

**GOKHALE EDUCATION SOCIETY,SHRI BHAUSAHEB VARTAK ARTS, COMMERCE AND SCIENCE COLLEGE**

**Program: - BANKING & INSURANCE (TYBBI)**

**Sem: - V**

**Course: - Auditing - 1**

Sr. No	Question	A	B	C	D	Answer
1	The main objective of an audit is _____.	Expression of opinion	Detection and Prevention of Errors and frauds	Depends on type of audit	Depends on Process of audit	A
2	A sale of Rs. 1,00,000 to Deepali was entered as sale to Rupali. This is an example of _____.	Error of Principle	Error of Commission	Error of Omission	Compensating Error	B
3	Salary paid to Ranjita Rs.50,000 is debited to her account. It is an error of _____.	Omission	Commission	Duplication	Principle	D
4	_____ principles are listed in AASI which govern auditor's professional obligation.	Fourteen	Seven	Nine	Eight	C
5	The risk of _____ fraud increases in the presence of management incentive system based on sales done in quarter.	Management	Employee	Director	Auditor	A
6	After examination of records, the auditor has to communicate his judgement to _____.	Board of Directors	Public	Shareholders	Central government	C
7	An auditor is a watchdog and not a bloodhound. This decision is given in _____.	Kingston Cotton Mill case	West Ministers Construction case	Caparo Case	Lalji Case	A
8	Fraud through defalcation is an _____.	Top Management Fraud	Employee Fraud	Director's Fraud	Middle Management Fraud	B
9	Manipulation of accounts is a _____.	Employee Fraud	Director's Fraud	Management Fraud	Executive Fraud	C
10	Audited statements are helpful in _____.	Settlement of Accounts	Settlement of misuse	Resolving conflict among employees	Settlement of Disputes	D
11	AAS 4 has mentioned _____.	Four Limitations	Nine Limitations	Two Limitations	One Limitation	A
12	Misappropriation of goods is conducted by _____.	Auditors	Employees	Management	Directors	B
13	Payment of salary to Mr. Sanjay is debited to Sanjay's A/c is an error of _____.	Commission	Omission	Principle	Compensating	C

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14	Manipulation of account to show a better position is called as _____.	Error of Commission	Error of Omission	Error of Principle	Window Dressing	D
15	Goods sent on consignment recorded as credit sales is an error of _____.	Principle	Commission	Omission	Duplication	A
16	The standard deals with audit planning _____.	AAS7	SA315	AAS9	AAS3	B
17	Audit programme is prepared by _____.	The auditor	The client	The audit assistant	The auditor and his assistant	D
18	Working papers are _____.	Evidence of audit conclusions	Owned by the clients	Owned by the auditor	Owned by Management	C
19	The audit engagement letter should make reference to _____.	Limitations of auditing	Management responsibilities with respect of audit work	Expectation of receiving a written management representation letter	A description of the auditor's method of sample selection	D
20	_____ is best describes as the primary purpose of audit programme preparation.	Detection of errors	Compliance with GAAP	Collection of sufficient evidence	Assessment of audit risk	C
21	Letter of engagement provided by _____.	SA 210	AAS3	AAS8	AAS9	A
22	Internal reports include _____.	Annual reports	Trade journal	Web sites	Publications of professional bodies	A
23	Setting up materiality level _____.	Controls the material	Diverts the attention of the auditor to error prone items	Controls the audit assistants	Control audit programme	B
24	While developing audit programme _____ factor should be considered.	Client's activities	Letter of communication	Audit Notebook	Audit working papers	A
25	Audit programme should be _____.	Oral	Flexible	Rigid	Parallel	B

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26	Ownership of working papers is with _____.	Assistant	Auditor	Client	Government	B
27	Objective of audit planning is _____.	Identification of potential problems	Inefficient work	Deadline of work	Target of work	A
28	If the auditor is satisfied with internal control then the extent of examination is _____.	Reduced	Increased	Parallel	Long	A
29	The auditor can obtain information from _____.	Text books	Newspapers	Last year's working papers	Periodicals	C
30	Audit programme contains information about _____.	Audit plans	Mistakes observed	Unsatisfactory account system	Test check	A
31	Internal audit may be done _____.	to protect assets	to protect employees	to protect management	to protect statutory auditor	A
32	Routine checking is _____.	Verification of sample transactions	Verification of books of original entry	Examination of trial balance	Examination of balance sheet	B
33	Size of the sample depends on _____.	Balance sheet audit	Routine checking	Test checking	Internal control system	D
34	Independent auditor is a _____.	Watchdog for outsiders	Watchdog for shareholders	Watchdog for employees	Watchdog for directors	B
35	Statutory auditor has a right to attend _____.	Board meeting	Creditors meeting	Union meeting	Shareholders meeting	D
36	Independent auditor may apply _____.	Test check	Internal check	Routine check	Cross check	A
37	Scope of internal audit is decided by _____.	Client	Auditor	Shareholders	Management	D
38	SA _____ deals with audit sampling.	230	210	510	530	D
39	In _____ selection, all items in the population have an equal chance of getting selected.	Systematic	Random	Haphazard	Normal	B
40	Tolerable Error is the _____ error in the population.	Minimum	Short Term	Maximum	Long Term	C

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41	Vouchers help to know the _____ of transactions.	Characteristic	Nature	Scope	Function	B
42	Auditor should properly scrutinize duplicate vouchers, so that there is no _____.	Error	Omission	Alteration	Fraud	D
43	_____ is vouched by reference to counterfoils of dividend warrants and interest on securities by reference to tax-deduction certificates	Profit	Loss	Interest Income	Dividend Income	D
44	Auditor should ensure that the loans taken within the prescribed limit of _____ should be sanctioned by board of directors.	Section 180	Section 170	Section 160	Section 150	A
45	The rate of commission should not exceed _____ of the price of the share or the rate authorized by the Articles, whichever is less.	0.02	0.05	0.08	0.1	B
46	In any business, _____ transactions forms the largest bulk of the transactions.	Credit	Cash	Sales	Fictitious	B
47	Valuation of inventories comes under _____	AS-9	AS-10	AS-2	AS-1	C
48	Verification usually done at the _____ of the year.	Middle	Start	End	Quarter	C
49	_____ are used in connection with the maintenance of production facilities.	Empties and Containers	Live stock	Patents	Spare parts	D
50	Share issue expenses are _____ assets.	Fictitious	Real	Current	Fixed	A