

AUDITING

Multiple Choice Questions & Answers

1. 7. This kind of audit is conducted generally between two annual audit _____.
 - A. internal audit.
 - B. interim audit.
 - C. final audit.
 - D. continuous audit.**ANSWER: B**
2. Management audit otherwise called as _____.
 - A. final audit.
 - B. efficiency audit.
 - C. cost audit.
 - D. cash audit.**ANSWER: B**
3. Before the work of audit is commenced, the auditor plans out the whole of audit work is called _____.
 - A. Audit plan.
 - B. Audit note.
 - C. Audit programme.
 - D. Audit programme.**ANSWER: D**
4. Internal auditor is appointed by _____.
 - A. the management.
 - B. the shareholders
 - C. the government.
 - D. he statutory body.**ANSWER: A**
5. Auditing begins where _____ ends.
 - A. Selling.
 - B. inventory valuation.
 - C. Accounting.
 - D. Purchases.**ANSWER: C**
6. A kind of audit conducted for a part of the accounting year is called _____.
 - A. Periodical audit.
 - B. Partial audit.
 - C. Cost audit.
 - D. Interim audit.**ANSWER: A**
7. Who among the following can be appointed as auditor of a company?
 - A. A partner or a director of the company.
 - B. A person of unsound mind.
 - C. Mr. Y who owes Rs. 500 to the company.
 - D. Mr. Z the holder of C.A certificate.**ANSWER: D**
8. Auditing standards differ from auditing procedures in that procedures relate to _____.
 - A. Measure of performance.
 - B. Audit principles.
 - C. Acts to be performed.
 - D. Audit judgments.**ANSWER: C**
9. Confirmation of the court is necessary for _____.

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- A. increasing the share capital.
- B. . reduction of share capital.
- C. conversion of shares into stock.
- D. issue of new shares

ANSWER: B

10. Audit means _____.
- A. recording business transactions.
 - B. preparing the final accounts.
 - C. examination of books, accounts, vouchers etc.
 - D. preparing final accounts.

ANSWER: C

11. Auditor shall report on the accounts examined by him _____.
- A. to the shareholders.
 - B. to the court.
 - C. to the bank.
 - D. to the general public.

ANSWER: A

12. Purchase of machinery is a _____.
- A. revenue receipt.
 - B. capital receipt.
 - C. capital expenditure.
 - D. revenue expenditure.

ANSWER: C