

## AUDITING II

1) \_\_\_\_\_ would mean records maintained by the company to record the specified financial transaction.

- a) Balancing the books of accounts b) Maintenance of books of accounts c) Requirement of books of accounts d) Auditing of books of accounts

2) Books of accounts of the company shall be kept at the \_\_\_\_\_ office of the company.

- a) Local b) New c) Registered d) National

3) First auditor of a company shall be appointed by the \_\_\_\_\_.

- a) Employees b) Board of Directors c) Shareholders d) CEO

4) Full form of NFRA is:

- a) National Fund Report Authority b) National Fiscal Report Authority c) National Financial Review Authority d) National Forgery Report Authority

5) Unqualified report is also known as:

- a) Negative audit report b) No opinion report c) Clean audit report d) Adverse audit report

6) Auditor appointed under casual vacancy shall hold the office till the conclusion of next \_\_\_\_\_.

- a) AGM b) CA c) ICWAI d) ICS

7) \_\_\_\_\_ % is required in case of Loss assets.

- a) 100 b) 50 c) 0.40  
d) 80

8) \_\_\_\_\_ balance of inter office adjustment it is shown on assets side.

- a) Debit b) Credit  
c) Nil d) Negative

9) An asset is called as \_\_\_\_\_ when it ceases to generate income for the bank.

- a) Bad Debts
- b) NPA
- c) Irrecoverable
- d) Accounts Receivable

10) LFR is mandatory for \_\_\_\_\_.

- a) Limited Companies
- b) Insurance Companies
- c) Banking Companies
- d) Non-profit Organization.

11) Premium received for succeeding accounting year is called as \_\_\_\_\_

- a) Overdue Premium
- b) Unearned Premium
- c) Outstanding Premium
- d) Earned Premium

12) The cost the claims include amount of claims paid and \_\_\_\_\_ cost.

- a) Settlement
- b) Outstanding
- c) Actual
- d) Real

13) Reinsurance \_\_\_\_\_ means reinsurance accepted.

- a) Inward
- b) Outward
- c) Ceded
- d) Denied

14) Surrender Value becomes part of \_\_\_\_\_ in Revenue Account.

- a) Premiums
- b) Commission
- c) Benefits paid
- d) Income received

15) \_\_\_\_\_ is the term used in respect of pension plans of life insurance companies.

- a) Annuity
- b) Endowment
- c) Life Plan
- d) Surrenders

16) Social audit is assessment of \_\_\_\_\_ performance of an organization.

- a) Financial      b) Social      c) Legal
- d) Political

17) \_\_\_\_\_ act as Secretary of Audit committee.

- a) Managing Director      b) Company Secretary
- c) CEO      d) Shareholder

18) Payment of dividend creates cash \_\_\_\_\_.

- a) inflow      b) outflow      c) Directors      d) None of the above

19) Which of the following audit is useful for fixing up selling price of a product:

- a) Operational Audit      b) Tax Audit
- c) Cost Audit      d) Management Audit

20) Through which of the following audit can organizations demonstrate that they are environmentally responsible:

- a) Forecast audit      b) Environmental audit      c) Management audit
- d) Operational audit

21) A member of the Institute shall be deemed "to be in Practice" of himself in the practice of \_\_\_\_\_.

- a) costing      b) accountancy      c) taxation
- d) auditing

22) A person who wants to be member of the Institute should be of the age of \_\_\_\_\_ years.

- a) 18      b) 21      c) 25
- d) 28

23) HR audit identifies \_\_\_\_\_ needs of employees. A) Training      b) Board of Directors  
c) Shareholders      d) None of the above

24) \_\_\_\_\_ of the Chartered Accountants Act prescribes the procedure for enquiry relating to the professional misconduct of the Chartered Accountants:

- a) Section 44
- b) Section 41
- c) Section 21
- d) Section 22

25) The \_\_\_\_\_ has the power to revise the order passed by the council of ICAI, either on its own motion or otherwise:

- a) District Court
- b) Local Court
- c) Subordinate Court
- d) High Court

26) An auditor who is an individual can be appointed for one term of maximum \_\_\_\_\_ consecutive years:

- a) 5
- b) 10
- c) 15
- d) 20

27) An auditor can audit maximum \_\_\_\_\_ companies:

- a) 12
- b) 8
- c) 5
- d) 20

28) The books of accounts must be kept on \_\_\_\_\_ basis:

- a) accrual
- b) outdated
- c) past
- d) future

29) Auditor should obtain \_\_\_\_\_ management representations to complement the audit procedures:

- a) oral
- b) fake
- c) unreal
- d) written

30) \_\_\_\_\_ is the amount of profit available for distribution of dividend:

- a) divisible profit
- b) net profit before tax
- c) depreciation
- d) amalgamation

31) \_\_\_\_\_ is the most important objective of auditing:

- a) Delay of work
- b) Reporting
- c) Minimisation of work
- d) Maximisation of work

32) Audit report is the instrument through which the auditor expresses his \_\_\_\_\_ to the shareholders :

- a) anger
- b) loyalty
- c) ignorance
- d) opinion

33) If auditor gives \_\_\_\_\_ he has to give reasons for qualifications:

- a) qualified report
- b) Clean report
- c) No opinion report
- d) Unqualified report

34) \_\_\_\_\_ serve as an evidence to the auditor:

- a) Stationery
- b) Locker
- c) Compartment
- d) Management representations

35) Company can appoint / reappoint an individual as an auditor for 1 term of \_\_\_\_\_ :

- a) five years
- b) ten years
- c) two years
- d) Six years

36) Auditor of a government company is appointed by \_\_\_\_\_ :

- a) Shareholders
- b) CAG
- c) Customers
- d) CEO

37) Banks included in the Second Schedule of RBI Act are called as \_\_\_\_\_ :

- a) Commercial    b) Scheduled    c) Foreign
- d) Local

38) Auditor of SBI is appointed by \_\_\_\_\_ :

- a) Shareholders    b) Central Government    c) Employees
- d) CAG

39) Money lent for one day is called as Money at \_\_\_\_\_:

- a) Call    b) Short notice    c) Intraday
- d) Short period

40) Money for more than one day but for less than 14 days is called as Money at \_\_\_\_\_:

- a) call    b) short notice
- c) intraday    d) long period

41) Statutory Reserve should be created at \_\_\_\_\_ % of current year's net profit :

- a) 20    b) 10    c) 25
- d) 15

42) In case of all types of deposits auditor should examine \_\_\_\_\_ procedure:

- a) A/c re-opening    b) A/c closing    c) A/c opening
- d) KYC

43) A \_\_\_\_\_ asset is one which has been classified as NPA for a period exceeding 2 years:

- a) Loss    b) Doubtful    c) Substandard
- d) Standard

44) The appointment of the auditor of a co-operative bank is governed by the relevant \_\_\_\_\_ :

- a) Companies Act    b) RBI    c) Banking Regulation Act

d) Co-operative Societies Act

45) Cooperative banks provide \_\_\_\_\_ rate of interest on deposits than commercial banks:

- a) higher
- b) lower
- c) same
- d) medium

46) Provisions of \_\_\_\_\_ are applicable regarding qualification and disqualification of auditor of a bank:

- a) Companies Act, 2015
- b) Companies Act, 2013
- c) Companies Act, 2002
- d) Companies Act, 2005

47) A Doubtful asset is the one which has remained in sub-standard category for a period of \_\_\_\_\_:

- a) 24 months
- b) 6 months
- c) 12 months
- d) 8 months

48) Full form of RRBs is:

- a) Regional Rational Banks
- b) Rational Rural Banks
- c) Regional Rate Banks
- d) Regional Rural Banks

49) \_\_\_\_\_ refers to excess of assets over liabilities:

- a) Profit
- b) Loss
- c) Expense
- d) Solvency margin

50) Every insurer carrying on general insurance business should create a \_\_\_\_\_ to meet future potential liability:

- a) Catastrophe Reserve
- b) Statutory Reserve
- c) Contingency Reserve
- d) Flexible Reserve

51) In marine insurance reserve for unexpired risk is \_\_\_\_\_ % of net premium :

- a) 50   b) 25   c) 100
- d) 75

52) Every general insurance company required to create a \_\_\_\_\_ reserve :

- a) Catastrophe   b) General   c) Claim
- d) flexible

53) The auditor of an insurance company is to be appointed at the \_\_\_\_\_ of the Shareholders:

- a) Management Meeting   b) Annual General Meeting   c) Interim Meeting
- d) Business Meeting

54) \_\_\_\_\_ has powers to suspend class or classes of general insurance business:

- a) IRDA   b) CEO   c) Client   d) Shareholder

55) Accounting Standard (AS) 3 deals with:

- a) Revenue Recognition   b) Cash flow statements   c) Accounting for investments
- d) Segment reporting

56) Accounting Standard (AS) 9 deals with:

- a) Segment reporting   b) Revenue Recognition   c) Cash flow statements
- d) Accounting for investments

57) Accounting Standard (AS) 13 deals with:

- a) Segment reporting   b) Accounting for investments   c) Revenue recognition
- d) Cash flow statements

58) When an Insurance company takes reinsurance from other insurance company it is called as \_\_\_\_\_ :

- a) Reinsurance Inward   b) Reinsurance Accepted   c) Reinsurance Ceded



d) Insurance Inward

59) \_\_\_\_\_ is segment revenue less segment expense :

- a) Segment result
- b) Segment assets
- c) Segment liabilities
- d) Segment accounting policies

60) \_\_\_\_\_ includes promoting staff welfare :

- a) External social responsibility
- b) Corporate social responsibility
- c) Internal social responsibility
- d) Outer social responsibility

61) \_\_\_\_\_ is an inspection, survey and analysis of energy flows for energy conservation:

- a) Energy audit
- b) Environment audit
- c) Social audit
- d) Cost audit

62) \_\_\_\_\_ Audit is concerned with verification of performance of environment management systems to control pollution and their efficiency to conserve environment:

- a) Energy
- b) Environment
- c) Social
- d) Systems

63) Companies Act empowers \_\_\_\_\_ to order conduct of cost audit for certain companies:

- a) President
- b) State Government
- c) Central Government
- d) CEO

64) Operational audit is the audit of \_\_\_\_\_ activities of business.

- a) Long term
- b) Day-to-day
- c) Important
- d) Future

65) Tax audit is applicable to professionals whose gross receipts in any previous year exceed Rs. \_\_\_\_\_.

- a) 25 Lakhs   b) 50 Lakhs   c) 1 Crore
- d) 2 Crore

66) \_\_\_\_\_ cannot be appointed as tax auditor even though eligible.

- a) Statutory Auditor   b) Cost Auditor   c) Internal Auditor
- d) Chartered Accountant

67) Staff are provided with \_\_\_\_\_ that restricts the unauthorized access :

- a) user id & password   b) internet   c) mobiles
- d) laptops

68) \_\_\_\_\_ controls are required to avoid unauthorized changes in the system and programs:

- a) physical   b) system development   c) access
- d) actual

69) \_\_\_\_\_ approach is also known as auditing around the computer :

- a) White box   b) Yellow box   c) Black box
- d) Red box

70) \_\_\_\_\_ approach is also known as Auditing through the computer :

- a) Black box   b) Yellow box   c) Red box
- d) White box

71) CSA stands for \_\_\_\_\_ :

- a) Control Self-Assessment   b) Computerised System of Accounting
- c) Computerised System of Auditing   d) Control System of Accounts

72) Full form of CIS is :

- a) Computerised Institutional System   b) Centralised Information System   c) Centralised Institutional System

d) Computerised Information System

73) Full form of CAATs is :

- a) Computerised Accounting & Auditing Technology
- b) Computer Assisted Auditing Techniques
- c) Computerised Accounting & Auditing Technique
- d) Centralised Accounting & Auditing Technology

74)A \_\_\_\_\_ is required to function as per the provisions of Chartered Accountants Act, 1949:

- a) Cost & Management Accountant
- b) Chartered Accountant
- c) Company Secretary
- d) CEO

75)\_\_\_\_\_ refers to the behaviour of a professional man towards other members of professional body and also towards members of the public:

- a) Professional misconduct
- b) Honesty
- c) Professional ethics
- d) Loyalty

76)Professional Misconduct is defined under section \_\_\_\_\_ of the Chartered Accountant Act, 1949:

- a) 32
- b) 42
- c) 52
- d) 22

77)Part II of First schedule deals with professional misconduct in relation to members in \_\_\_\_\_ :

- a) service
- b) practice
- c) general
- d) books

78)Which of the following is one of the main objectives of code of the ethics?

- a) To delay work
- b) To reduce work
- c) To maintain highest level of professionalism
- d) To maximise work

79)A \_\_\_\_\_ is expected to maintain the dignity and prestige of the profession:

- a) Customer    b) Shareholder    c) Supplier
- d) Chartered Accountant

80) A \_\_\_\_\_ cannot share his fees with a non-member :

- a) Chartered Accountant    b) Customer    c) Shareholder
- d) Supplier

81) The main objectives of code of ethics are to maintain \_\_\_\_\_ of professionalism, to attain highest level of performance and in general to meet the public interest requirements:

- a) highest level    b) lowest level    c) least level
- d) minimum level

82) \_\_\_\_\_ ethics is a sign of professional pride.

- a) Central    b) Main    c) Professional
- d) Important

83) A person can become a chartered accountant provided he has passed.

- a) B.Com Examination    b) Final Examination of the ICAI    c) M.Com Examination
- d) CMA Examination

84) Section \_\_\_\_\_ the Act lays down the qualifications and disqualifications of a company auditor.

- a) 141    b) 140    c) 130    d) 129

85) A person to be appointed as a statutory auditor should be qualified \_\_\_\_\_ \_\_\_\_\_.

- a) Chartered Accountant    b) The Auditor    c) Managing director    d) Managers

86) Appointment of subsequent auditor to be made by the shareholders at every \_\_\_\_\_.

- a) AGM    b) CA    c) ICWAI    d) ICS

87) Auditor appointed under casual vacancy shall hold the office till the conclusion of next \_\_\_\_\_.

a)AGM b)CA c)ICWAI d)ICS

88) For the removal of the Auditor an approval of the \_\_\_\_\_ government has to be obtained. a)Central b)State government c)Casual d)None of the above

89) The audit working papers are the property of \_\_\_\_\_.

a)Chartered Accountant b)The Auditor c) Managing director d)Managers

90) The audit report should be signed by \_\_\_\_\_.

a)Managers b)The Auditor c)Chartered Accountant d)None of the above

91) The holder of certificate under \_\_\_\_\_ 1956 can be appointed as an auditor of a company.

a)State government b)Companies Act c)Central government d)None of the above

92) \_\_\_\_\_ auditor is appointed within one month of registration.

a)Second b)First c)Third d)None of the above

93) \_\_\_\_\_ can appoint first auditors.

a)ICWAI b)B.O.D c)AGM d)None of the above

94) First auditor can hold office till the \_\_\_\_\_ of the 1st general meeting.

a)professional b)Conclusion c)Reasonable d)None of the above

95) Every company has to appoint an auditor at every \_\_\_\_\_ meeting.

a)ICS b)ICWAI c)AGM d)None of the above

96) \_\_\_\_\_ vacancy arises due to resignation of the auditor.

a)Conclusion b)Shareholders c)Casual d)None of the above

97) Retiring auditor can make \_\_\_\_\_ representation.

- a)notice      b)Reasonable   c)Written      d)None of the above

98) Audit fees should be disclosed in \_\_\_\_\_ A/c.

- a)Shareholders      b)Conclusion      c)P & L A/c      d)None of the above

99) Rights & duties of an auditor of a \_\_\_\_\_ company are governed by companies Act 1956.

- a)Shareholders      b)notice      c)Limited      d)None of the above

100) Auditor has right to receive \_\_\_\_\_ remuneration.

- a) Shareholders      b)Reasonable   c) Conclusion   d)None of the above

101) Auditor has right to receive \_\_\_\_\_ of the general meeting.

- a)Reasonable   b)Notice      c)Shareholders      d)None of the above

102) Remuneration for services other than the \_\_\_\_\_ can be given to the auditor.

- A)notice      b)Audit work      c)Conclusion      d)None of the above

103) The details of audit fees should be given in the \_\_\_\_\_ A/c.

- a)Shareholders      b) P & L A/c      c)Conclusion      d)None of the above

104) The auditor has a right to receive \_\_\_\_\_ of the general meeting of the company.

- a)Conclusion   b)notice      c) Reasonable   d)None of the above

105) The duty of the auditor is not restricted to verify the \_\_\_\_\_ of accounts.

- a)Accuracy   b)Shareholders      c)notice      d)None of the above

106) The duty of the auditor is to make audit report and submit it to the \_\_\_\_\_.  
a) Shareholders      b) professional      c) Board of directors      d) None of the above

107) Auditor should carry out the work as per the \_\_\_\_\_ standard.  
a) professional      b) Conclusion      c) Shareholders      d) None of the above

108) Company's auditor may be appointed by  
a) Board of Directors      b) Managing director      c) Managers      d) Employees

109) First auditor of a newly formed company can be appointed by the Board of Directors within \_\_\_\_\_.  
a) Two months      b) One month      c) Three month      d) One week

110) Appointment of subsequent auditor to be made by the shareholders at every  
a) Annual general meeting      b) Extra ordinary general meeting      c) Board meeting  
d) Creditors meetings

111) Books of accounts include \_\_\_\_\_.  
a) Segment expenses      b) Books in Electronic form      c) Segment Revenue      d) None of the above

112) Books of accounts must be prepared on \_\_\_\_\_.  
a) Registered office      b) Accrual basis      c) Business segment      d) None of the above

113) Books of accounts must be prepared as per \_\_\_\_\_ \_\_\_\_\_ \_\_\_\_\_.  
a) Accrual basis      b) Double Entry system      c) Registered office      d) None of the above

114) Books of accounts must be kept at \_\_\_\_\_ \_\_\_\_\_ of the company.  
a) Segment Revenue      b) Accrual basis      c) Registered office      d) None of the above

115) Books of accounts can be inspected at \_\_\_\_\_ of the company.

- a)Business segment   b)Segment Revenue   c)Registered office   d)None of the above

116) AS \_\_\_\_\_ deals with related party relationship.

- a)12   b)15   c)18   d)21

117) Segments may be \_\_\_\_\_ and \_\_\_\_\_.

- a)Geographical & Business   b)Business   c)Reportable   d)None of the above

118) Method of distribution identifies \_\_\_\_\_ segment.

- a)Business segment   b)Segment Revenue   c)Registered office   d)None of the above

119) Gain on sale of investment is not a \_\_\_\_\_.

- a)Segment Revenue   b)Business   c)Reportable   d)None of the above

120) Income tax expenses are not included in \_\_\_\_\_.

- a)Accrual basis   b)Segment Expenses   c)Double Entry system   d)None of the above

121) Dividend is paid out of \_\_\_\_\_.

- a)Loss   b) Cash   c)Profitd)None of the above

122) Section \_\_\_\_\_ governs divisible profit.

- a)121   b) 122   c)123   d)124

123) Dividend is paid in \_\_\_\_\_ only.

- a) Cashb) Kind c) Cast   d)None of the above

124) Dividend is paid within \_\_\_\_\_ days after declaration.



a) 31 days      b)15 days      c)30 days      d)15 days

125) \_\_\_\_\_ is paid at the middle of the year.

a)Interim      b)Shareholders      c)Central Government      d)None of the above

126) Interims dividend is not paid out of \_\_\_\_\_.

a)capital      b) Cashc) Kind d) None of the above

127) Dividend on preference shares is paid in preference to \_\_\_\_\_.

a) Equity      b)shareholders      c)Directors      d) None of the above

128) Dividend is paid in

a) Cashb) Kindc)Cash and kind      d)None of the above

129) Payment of dividend creates cash \_\_\_\_\_.

a)inflow      b)outflow      c)Directors      d)None of the above

130) Dividend is paid in

a) Cashb) Kindc)Cash and kind      d)None of the above

131) Financial reporting covers \_\_\_\_\_ and \_\_\_\_\_ information.

a)Profit and Loss A/c, b) Balance sheet      Cash, cash      c)Financial; Non–Financial  
d)None of the above

132) E.V.A. is the \_\_\_\_\_ of corporate reporting.

a)Investment      b) Inventories      c) Objective      d)None of the above

133) Relevance is the essence of \_\_\_\_\_ reports.

a)Dividend      b)operations review      c)Financial      d)None of the above

134) Annual report is \_\_\_\_\_.

a)Mandatory b)Performance c)Corporate finance d)None of the above

135) Chairman's speech and financial highlights are the part of \_\_\_\_ .

a)Extended reporting b)Social reporting c)H.R. accounting d)None of the above

136) Statutory Financial Statements include \_\_\_\_ and \_\_\_\_ in vertical form.

a)Financial; Non-Financial b)Profit and Loss A/c, c)Balance sheet Cash, cash d)None of the above

137) Financial statements are prepared as per \_\_\_\_ cost.

a)Objective b)Historical c)Dividend d)None of the above

138) \_\_\_\_ must contain notes to accounts.

a)H.R. accounting b)Annual report c)Social reporting d)None of the above

139) Cash on hand is a part of \_\_\_\_ and \_\_\_\_ equivalent.

a)Financial; Non-Financial b)Profit and Loss A/c, c)Balance sheet Cash, cash  
d)None of the above

140) Consolidated Financial Statements are mandatory under companies Act \_\_\_\_ .  
)2012 b)2015 c)2013 d)None of the above

141) Segment reporting is included in \_\_\_\_ reporting.

a)Dividend b)operations review c)Extended d)None of the above

142) \_\_\_\_ provides for disclosure of accounting policies.

a) AS 3 b)AS 21 c)AS1 d)None of the above

143) Objective of corporate reporting includes information about :

a)Financial performance b)Foreign exchange c)EVA d)All of the above

144) Financial report must be :

a)Relevant b)understandable c)verifiable d)All of the above

145) Annual report contains :

a)P & L A/c b) Balance sheet c)Director's report d)All of the above

146) Information as per accounting standards included in Annual report include :

a) AS 1 b)AS 3 c)AS 21 d)All of the above

147) Extended reporting includes :

a)Chairman's speech b)Financial highlights c) Value added statement d)All of the above

148) Extended reporting includes :

a)Segment reporting b)Social reporting c)H.R. accounting d)All of the above

149) Significant accounting policies are about :

a)Investment b)Inventories c)R & D d)All of the above

150) Significant accounting policies are about :

a) Retirement benefits b)Foreign currency transactions c) Borrowing cost d) All of the above

151) Cash and cash equivalent includes :

a) Cash b)Bank balance c)Highly liquid investment d)All of the above

152) Director's Report include : a) Financial results b)Dividend c)operations review d)All of the above

153) Director's report include : a)Foreign exchange b)Public deposits c)Corporate Governance d)All of the above

154) Management Discussion and Analysis deals with : a)Performance b)Corporate finance c)Financial ratios d)All of the above

155) Management Discussion and Analysis deals with : a)Risk management b) Human resources c)Internal controls d)All of the above

156) Report on Corporate Governance includes information about : a)Risk management b)Code of conduct c)Shareholders d)All of the above

157) Audit report gives information about : a)Scope b)Opinion c)place of signature d)All of the above

158) \_\_\_\_\_ is a statement of collected and considered facts about the accounts.

a)Engagement Letter b)Representation Letter c)Audit Report d)None of the above

159) \_\_\_\_\_ is an instrument through which the auditor expresses his opinion.

a)Engagement Letter b)Representation Letter c)Audit Report d)None of the above

160) Audit Report should not be \_\_\_\_\_. aa)Factual b)Unbiased c)biased d)None of the above

161) Audit Report is in the nature of \_\_\_\_\_. a)Verification b) Unqualifiedc)Modified d)None of the above

162) The scope of Audit Report is \_\_\_\_\_ than the scope of Audit Certificate. a)wide  
b)Engagement Letter c) Representation Letter d)None of the above

163) \_\_\_\_\_ provides for Audit Report.

a)SA 700 b)AAS 21 c)AAS 27 d)None of the above

164)Audit Report is addressed to the \_\_\_\_\_. members

a)Accounting Standards b)Less C)Payable d)None of the above

165)The Report must be \_\_\_\_\_ by the Auditor. A)Unqualified opinion b)signed  
c)Convincing d)None of the above

166)The report which says that financial statements company with GAAP is an \_\_\_\_\_  
Report.

a) Modified b)unqualified c) Qualified d)None of the above

167)Scope of audit is communicated to the client in :

a)Audit Report b)Engagement Letter c)Representation Letter d)Annual Report

168)The auditor has to give a statement of fact u/s 227 (3) on : a)Proper Book of  
Accounts b)Accounting Standards c)Less Payable d)None of the above

169)The date of Audit Report should not be :

a)Date of AGM b)Date of approval of accounts c)Both (a) & (b) d)None of  
the above

170) The client changed the method of depreciation. It is disclosed as a note. It has  
immaterial effect on current financial statement. Which opinion should the auditor express?  
A)Unqualified opinion b)Qualified opinion c)Disclaimer of opinion d)Adverse  
opinion

171)Under CARO 2016, the auditor is not required to report on :

a)Arrears of preference dividend b)Preferential allotment of shares to related party  
c)Disposal of fixed assets d)Unsecured loans granted to related party.

172)Auditor Report is given in prescribed format as per :

a)Sec. 143 of companies Act 2013 b)AAS 21 c)AAS 27 d)none of the above

173)A good report must be :

a)Factual b)Convincing c)Unbiased d)All of the above

174)The Report which expresses that financial statements are as per GAAP is :

a)Qualified b)Unqualified c)dModified d)Adverse

175) Audit Report is qualified when :

- a) Wrong method of depreciation is followed    b) Company law is violated    c) The auditor is unable to obtain information    d) All of the above

176) A company auditor addresses his report to :    a) Board of Directors    b) Members  
c) M. D. d) Company secretary

177) The CARO shall apply to a company, which is engaged or proposes to be engaged in the following activities.    A) Manufacturing, mining or processing    b) Supplying and rendering services    c) Trading    d) All of the above

178) \_\_\_\_\_ regulates the working of insurance companies.    A) PAN    b) IRDA    c) LFAR  
d) None of the above

179) Reserve for unexpired risk in respect of fire insurance is \_\_\_\_\_.    A) 20%    b) 50%  
c) 30%    d) 10%

180) Average clause is applicable in case of \_\_\_\_\_.

- a) Contingent Liabilities    b) Under Insurance    c) Other Assets    d) None of the above

181) Outstanding premium is shown in the balance sheet of an insurance company under \_\_\_\_\_.

- a) Other Liabilities    b) Other Assets    c) Contingent Liabilities    d) None of the above

182) Every banking company has to transfer \_\_\_\_\_ of current year's profit to Reserve Fund.

- a) 50%    b) 30%    c) 20%    d) 5%

183) Bills for collection are shown in the balance sheet of a bank under \_\_\_\_\_.  
A) Other Assets    b) Other Liabilities    c) Contingent Liabilities    d) None of the above

184) Bills payable is shown in the balance sheet of a bank under \_\_\_\_\_.

- A) Contingent Liabilities    B) Other Assets    c) Other Liabilities    d) None of the above

185) Bills purchased and discounted are shown in the balance sheet of a bank under schedule of \_\_\_\_\_.    A) Interest expended    b) Advances    c) Advances    d) a None of the above

186) LEAR stands for \_\_\_\_\_.    A) Long Form Audit Report    b) Mortgage deed  
c) Valuation report    d) None of the above

187) The accounts that generally has overdue beyond 60 days is called \_\_\_\_\_.    A) Stressed  
b) Interest expended    c) Advances    d) None of the above

- 188) Report has to be as per \_\_\_\_\_ guidelines. A) ICAI b) IRDA c) LFAR d) None of the above
- 189) In \_\_\_\_\_ RBI advised public sector Banks to obtain LFAR.  
a) 1985 b) 1975 c) 1965 d) 1947
- 190) Format of LFAR is designed by \_\_\_\_\_. A) RBI b) ICAI c) IRDA d) None of the above
- 191) LFAR is in \_\_\_\_\_ form. A) Questionnaire b) Interest earned c) Interest expended d) None of the above
- 192) LFAR is not a \_\_\_\_\_ for statutory Audit Report. A) Interest expended b) substitute c) Questionnaire d) None of the above
- 193) LFAR is very \_\_\_\_\_ report. A) Questionnaire b) crucial c) Stressed d) None of the above
- 194) NPA stands for \_\_\_\_\_ \_\_\_\_\_. A) Financial statements b) non-performing asset c) Project Report d) None of the above
- 195) Term loan becomes NPA when it remains overdue for more than \_\_\_\_\_ days.  
a) 45 days b) 90 days c) 30 days d) 15 days
- 196) Government guaranteed advanced became NPA is it remains overdue for remains overdue for more than \_\_\_\_\_ days.  
a) 30 days b) 90 days c) 45 days d) 15 days
- 197) Every banking company in India has to transfer to Reserve Fund  
a) 20% of current year's profit b) 10% of current year's profit c) 30% of current year's profit d) 40% of current year's profit
- 198) The very first item in the balance sheet of a banking company on asset side is  
a) Investments b) Advances c) Money at Call and Short Nonce d) Cash and balance with RBI
- 199) Bills for collection are shown in the balance sheet of a bank under  
a) Liabilities b) Assets c) Both assets and liabilities d) Contingent liabilities
- 200) Figures in the final accounts of a bank are shown in a) Rupees and paise  
b) Hundreds c) Thousands d) Nearest Rupee
- 201) Bills payable are shown in the balance sheet of a bank under a) Other liabilities & provisions b) Schedule of deposits c) Schedule of advances d) Contingent liabilities

202) Bills purchased and discounted are shown in the balance sheet of a bank in a) Schedule of advances b) Schedule of deposits c) Schedule of other liabilities & provisions d) Contingent liabilities

203) Discount on bills is shown by banks under such a) Interest earned b) Interest expended c) Advances d) Other income

204) Inter-office adjustment is shown in the bank balance sheet under a) Other assets b) Other liabilities c) Either other assets or other liabilities d) Both under (a) and (b)

205) Unclaimed dividend is shown by bank under a) Other liabilities b) Deposits c) Advances d) Contingent liabilities

206) Endorsements are shown by banks under a) Contingent liabilities b) Advances c) Deposits d) Other liabilities

207) Rebate on bills discounted is shown in balance sheet of bank under a) Liability side b) Asset side c) Both liability and assets d) None of the above

208) Letters of credit are shown under a) Contingent liabilities b) Advances c) Deposits d) Other liabilities

209) In case of Nationalised bank the auditor shall send his report to a) Central Government with a copy to the bank b) Central government with a copy to RBI c) RBI with a copy to the bank d) President of India with a copy to RBI

210) A banking company is obliged to transfer to its reserve fund each year

a) 4% of its annual profit b) 2% of its annual profit before declaring dividend c) 10% of its annual profit before declaring dividend d) 2% of its annual profit after declaring dividend

211) Which one of the following is generally the largest item on the asset side of the bank balance sheet a) Investments b) Fixed assets c) Loans & advances d) Cash and bank balances with RBI

212) Banks should classify an account as NPA only if interest charged during any quarter is not served fully with days from the end of the quarter a) 30 b) 60 c) 90 d) 180

213) Excellent guidance on Audit of Banks is given by \_\_\_\_\_. A) Guidance Note / issued by ICAI b) RBI master circulars c) A/A d) None of the above

214) For audit of advances bank prepare

a) Appraisal form b) Valuation Report c) Invoices / Receipts d) All of the above

215) For audit of advances Bank obtain a) Mortgage deed b) Valuation report c) Invoices and Receipts d) All of the above

- 216) Borrowers have to submit to the bank a) Project Report b) Financial statements  
c) PAN d) All of the above
- 217) Today banks are working under the environment of a) core banking solutions b) Political conditions  
c) social conditions d) None of the above
- 218) The Auditor has to give his impressions on Bank working in a) Long Form Audit Report  
b) Tax Audit Report c) NPA d) All of the above
- 219) The auditor has to ensure compliance of a) Stock Audit Report b) Internal Audit report  
c) Previous Audit Report d) all of the above
- 220) Reporting of Audit of banks has facets a) Main Audit Report b) LFAR c) Certifications  
d) All of the above
- 221) Loans and advances should be made to borrowers who are a) Creditworthy A/c holders  
b) Political leaders c) Social leaders d) None of the above
- 222) Banking companies accept deposits on a) Current A/c b) Savings A/c c) Term deposit A/c  
d) All of the above
- 223) Following is not a contingent liability a) Liability for partly paid shares b) Claims not acknowledged as debt  
Acceptances, c) endorsements and other obligation d) Provision for taxation.
- 224) Money at call and short notice includes repayable a) within 30 days b) within 15 days or less than 15 days notice  
c) within 50 days d) within 45 days.
- 225) Advances are classified as a) secured by tangible assets b) covered by bank and Govt. Guarantees  
c) unsecured d) all of the above
- 226) Security advances are classified as a) Secured by tangible assets b) Covered by Bank and Govt. Guarantees  
c) Unsecured d) All of the above
- 227) LFAR is a substitute for a) statutory Audit Report b) not a substitute for statutory Audit Report  
c) additional report d) none of the above
- 228) Every insurer has to prepare every year a) A balance sheet b) A profit and loss A/c  
c) A separate account of receipts & payments d) All of the above
- 229) Audit report to be given by the auditor of an insurance company must be as per a) Schedule VI of the companies Act  
b) Schedule C prescribed by IRDA c) Provisions of Insurance Act d) All of the above
- 230) Premium received in advance is shown in the Balance Sheet of Insurance Company under the head  
a) Provisions b) Current Liabilities c) Reserve d) Loans
- 231) The reserve for unexpired risk in respect of fire insurance is a) 100% of premium  
b) 50% of premium c) 25% of premium d) 20% of premium
- 232) Premium is verified by checking a) Cash receipts book b) Cheque dishonoured book  
c) Agent's premium A/c d) All of the above



- 233) Claims are verified by checking a) Policies b) Claim c) Form Survey Report d) All of the above
- 234) In case of under Insurance by parties a) Average clause is applied b) Penalty clause is applied c) Object clause is applied d) None of the above
- 235) Insurance business is controlled by a) Insurance Act, 1938 b) IRDA c) Insurance Rules d) All of the above
- 236) For settlement of claim, insurance company a) Ensures completion formalities b) Decides genuineness of the claim c) Both (a) and (b) d) None of the above
- 237) Outstanding premium is shown in the balance sheet of an insurance company under a) Other assets b) Current liabilities c) Current assets d) Advances
- 238) Reserve for unexpired risk is shown in the balance sheet of a General Insurance Company under a) Capital b) Provisions c) Reserves and Surplus d) Misc. Expenditure
- 239) Cost Auditor is appointed by \_\_\_\_\_. A) Department b) Branch c) Board of Directors d) None of the above
- 240) Approval of the \_\_\_\_\_ Government is necessary for appointment of Cost Auditor. a) Board of Directors b) Flash Report c) Central d) None of the above
- 241) Cost Auditor must be a member of \_\_\_\_\_. A) ICSI b) MCA c) ICWAI d) ICAI
- 242) \_\_\_\_\_ has to ensure that cost Auditor is free from disqualifications. A) Board of Directors b) Shareholders c) Audit committee d) None of the above
- 243) Cost Audit Report is submitted to the \_\_\_\_\_. a) Department b) Branch c) Central Government d) None of the above
- 244) Turnover limit for Tax Audit is ` \_\_\_\_\_. ` a) 10 crore ` b) 1 crore c) ` 5 crore d) ` 2 crore
- 245) Tax Audit is compulsory for Professionals in case Gross Receipts exceed ` \_\_\_\_\_. ` a) 15,00,000 b) 25,00,000 ` c) 20,00,000 ` d) 10,00,000
- 246) Tax Audit Report has to be submitted in Form \_\_\_\_\_. A) 3AB b) 6B c) 3B d) a3C
- 247) Management Audit is \_\_\_\_\_. A) Voluntary b) Training c) Board of Directors d) None of the above
- 248) Oral Tax Audit Report is also known as \_\_\_\_\_. A) Flash Report b) Flash Report c) Emergency Report d) a) None of the above
- 249) Scope of Management Audit is \_\_\_\_\_. A) Comprehensive b) Internal audit c) Statutory audit d) None of the above
- 250) Operational Audit is concerned with review of \_\_\_\_\_. a) operation b) Branch c) subsidiary d) None of the above

251)HR audit identifies \_\_\_\_\_ needs of employees. A)Training      b)Board of Directors  
c)Shareholders      d)      None of the above