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Multiple choice Questions: - 1 Mark Each

- Q1** Under SA 240, Evaluation of accounting policies, Supervision of personnel are involved in which kind of responses:-
- A. Overall Responses
 - B. Responses to assessed risk of material misstatement due to fraud at assertion level
 - C. Responses to risks related to management
 - D. None of the above
- Q2** The auditor has a right to-
- A. Obtain information and explanation
 - B. Obtain information and explanation from the employees and officers
 - C. Right to comply with auditing standards
 - D. Both B & C
- Q3** Choose the incorrect one in the light of SA 315. Identify and assess the risk of Material Misstatement at the assertion level for
- A. Class of transactions
 - B. Accounting policies
 - C. Disclosures
 - D. Account balances
- Q4** Service Organization's Auditor provide unmodified opinion in Type 2 report whether user Auditor is liable to refer the same in his Audit report:-
- A. Yes, liable to refer
 - B. No, need to refer
 - C. Refer it in EOM
 - D. Refer it in Key Audit Matter as per latest Amendment
- Q5** The basic objective of auditor with respect to Analytical procedures is:-

- A. Obtaining reasonable assurance about that financial statements are free from material misstatement
- B. Designing & performing Analytical Procedures near end of Audit
- C. Expressing an opinion on financial statement
- D. All of the above

Q6

Auditor is using the work of Auditor's Expert and Auditor indicate the reference of expert's work & opinion in his audit report, now for the matter of auditor report who is responsible?

- A. Auditor only
- B. Auditor's expert only
- C. Both are liable
- D. None is liable

Q7

Rotation of auditor is applicable on unlisted public company if

- A. Its paid up share capital is more than Rs 10 Crores
- B. Its paid up share capital is equal to or more than Rs 10 Crores
- C. Its paid up equity share capital is more than Rs. 10 Crores
- D. Its paid up equity share capital is equal to or more than Rs 10 Crores.

Q8

Which of the following services is not prohibited for auditor of company

- A. Internal Audit
- B. Tax Audit
- C. Book-keeping
- D. Actuarial Service

Q9

Which one of the following is incorrect

- A. Auditor of company can be appointed as internal auditor of holding company of the company.
- B. Auditor of company can be appointed as internal auditor of associate company of the company.
- C. Any relative of auditor cannot be appointed as internal auditor of the company
- D. Any partner of auditor cannot be appointed as internal auditor of the company.

Q10

For the purpose of reporting on fraud to CG, CG means

- A. Registrar of Companies
- B. Central Bureau of India

- C. Director General (Frauds)
- D. Secretary of MCA

Comprehensive Questions: -

Q11 As one of the Joint auditors of X Ltd. for the immediately preceding three financial years, you have been considered for ratification by the members in the AGM as the sole auditor, while the said joint auditors are not reappointed. Comment

4 MARKS

Q12 Mr. Y was appointed as an auditor of PQR Ltd. for the year ended 31.3.2016 at the Annual General Meeting held on 16.08.2018. Mr. Y has been indebted to the company for sum of Rs. 510000/- as on 01.04.2018, the opening date of accounting year which has been subject to his audit. However, Mr. Y having come to know that he might be appointed as auditor, he repaid the amount on 10.8.2018. One of the shareholders complains that the appointment of Mr. Y as an auditor was invalid. Comment.

4 MARKS

Q13 Mr. Buddha, Statutory Auditors of Secret Ltd. was not permitted by the Board of Directors to attend general meeting of the company on the ground that his right to attend general meetings is restricted only to those meetings at which the accounts audited by him are to be presented and discussed.

3 MARKS

Q14 The Board of Directors of a company have filed a complaint with the Institute of Chartered Accountants of India against their statutory auditors for their failing to attend the Annual General Meeting of the Shareholders in which audited accounts were considered.

3 MARKS

Q15 A person shall not be eligible for appointment as an auditor of a company where subsidiary or associate company or any other form of entity is engaged as on the date of appointment in consulting and specialized services as provided in Sec.144. Explain.

4 MARKS

Q16 Explain different connotation of 'Cost' in terms of inventories.

6 MARKS

Great luck for your exam bacho

Aag lagado, gaa paado

Abki baar CA Paar

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