



BRAINWARE UNIVERSITY

Term End Examination 2021 - 22

Programme – Bachelor of Commerce (Honours) in Banking & Financial Accounting

Course Name – Auditing and Corporate Governance

Course Code - BCMC601

(Semester VI)

Time allotted : 1 Hrs.15 Min.

Full Marks : 60

[The figure in the margin indicates full marks.]

Group-A

(Multiple Choice Type Question)

1 x 60=60

Choose the correct alternative from the following :

- (1) This kind of audit is conducted generally between two annual audits

a) Internal audit.	b) Interim audit
c) Final audit	d) Continuous audit
- (2) Voucher relates to

a) Cash receipt	b) Cash payment
c) Credit transactions	d) All of the above
- (3) In the case of a company in which not less than _____% of the subscribed share capital is held whether singly or in combination by certain special institutions and bodies, the appointment or re-appointment of auditors shall be made at each annual general meeting by a special resolution

a) 25	b) 30
c) 20	d) 15
- (4) A company auditor can be removed before expiry of his term by

a) Shareholders	b) Board of Directors
c) Central Government	d) State Government
- (5) If there is capital loss, the auditor should

a) Not allow payment of dividend	b) Allow payment of dividends
c) Allow payment of dividends after making such losses good	d) None of the above
- (6) Auditor should see that amount received for premium on issue of shares should be shown in ___

a) Subscribed capital	b) Capital Reserve Account
c) Share Premium account	d) Paid- up capital account
- (7) Share premium account should be shown in the Balance sheet under

- a) Paid-up capital
c) Reserves & surplus
- b) Subscribed capital
d) Reserved capital
- (8) ___ is the medium through which an auditor expresses his opinion on the state of affairs of the client's business
- a) Audit report
c) Audit programme
- b) Audit certificate
d) Audit planning
- (9) ___ is a method of organising the accounting system of a business concern or a factory by which the duties of various clerks are arranged
- a) Internal control
c) Internal audit
- b) Internal check
d) All of the above
- (10) Civil liability of an auditor implies liability for
- a) Misappropriation of cash
c) Fraud
- b) Misappropriation of goods
d) Misfeasance
- (11) Audit means
- a) Recording business transactions
c) Examination of books, accounts or vouchers
- b) Preparing final accounts
d) Decision making
- (12) The liabilities of an auditor can be
- a) Civil
c) Civil & Criminal
- b) Criminal
d) Financial
- (13) Sec.139 (7) provides that in the case of a Government Company or any other company, the first auditor shall be appointed by
- a) CAG
c) State Government
- b) Central Government
d) None of the above
- (14) ___ is the examination of all documentary evidence which are available to support the authenticity of transactions
- a) Accounting
c) Internal check
- b) Vouching
d) None of the above
- (15) Sec.140 of the Companies Act 2013 deals with
- a) Removal of an auditor
c) Remuneration of an auditor
- b) Appointment of an auditor
d) None of the above
- (16) Audit done by the employees of the business undertaking is called
- a) Final audit
c) Company audit
- b) Internal audit
d) Statutory audit
- (17) Effective internal check system reduces
- a) The liability of auditor
c) Responsibilities of an auditor
- b) Work of auditor
d) None of the above
- (18) Auditor has no lien on
- a) Audit note book
c) Books of accounts of clients
- b) Audit working papers
d) All of the above
- (19) Accounting standards are prepared by
- a) SEBI
c) ASB
- b) RBI
d) ITA
- (20) Cost auditor submits reports to the
- a) Shareholder
c) Employees
- b) Board of directors
d) Creditors

- (21) Bonus shares are issued to
- a) New members
 - b) Existing share holders
 - c) Employees
 - d) None of the above
- (22) Final audit implies
- a) Finally checking of accounts to reveal frauds
 - b) Audit for submitting report immediately at the end of the year
 - c) Audit of banking companies
 - d) Audit of accounts at the end of the year
- (23) Remuneration of an internal auditor is fixed by
- a) Management
 - b) Shareholders
 - c) Government
 - d) Statutory body
- (24) Sole proprietary concerns are _____ to get their financial statements audited by independent financial auditors.
- a) Legally required
 - b) Not legally required
 - c) Ethically required
 - d) Not ethically required
- (25) _____ lays out the strategies to be followed to conduct an audit.
- a) An action plan
 - b) An audit plan
 - c) An audit programme
 - d) All of the above
- (26) _____ followed by the enterprise affect the audit plan.
- a) Accounting policies
 - b) Audit policies
 - c) Accounting and Audit policies
 - d) Management policies
- (27) An audit programme is a set of _____ which are to be followed for proper execution of audit.
- a) Rules
 - b) Policies
 - c) Instructions
 - d) Actions
- (28) Audit programme helps in fixing the _____ for the work done among the audit staff
- a) Remuneration
 - b) Liabilities
 - c) Negligence
 - d) Responsibility
- (29) The quality of information generated by the audited organization is directly related to the strength of the organization's _____
- a) Internal check
 - b) Internal control
 - c) Internal audit
 - d) All of the above
- (30) Working papers helps in proper _____ of audit
- a) Planning
 - b) Performance
 - c) Planning and performance
 - d) Execution
- (31) The Auditors Working Papers are divided into two parts
- a) Permanent audit file and current audit file
 - b) Permanent audit file and temporary audit file
 - c) temporary audit file and current audit file
 - d) current audit file and transitory audit file
- (32) Examples of casual vacancy are vacancy arising due to _____
- a) Resignation of the auditor
 - b) Death of the auditor
 - c) Disqualification of the auditor
 - d) All of the above
- (33) If no auditors are appointed or re-appointed at the annual general meeting, the _____ may appoint a person to fill the vacancy
- a) BOD
 - b) Company in general meeting
 - c) Central Government
 - d) C & AG
- (34) In case of insolvency or unsound mind, a person will automatically be disqualified for

appointment as an auditor, because

- a) He is not a person of repute
- b) He cannot take decision properly
- c) He is not wealthy
- d) He ceases to be a member of ICAI

(35) In comparison to the independent auditor, an internal auditor is more likely to be concerned with _____

- a) Cost accounting system
- b) Internal control system
- c) Legal compliance
- d) Accounting system

(36) Auditor report is addressed to the members of the company and is considered at the _____ of the company

- a) Board Meeting (BM)
- b) Annual General Meeting (AGM)
- c) Extraordinary General Meeting (EGM)
- d) All of the above

(37) Due to lack of audit evidence, auditor issues a _____

- a) Qualified opinion
- b) Unqualified opinion
- c) Adverse opinion
- d) Disclaimer of opinion

(38) The auditor must have a thorough understanding of the entity, the client's business strategies, processes, and measurement indicators for critical success. This analysis helps the auditor to.

- a) Decide if they want to accept the engagements
- b) Identify risks associated with the client's strategy that could affect the financial statements
- c) Assess the level of materiality that is appropriate for the audit
- d) Identify the potential for fraud in the financial reporting process

(39) Misstatements may result from _____.

- a) An inaccuracy in gathering or processing data from which financial statements are prepared
- b) An omission of an amount or disclosure
- c) An incorrect accounting estimates
- d) All of above

(40) Depending upon source audit evidence can be classified as

- a) Internal audit evidence
- b) External audit evidence
- c) Both of the above
- d) None of the above

(41) Which of the following is not external audit evidence?

- a) Bank Statements
- b) Purchase Invoice
- c) External Confirmation
- d) Salary Sheet

(42) The reliability of audit evidence is influenced by its

- a) Source
- b) Nature
- c) Circumstances
- d) All of the above

(43) The books of account etc. of the company shall be kept at the _____ of the company

- a) Corporate office
- b) Branch office
- c) Registered office
- d) Head office

(44) Propriety audit refers to

- a) Verification of accounts
- b) Examination accounts of propriety concerns
- c) Enquiry against justification and necessity of expenses
- d) Audit of Govt. companies

(45) Joint audit implies

- a) Audit of two concerns together
- b) Audit of joint stock companies

- c) Audit of joint sector companies
- (46) Systems audit implies
- a) Systematic examination of accounts
- c) Enquiring accounting and control systems
- (47) “Auditor is not valuer” was stated in
- a) Kingston Cotton Mills case
- c) Lee. V. Neuchatel Co. Ltd case
- (48) Book debts should be verified with the help of
- a) Balance sheet
- c) Debtors schedule
- (49) A special auditor is appointed by the
- a) Shareholders
- c) Central Government
- (50) The foundation for corporate culture are laid by
- a) Corporate members
- c) Founders
- (51) An organization’s _____ embraces the behavior, rituals and shared meaning held by employees that distinguishes the organization from all OTHERS
- a) External environment
- c) Dominant culture
- b) Audit by two firms of C.A
- b) Audit undertaken to improve auditing systems
- d) Checking the performance of management
- b) London & General Bank case
- d) London oil Storage Co. case
- b) Amount received from Debtors
- d) Certificate from the management
- b) Board of Directors
- d) C & A – G
- b) Competitors
- d) Industry standard
- b) Culture
- d) Ethics
- (52) Commitment, competence and consistency are three distinct characteristics that result in _____
- a) Culture building
- c) Organizational socialization
- b) Values
- d) Attitudes
- (53) Types of corporate culture are _____
- a) Clan culture and Adhocracy culture
- c) Both of the above
- b) Market culture and hierarchy culture
- d) None of the above
- (54) The practices of a company for which it is accountable in relation to other parties is called _____
- a) Social responsibility
- c) Values
- b) Code of Ethics
- d) Culture
- (55) Culture needs to be kept alive by _____
- a) Workers
- c) Top managers
- b) Salesman
- d) Human resource managers
- (56) National culture is based on _____
- a) Language
- c) The sense of belonging of a people
- b) The territory of the state
- d) The nation-state
- (57) The primary stakeholders are
- a) Consumers
- c) Shareholders
- b) Suppliers
- d) Creditors
- (58) Corporate governance is a form of-
- a) External regulation
- c) Government control
- b) Self regulation
- d) Charitable action
- (59) CSR & corporate governance represent a ----- between business and society

a) Social climate

b) Special contract

c) Special climate

d) Social contract

(60) the framework for establishing good corporate governance & accountability was originally set up by-

a) Rowntree Committee

b) Cadbury Committee

c) Nestle Committee

d) Thornton Committee