employee audit	c
There is no chance of alteration of figures in ____.	interim audit	continuous audit	final Audit	Employee audit	c
____ is completed between two final audits.	continuous audit	statutory audit	interim audit	Employee audit	c
____ means verification of items in Balance Sheet.	Statutory audit	Continuous audit	Balance sheet audit	Employee audit	c
____ is verification of cost records.	cost audit	social audit	continuous audit	Employee audit	a
SA ____ is in connection with audit planning.	311	314	315	300	d
Audit plan should be based on knowledge of ____ business.	Auditor's	Client's	Both (a) and (b)	RBI	b
The purpose of Audit planning is devote attention to important ____ of audit.	Audit notes	List of directors	Aspects	Employees	c
Preparation of audit plan is a ____ exercise.	Inefficient work	Deadline of work	thinking	Lazy	c
Auditor should ensure that audit is carried at ____.	Text books	Newspapers	Right time	Loose papers	c
Written Audit plan is called as ____.	Audit planning	Audit programme	Both (a) and (b)	Test check	b
Audit programme is prepared by ____ before commencing the audit work.	Auditor	Chief Auditor	Client	Creditors	b
While designing audit programme, nature of ____ should be considered	Business	Reduced	Increased	Creditors	a
Audit programme must be in ____.	writing	Inefficient work	Deadline of work	Oral	a
Audit programme facilities ____ audits.	efficient	Business	Reduced	Inefficient	a
Audit programme cannot reveal ____ of evidence.	efficient	presence	absence	Inefficient	c
____ is a written record of queries made replies received, correspondence entered in to.	The auditor	The client	Audit Note Book	Creditors	c
Bank Reconciliation is included in ____.	Inefficient work	Deadline of work	working papers	Creditors	c
Trial Balance is a ____.	Text books	working paper	Newspapers	Magzine	b
Working papers are the ____ of the auditor.	Deadline of work	properties	Liabilities	Expenses	b
Audit programme is included in ____.	Audit programme	Audit planning	Deadline of work	Magzine	b
M/A is included in ____.	Text books	Working papers	Newspapers	Magzine	b
The auditor should ____ his work in order to ensure smooth audit.	Plan	Trade journal	Web sites	Magzine	a
Audit planning should be based on applicable ____ and regulations.	Law	Client	content	Newspapers	a
Development of audit plan is the responsibility of the ____.	Auditor	Plan	Client	Creditors	a
____ is a blue print of audit work to be done.	Audit programme	Audit planning	Memoranda	Newspapers	a
Specific ____ helps the auditor to identify transactions.	Auditor	Client	Tick mark	Newspapers	c
Audit working papers serve as an ____ of audit work done.	Client	content	evidence	Newspapers	c
Internal audit is ____.	Objective	Constructive	Continuous	Central Government	c
Internal audit is independent ____ function.	Shareholders	Central Government	Management	Creditors	c
Internal audit is done to reduce the chances of ____.	Honest	Sincere	Frauds	Hardworking	c
Internal audit is conducted by the ____.	Shareholders	Central Government	Management	Creditors	c

Internal audit is compulsory for _____ companies.	Accurate	listed	Readable	Small	b
Internal audit is compulsory for unlisted companies when paid up share capital is ` _____ crore or more.	40	50	10	20	b
Internal audit is compulsory for unlisted companies when outstanding loans exceed ` _____ crores.	200 crores	100 crores	300 crores	25 crores	b
Every private company having a turnover of ` _____ crores or more must conduct internal audit.	300 crores	200 crores	100 crores	25 crores	b
Internal auditor shall be a _____ whether in practice or not.	Balance sheet audit	C.A.	Statutory audit	Creditors	b
Routine checking is highly _____ process.	mechanical	Internal check	management	Creditors	a
In test checking clients staff becomes _____.	careless	sampling	stratification	management	a
_____ is checking selected transactions.	Test checking	Internal control	Internal check	Creditors	a
_____ decides the extent of test checking.	Auditor's	Internal check	check audit	Creditors	a
_____ is an important Audit Technique.	Internal check	sampling	management	Creditors	b
SA _____ deals with Audit samples.	520	530	510	200	b
_____ is the maximum error in population.	Internal check	Tolerable error	Internal control	Fraud	b
_____ is the process of dividing a population into different classes.	Routine	stratification	Test checking	Fraud	b
Under _____ all items in the population have equal change of selection	Authority	auditor	Random sampling	Creditors	c
_____ is inspection of the transaction with the help of documentary evidence.	vouching	Planning	Credit memo	Verification	a
Vouching is an essence of _____.	Auditing	vouching	Credit memo	Verification	a
Any documentary evidence supporting the entries in the records is called as a _____.	voucher	Credit memo	vouching	Verification	a
_____ enables the auditor to detect errors & frauds.	vouching	Credit memo	Auditing	Negligence	a
Voucher must be stamped if the amount exceeds ` _____.	` 5,000	` 9,000	` 7,000	20,000	a
Voucher should be signed by the _____.	Export	payee	Sale on approval	Bank	b
The objective of vouching is to _____ the transaction.	Dividend warrant	Authenticate	Export	import	b
Cash sales is supported by _____.	Credit Note	cash memo	Debit Note	Bank statement	b
_____ shows sales of goods sent on consignment.	Other operating expenses	Account sale	Finance cost	Assets	b
_____ Supports sales Return.	Credit Note	Cash sales	Credit sales	Bank statement	a
Amount of Rent Received can be verified from _____.	Rent Receipt	Dividend warrant	Cash Receipt	Royalty Statement	a

_____ Show amount of dividend received.	Dividend warrant	Finance cost	Other operating expenses	Royalty Statement	a
Credit purchases are supported by _____.	Petty cash vouchers	Cash memo	purchase invoice	Royalty Statement	c
Payment of salary is supported by _____.	Voucher	Cash memo	salary register	Royalty Statement	c
Insurance premium paid is verified from _____.	Other operating expenses	To obtain understanding of internal control system	receipt issued by insurance company	Royalty Statement	c
_____ shows whether the advertising expenditure is related to client's business.	Commission earned	advertisement cuttings	credit purchases	Royalty Statement	b
Interest is verified from _____.	credit purchases	interest warrant	Bad debts record	Royalty Statement	b
Documentary evidence supporting the entries in the books is called as _____.	Invoice	voucher	Receipt	None of the above	b
_____ implies that the assets are existing.	verification	Expenses	coordination	Vouching	a
The object of verification is to see that the assets _____ to the clients.	belong	Fictitious Asset	Current asset	Liabilities	a
_____ is the technique of verification.	Inspection	Expenses	coordination	Liabilities	a
The object of _____ is to know correct financial position of the organization.	Expenses	valuation	Observation	coordination	b
There should be _____ in valuation of assets.	Fictitious Asset	consistency	Expenses	Liabilities	b
_____ decides truth about the assets & liabilities.	Inspection	Planning	coordination	Liabilities	b
_____ is done at the end of the year.	Planning	Expenses	verification	Liabilities	c
Ownership is verified on the basis of _____.	Capital expenditure	Revenue expenditure	Title Deeds	Liabilities	c
Inventory is valued at _____ or at _____ whichever is loss.	Existence, possession and ownership	Fictitious Asset, Current assets	Cost, market value	Liabilities	c
Tools are valued at _____.	Cost or market value whichever is less	cost	Securities premium	Liabilities	b
_____ deals with Accounting for Investment.	AS 10	AS 13	AS 2	AS 5	b
_____ sanction is necessary for issue of Debentures.	Securities premium	SEBI	CRR	RBI	b
Public Deposits are _____ loans.	Cost	Secured	Unsecured	RBI	c
Verification is necessary as it avoids _____.	valuation	verification	Manipulation	Accuracy	c

Auditor should verify the existence of assets by _____ inspection.	vouching	prepaid	personal	Manipulation	c
Profit on sale of capital asset should be transferred to _____.	Capital reserve	Cost	Cost or market value whichever is less	Sales	a
Expenditure on plant & machinery installation is a _____ expenditure.	Capital	Asset Register	Agreement	Revenue	a
_____ expenses are shown in the Balance sheet under loans & advances.	prepaid	Contractor's bill	Invoice	Any	a
_____ is done by the audit assistants.	Fixed liabilities	vouching	Current liabilities	Strategy	b
_____ is done by the auditors.	valuation	verification	Manipulation	Fraud	b





