



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

CORPORATE ACCOUNTING AND AUDITING (PAPER - 10)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
1	Which of the following is/are not characteristic of a company?	It is a distinct legal entity existing independent of its members.	It has a perpetual succession.	The shares of a company are freely transferable except in case of a Private limited Company.	It is a voluntary association of persons usually for social upliftment without expectation of any profit.
2	Which of the following is/are the important feature/s of a company?	Accounting process is highly regulated and guided by regulatory pronouncements	Constituents of periodical accounts (i.e., income statement, balance sheet etc.) are specified by the law	Importance of compliance to the prescribed rules and regulations is paramount	All of these
3	In India, accounting in of a company form is guided by which of the following regulatory sources?	Companies Act, 2013	Company Rules	Accounting Standards	All of these
4	Which of the following is not a statutory book of a company?	Register of Investments held and their names	Annual returns	Register of Officers	Register of shareholdings of the directors
5	Which of the following is/are not a feature/s of Shares have the following features?	It represents the biggest unit of ownership	Shares of a specific series must have the same face value	Share represents only a partial ownership of Share Capital of the company	Each share has a distinct number
6	In case of _____ issue the shares are offered to the existing shareholders of the company without any consideration.	Private Placement	Rights Issue	Bonus Issue	Offers for sale
7	When share is issued at a price equal to its face value, it is called issue _____.	at Par	Issue at a Premium	Issue at a Discount	at Bonus
8	Provisions relating to buy back of securities are contained in _____ of the Companies Act, 2013.	Section 77	Section 77A	Section 68	Section 63
9	Buy-back of equity shares in any financial year should not exceed _____.	10% of net worth	25% of the aggregate of paid-up capital and free reserves of the company	25% of the paid-up equity capital	25% of the aggregate of paid-up equity capital and preference capital
10	2. Company may purchase its own shares or other specified securities out of – A. Free reserves B. Securities premium account C. Proceeds of issue of any shares D. Proceeds of issue of specified securities	A and C only	A, b and C only	A, C and D only	A or B or C or D



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11	Section 68 of the Companies Act, 2013 provides that no buy-back of any kind of shares or other specified securities shall be made out of the _____.	Securities premium balance as it stood before buy back	Proceeds of an earlier issue of the same kind of shares or same kind of other specified securities	General reserve in excess of 15% balance as per latest audited balance sheet	Proceeds of issue of specified securities
12	For the purpose of calculating debt equity ratio which of the following debts are considered_____.	Secured debts	Unsecured debts	Current liabilities	All of the above
13	Where a company purchase its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to the _____.	Capital Reserve Account	General Reserve Account	Capital Redemption Reserve Account	Equity Shares Redemption Account
14	No offer of buy-back shall be made within a period of reckoned from the date of the closure of the preceding offer of buy-back _____.	6 months	1 year	2 years	10 months
15	Equity shares amounting to Rs.2,00,000 are brought back at a premium of 5%, by issue of preference shares amounting to Rs.1,00,000 at a premium of 10%. Compute the amount to be transferred to Capital Redemption Reserve.	Rs.1,00,000	Rs.90,000	Rs.1,50,000	Rs.50,000
16	Following are the extract of balance sheet of Light Co. Ltd. Equity share of Rs.10 each - Rs.10,00,000 Security Premium – Rs.2,40,000 Reserve – Rs.7,50,000 Profit & Loss Account – Rs.2,80,000 Bank - Rs.9,10,000 Non Trading Investments – Rs.4,20,000 Company brought back 15,000 shares at Rs.40 each. The transaction in respect of buy back was financed by sale of 2/3rd of non-trade investment for Rs.5,90,000 Amount to be transferred to capital redemption reserve is _____.	Rs.6,00,000	Rs.1,00,000	Rs.4,50,000	Rs.1,50,000



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17	Following information is available from the audited balance sheet of TH Ltd.: Equity Shares Capital (3,000 lakh share of Rs.10 each) – Rs.30,000 Securities Premium Account - Rs.3,000 General Reserve – Rs.10,000 Secured Loans – Rs.40,000 Unsecured Loans - Rs.22,000 Compute the maximum limits up to which buy back is permitted in the financial year 2022 – 23.	800 lakh shares	1075 lakh shares	500 lakh shares	400 lakh shares
18	The notice of the meeting at which the special resolution is proposed to be passed relating to buy back of shares shall be accompanied by an explanatory statement stating –	Full and complete disclosure of all material facts	Analysis of debt equity	Gross profit ratio before buy back	Chairman's view on buy back
19	The balance appearing in the books of a company at the end of year were: CRR A/c = Rs.50,000 Securities Premium = Rs.5,000 Revaluation Reserve = Rs.20,000 Profit & Loss A/c (Dr.) = Rs.10,000 Maximum amount available for bonus shares will be _____.	Rs.50,000	Rs.55,000	Rs.45,000	Rs.57,000
20	_____ is the amount of share capital that a company is permitted to issue.	Issued Share Capital	Authorized Share Capital	Subscribed Capital	Paid up Capital
21	When shares are forfeited, the share capital account is debited with _____.	Called-up value of shares	Nominal value of shares	Market value of shares	Paid-up value of shares
22	Forfeiture of shares results in the reduction of _____.	Authorised capital	Reserve capital	Paid-up capital	Fixed assets
23	Shares can be forfeited _____.	For failure to attend meetings	For failure to repay the loan to the bank	For non-payment of call money	For which shares are pledged as a security
24	Redeemable Preference Shares of Rs. 1,00,000 are redeemed at a premium of 5% for which purpose fresh equity capital of Rs. 40,000 is issued at par. What amount should be transferred to Capital Redemption Reserve account?	Rs.40,000	Rs.1,05,000	Rs.65,000	Rs.60,000
25	The financial statements of company shall be in the from provided in _____.	Schedule IV	Schedule III	Schedule V	Schedule VI
26	Part I of the Schedule III to the Companies Act, 2013 gives the _____.	Format of Profit & Loss Account	General instructions for preparation of Profit & Loss Account	Format of Balance Sheet	Format of Comparative Statements



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27	Where the company covered under section 135 of the Companies Act, 2013, which of the following shall be disclosed with regard to CSR activities?	amount of expenditure incurred	shortfall at the end of the year	shortfall at the end of the year	All of these
28	Which of the following is/are not a criteria to classify a liability as current liability?	it is expected to be settled in the company's normal operating cycle	it is held primarily not for the purpose of being traded	it is due to be settled within twelve months after the reporting date	the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date
29	What are the major types of financial statements prepared by entities?	(a) Statement of Financial Performance or Income Statement (b) Statement of Financial State of Affairs or Balance Sheet (c) Statement of Changes in Financial Position (d) Statement of Inflow and Outflow of Cash	(a) Statement of Trial Balance (b) Statement of Financial State of Affairs or Balance Sheet (c) Statement of Changes in Financial Position (d) Statement of Inflow and Outflow of Cash	(a) Statement of Financial Performance or Income Statement (b) Statement of Financial State of Affairs or Balance Sheet (c) Statement of Changes in Financial Position (d) Statement of Fund Flows	(a) Statement of Financial Performance or Income Statement (b) Statement of Financial State of Affairs or Balance Sheet (c) Statement of Changes in Financial Position (d) Cash Book
30	If the turnover of the company is less than Rs.100 Crore, the figures appearing in the Financial Statements shall be rounded off to nearest –	To the nearest hundreds	To the nearest hundreds and thousands	To the nearest hundred, thousands, lakh or million thereof	To the nearest hundreds, thousands, lakhs or millions, or decimals thereof
31	Under which heading the Deferred Tax Liabilities appears in the balance sheet _____.	Current Liabilities	Non-Current Liabilities	Deferred Liabilities	Contingent Liabilities
32	As asset shall be classified as current -----	If it is held primarily for the purpose of being traded.	If it is not possible to classify such asset as non-current asset	It or the asset normal operating cycle cannot be identified	All of the above



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33	A liability shall be classified as current when it satisfies any of the following criteria:	It is expected to be settled in the Company's normal operating cycle	It is due to be settled within twelve months after the reporting date	The company does not have an unconditional right to defer settlement of the liability of at least twelve months after the reporting date.	Any of the above
34	Which of the following appears under the heading 'Reserve & Surplus' in the balance sheet	Share Options Outstanding Account	Share Application Money Pending Allotment	Long Term Provisions	Share Application Money due for refund
35	In the Balance Sheet Bank Overdraft will be shown as a liability under the heading –	Other Current Liabilities	Short Term Borrowings	Current Liabilities	Cash & Cash Equivalent Liabilities
36	In the Balance Sheet Calls in Arrears will be shown in -	Liabilities Side	Assets Side	Assets or Liabilities Side	None of the above
37	Futura Ltd had the following items under the head "Reserves and Surplus" in the Balance Sheet as on 31st March: (Rs. in Lakhs) Securities Premium Account - 80, Capital Reserve – 60, General Reserve – 90. The Company had an Accumulated Loss of Rs250 Lakhs on the same date. Reserves & Surplus to be disclosed in B/S is _____	Rs.250 Lakhs	Rs.230 Lakhs	Rs.20 Lakhs	Rs.(20 Lakhs)
38	In the Notes to Accounts a Contingent liabilities shall be classified as _____.	Claims against the company not acknowledged as debt	Guarantees	Other money for which the company is contingently liable	All of these
39	In case of purchase of assets under instalment payment system, instalments due after 12 months from the reporting date are shown as	Current liability	Current assets	Non-current liability	Non-current assets
40	As per Schedule III of Companies Act 2013, while preparing the financial statements in case of a Finance Company, interest received from borrowers should be shown under	Revenue from operation	Other Income	Current assets	Non-current assets
41	Inventories are valued at the lower of _____ or the net realizable value.	Fair Value	Historical cost	Current value	None of these
42	The amount of Calls-in-Advance not yet adjusted till the Balance Sheet date is shown under _____ under the head Current Liabilities	Other Current Liabilities	Inventories	Trade Receivables	Trade Paybles



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43	Proposed Dividend is treated as a _____ and is shown as a deduction in Reserve and Surplus.	Contingent Liabilities	Current Assets	Current Liabilities	None of these
44	Cash receipts from disposal of shares is classified under	Investing Activity	Operating Activity	Financing Activity	Cash Equivalent
45	The main difference in direct and indirect method is to calculate the	Cash Flows from Investing Activity	Cash Flows from Operating Activity	Cash Flows from Financing Activity	All of these
46	What is/are objective/s of preparing Cash Flow Statement?	to determine ability of the entity to generate cash and cash equivalents	to meet the needs of the entity to utilise the cash flows	to ascertain gross inflows and outflows of cash	All of these
47	When company repurchases its own shares it records a _____	Cash inflow	Cash outflow	No effect on cash	None of these
48	A Cash Flow Statement begins with _____.	Investing Activity	Operating Activity	Financing Activity	Cash Equivalent
49	Which of the following item is not considered as Cash Equivalent?		Short term deposits in Banks	Bill Receivables	Commercial Papers
50	Which of the following is an example of Non-cash Expenses	Depreciation	Wages and Salaries	Payment of Dividend	All of these
51	If the Net Operating Profit is Rs.90,000 and the Debtors are decreased by Rs.20,000 during the year. Then Cash from Operation will be _____.	Rs.70,000	Rs.1,10,000	Rs.90,000	None of these
52	Increase of Bills Receivable by Rs.30,000 results in	Decrease in Cash	Increase in Cash	No effect on cash	All of these
53	Marketable securities are treated as _____ in Cash Flow Statement	Cash	Cash equivalent	Current Asset	Non-cash Equivalent
54	An example of Cash Flow from Financing Activity is _____	Payment of Dividend	Receipt of dividend on investment	Cash received from customer	Purchase of Fixed Assets
55	Which of the following is a source of Cash?	Cash deposited into Bank	Cash withdrawn from Bank	Sale of Goods Costing Rs.20,000 Rs.15,000	Depreciation charged on Fixed Assets
56	Interest on Long term borrowing is an expense relating to _____	Investing Activity	Operating Activity	Financing Activity	All of these
57	A company received dividend of Rs.1,00,000 on its investment in other company's share. In case of a Finance company it will be classified as _____	Cash Flows from Investing Activity	Cash Flows from Operating Activity	Cash Flows from Financing Activity	None of these
58	Advance received from customers is classified as _____.	Cash Flows from Investing Activity	Cash Flows from Operating Activity	Cash Flows from Financing Activity	None of these
59	m. Acquired the assets of a company through issue of equity shares is classified as _____.	Cash Flows from Investing Activity	Cash Flows from Operating Activity	Cash Flows from Financing Activity	None of these
60	A Ltd. paid an advance tax amounting to Rs.3,65,000 out of which Rs.15,000 is relating to a short-term capital gain on sale of securities. How will A Ltd. report the payment of advance tax in its Cash Flow Statement?	Cash Flows from Operating Activity	Cash Flows from Investing Activity	Cash Flows from Financing Activity	None of these



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61	Cash flows from operating activities (Rs.550) Lakhs Cash flows from investment activities (Rs.1,250) Lakhs Cash flows from financing activities Rs.1,750 Lakhs Determine the changes in cash and cash equivalents is _____.	Decrease in Cash and Cash Equivalent by Rs.50 Lakhs	Increase in Cash and Cash Equivalent by Rs.50 Lakhs	No change in Cash and Cash Equivalent	It is a non Cash item
62	The method for presenting Net cash provided by operating activities that starts with net income and adjusts it for items that affected reported net income but that did not affect cash is called as _____.	Direct method	Working capital method	Indirect method	Cost-benefit method
63	B. X Ltd. purchased machinery of Rs.10,00,000 issuing a cheque of Rs.2,50,000 and 10% Debentures of Rs.7,50,000. In the cash flow statement, the transaction will be shown as .	Outflow under investing activity Rs.10,00,000, inflow under financing activity as receipt for debentures Rs.7,50,000	Outflow under investing activity Rs.2,50,000	Inflow of Rs.7,50,000 as financing activity.	None of the above
64	From the following information presented by P Ltd. ascertain the Net Realisable Value of stock : Cost Price of certain stock amounted to Rs.60,000; being obsolete, it can be used for production purposes after incurring Rs.10,000 for modification. The same could be used as a raw material for an existing product, the purchase price for the same amounts to Rs.40,000.	Rs.60,000	Rs.40,000	Rs.30,000	Rs.10,000
65	Objectives of Bank's Book keeping system is/are _____.	to keep up-to-date detailed ledgers	to balance the trial balance every day	to keep all control accounts in agreement with the detailed ledgers	All of these
66	Which of the following is/are not Subsidiary Register of a banking company?	Demand Drafts, Telegraphic Transfers and Mail Transfers issued on Branches and Agencies	Demand Drafts, Telegraphic Transfers and Mail Transfers received from Branches and Agencies	Letters of Indemnity	Letters of Credit
67	Some of the common purposes are of a Bank's Statistical Books is/are _____.	To record Average Balance in Loan and Advances etc.	To record Deposits received and amount paid out each month in the various departments	To record Average Balance of Assets	Both 1 and 2
68	_____ = Amount of Bill × Rate of Discount × Unexpired period (in months)/12	Rebate on Bills Discounted	Discount on Bills	Interest	Loan Amount



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69	The status of securities and the value of such securities must be mentioned by every bank in Schedule _____.	2	4	7	9
70	The Electricity Act, 2003 replaced which of the following erstwhile existing legislations?	The Indian Electricity Act, 1910	The Electricity (Supply) Act, 1948	The Electricity Regulatory Commissions Act, 1998	All of these
71	Which of the following is/are main feature of Electricity Act, 2003?	The activities like generation, transmission and distribution of power have been separately identified.	Power generation has partially been de-licensed	20% of the power supplied by suppliers and distributors to the consumers has to be generated using renewable and non-conventional sources of energy	Metering of all electricity supplied has been made optional
72	The Central Commission shall consist of which of the following Members?	A chairperson and 3 Members	The Chairperson of the Authority who shall be the Member, ex-officio.	Both 1 and 2	None of them
73	Rate of provisioning for advances doubtful for more than 1 year but less than 3 years is _____.	25%	40%	60%	100%
74	Which of the following is a principle of insurance?	Principle of indemnity	Insurable interest.	Principle of uberrimae fidei.	All of the above
75	Rate of provision on advances doubtful for more than 3 years is _____.	40%	25%	100%	Nil
76	Which of the following is not a mandatory financial statement of a General Insurance Company as per IRDA regulations?	Revenue Account	Profit and Loss Account	Balance Sheet	Cash Flow Statement
77	For Marine Insurance : Premia collected from - (a) Insured (other than insurance companies) in respect of policies issued is Rs.45 Cr. (b) Other insurance companies in respect of risks undertaken is Rs. 17.5 Cr. (c) Premia paid/payable to other insurance companies on business ceded is Rs.16.75 Cr. Compute the closing balance in Unexpired Risks Reserve Account.	Rs.45 Cr.	Rs.45.75 Cr.	Rs.12.50 Cr.	Rs.8.25 Cr.



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78	_____ is a reserve which should be created by the insurers towards losses which might arise due to entirely unexpected set of events and not for any specific known purpose.	General Reserve	Catastrophe Reserve	Revenue Reserve	Surplus
79	Date of bill 15.01.2022 Period 5 months Rate of discount 8% Calculate rebate on bill discounted, if accounting year ends on 31.03.22.	Rs.852.46	Rs.818.85	Rs.873.22	Rs.825.45
80	Information provided by General Purpose Financial Reporting are as follows	Economic resources i.e., assets	Claims against the entity i.e., liabilities	Changes in economic resources and claims	All of these
81	Which of the following does not encompass Enhancing Qualitative Characteristics	Comparability	Verifiability	Uniformity	Understandability
82	_____ measures provide monetary information about assets, liabilities and related income and expenses, using information updated to reflect conditions at the measurement date.	Historical Cost	Current Value	Notional Value	Net Realisable Value
83	A complete set of financial statements comprises which of the following?	a balance sheet as at the end of the period	Statement of changes in equity for the period	Both 1 and 2	a statement of fund flows for the period
84	From the following information presented by P Ltd. ascertain the Net Realisable Value of stock : Cost Price of certain stock amounted to Rs.60,000; being obsolete, it can be used for production purposes after incurring Rs.10,000 for modification. The same could be used as a raw material for an existing product, the purchase price for the same amounts to Rs.40,000.	Rs.60,000	Rs.40,000	Rs.30,000	Rs.10,000
85	Z Co. Ltd. purchased goods at the cost of Rs.40 lakhs in October 2021. Till March 2022, 75% of the stocks were sold. The company wants to disclose closing stock at Rs.10 lakhs. The expected sales value is Rs.11 lakhs and a commission at 10% on sale is payable to the agent. What is the correct closing stock value to be disclosed as at 31.3.2022?	Rs.11,00,000	Rs.9,90,000	Rs.10,00,000	Rs.40,00,000
86	Mr. X is an employee of ABC Ltd. His annual salary is Rs.15 lakh. The company follows a 300 working days policy. As per the policy of the company, Mr. X is entitled to a leave of 10 days for 2022-23. He, however, utilises 8 days leave. The unutilised leaves are not allowed to be carried forward but are settled by way of payment to the employee. Compute the amount to be paid for unutilised leaves.	Rs.5,000	Rs.10,000	Rs.15,00,000	Rs.1,50,000



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87	01.04.2022 B Ltd. has 3600 ordinary shares outstanding. On 31.08.2023 it issued 1200 ordinary shares for cash. On 31.01.23 it bought back 600 ordinary shares. Calculate weighted average number of shares as on 31.03.23.	4200 shares	4800 shares	3600 shares	1200 shares
88	C Ltd. had 10,00,000 ordinary shares outstanding as on 01.04.2022. On 01.01.2023 it issued 2 ordinary shares bonus for each share outstanding on 31.12.2022, Profit for the year 2021-22 was Rs.9,00,000. Profit for 2022-23 was Rs.30,00,000. Calculate the adjusted EPS for the year 2021-22.	Rs.1.00	Rs.0.30	Rs.3.00	Rs.3.33
89	An entity has an obligation to restore an asset for the damage it has in the past. It has Rs.20 lakh cash to pay on 31.03.2022 relating to this liability. The entity considers that 15% is an appropriate discount rate. the time value of money is considered material. Calculate the amount to be provided.	Rs. 15.12 lakh	Rs.20 lakh	Rs.3.00 lakh	Nonre of these
90	Ind AS 1 "Presentation of financial statements" applies to _____	Consolidated financial statements in accordance with Ind AS 110, Consolidated Financial Statements,	Separate financial statements in accordance with Ind AS 27, Separate Financial Statements.	Both of the above	All of these
91	Which of the following is not a part of other long-term benefits?	Long-term disability benefits	Retirement benefits	Profit-sharing and bonuses	Deferred remuneration
92	Ind AS 2, Inventories, does not apply to _____.	Financial Instruments	Biological Assets	Both 1 and 2	1 but not 2
93	Which of the following is a defined contribution plan?	Multi-employer plan	State plan	Insured benefits	All of the above
94	Ordinary shares are 1,00,000 of Rs.1.00;10% Preference shares are 200000 of Rs.1.00; PAT Rs.10,00,000. Calculate basic EPS.	Rs.9.80	Rs.9.60	Rs.9.40	Rs.9.20
95	The expected sales value of stock is Rs.20 lakhs and a commission at 10% on sale is payable to the agent. Calculate NRV.	Rs.12 lakh	Rs.14 lakh	Rs.16 lakh	Rs.18 lakh



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96	The method for presenting Net cash provided by operating activities that starts with net income and adjusts it for items that affected reported net income but that did not affect cash is called as .	Direct method	Working capital method	Indirect method	Cost-benefit method
97	Given salary expenses Rs.40,000, Outstanding in the beginning of the year Rs.5,000 and outstanding at the end of the year RS.10,000. Cash outflow on salary will be.	Rs.55,000	Rs.45,000	Rs.35,000	Rs.15,000
98	Which of the following is outside the scope of Ind AS 1?	Financial Review by Management	Environmental Reports	Value Added Statements	All of these
99	Which of the following is included in cost of inventory as per Ind AS 2?	Duties and taxes subsequently recoverable from taxing authorities	Freight inward	Rebates	Duty drawbacks
100	Y Ltd. supplied the following information: Net Profit for 2021-22 = Rs.10,00,000 Net Profit for 2022-23 = Rs.15,00,000 No. of shares prior to right issue = 5,00,000 Terms of right issue: 1 new share for every 4 shares held; right issue price = Rs.20 Fair value of 1 ordinary share immediately prior to exercise of right = Rs.25. Compute the Right Factor	2.5	1.92	1.04	2.00
101	_____ is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.	Fair Value	Value in use	Current Cost	Net Realisable Value
102	Which of the following is included in cost of inventory as per IND AS 2?	Duties and Taxes subsequently recoverable from taxing authorities	Freight inwards	Rebates	Duty drawbacks
103	Events occurring after the Reporting Period are those events that occur between ---	reporting date and issue date	reporting date and approval date	finalisation date and approval date	finalisation date and issue date
104	How many types of Employee Benefits are there as per Ind AS 19?	1	2	3	4
105	Which of the following is not an essential features of auditing?	It involves evaluation & verification of the relevance, reliability and adequacy of evidence in support of verifiable information such as vouchers, documents, explanations.	It is analytical, critical and investigative review of systems of Accounting & Internal Controls.	The information audited are non-financial in nature.	There should be standards or criteria for evaluation of the information in a systematic & scientific manner.



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106	The word "Auditing" has been derived from Latin word "audiere" which means _____.	To Hear	To verify	To Examine	To Identify
107	Management is interested in the Financial Statements for _____.	For day-to-day decision-making	For Collection of Taxes	For research purpose	None of the above
108	Government is interested in the Financial Statements for _____.	For day-to-day decision-making	For Collection of Taxes	For research purpose	None of the above
109	Verification of the value of assets, liabilities, and the balance of reserves, provision and the amount of profit earned or loss suffered by an entity is called as _____.	Continuous audit	Balance sheet audit	Interim audit	Partial audit
110	Audit in depth synonymous for _____	Examination in Depth	Completed audit	Final audit	Internal audit
111	Test Checking reduces the _____.	Power of an auditor	Expenses of auditor	Work of an auditor	Liability of an auditor
112	A flow chart, made by the auditor, of an entity's internal control system is a graphic representation that depicts the auditor's _____.	Understanding of the system	Understanding of fraud risk factors	Documentation of assessment of control risk	Both 1 and 3
113	Internal auditor is appointed by _____.	The Management	The Shareholders	The Government	The Statutory Body
114	The work of one clerk is automatically check by another clerk is called _____.	Internal control	Internal check	Internal audit	None of the above
115	An internal control includes _____.	Internal Audit	Internal Check	Both 1 and 2	None of the above
116	The most important objective of internal audit is _____.	Early detection of errors and fraud	Facilitating final audit	Early finalization of annual account	Ensuring systematic accounting
117	Internal check is meant for _____.	Prevention of frauds	Detection of frauds	Helping audit is depth	Detection of errors
118	Cut-off testing is performed during audit of sales to address the following assertion _____.	Occurrence	Measurement	Cut-off	All of these



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119	Which of the following is/are advantage/s of audit?	Audit is a tool, which different stakeholders can use to protect their interests in the enterprise	Audit is not only a corrective measure but has a deterrent effect. It serves as a moral check on the employees from committing defalcations or embezzlements	The employees of the organisation remain alert and vigilant as regards the updating of books of accounts and other records	All of these
120	_____ involves examination of legalities by blending the techniques of propriety audit, regularity, investigative and financial audits.	Forensic audit	Tax audit	Cost audit	Human Resource Audit
121	Audit Documentation is related to	SA 300	SA 230	SA 250	SA 310
122	_____ is a detailed plan of the auditing work to be performed, specifying the procedures to be followed in verification of each item and the financial statements and the estimated time required.	Audit programme	Flow-chart	Audit Documentation	Audit Working Papers
123	_____ refers to the possibility of material misstatement due to complex transactions or even due to organised fraud.	Control Risk	Inherent Risk	Detection Risk	None of these
124	Benefits of Audit Sampling are _____.	It reduces the workload of the auditor	It saves time and cost	It gives dependable result as it is based on statistical sampling methods	All of these
125	The main role of _____ is the following: A. Recommending Auditing Standards, B. Monitoring and Enforcing Compliance with Auditing Standards and C. Power to Investigate	NFRA	NACAS	IFC	None of these
126	NFRA consists which of the following?	Accounting Standards Committee	Auditing Standards Committee	Enforcement Committee	All of these
127	the term '_____ ' means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.	Enforcement Committee	Internal Financial Controls	National Advisory Committee on Accounting Standards	National Financial Reporting Authority



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SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
128	Which of the following is not a duty of duties of the NFRA?	Recommend accounting and auditing policies and standards to be adopted by companies for approval by the Central Government.	Monitor and enforce compliance with Income Tax Act and auditing standards.	Perform such other functions and duties as may be necessary or incidental to the aforesaid functions and duties.	Oversee the quality of service of the professions associated with ensuring compliance with such standards and suggest measures for improvement in the quality of service.
129	An auditor expresses _____ opinion on financial statements when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, either individually or in aggregate, are both material and pervasive to the financial statements.	Qualified	Disclaimer	Adverse	None of these
130	Some situations when an auditor should express a qualified opinion is/are _____.	Non-adherence to AS-2 with regard to inventory valuation at the lower of cost and net realisable value.	Auditor being prevented by the management from observing the counting of physical inventory where such action is material to the financial statements.	Both 1 and 2	Non-receipt of branch audit reports from a significant number of branches.
131	An audit report with an unmodified opinion is also known as '_____' or 'Unqualified Report'	Clean Report	Clear Report	Neet Report	Honest Report
132	Basic Elements of Audit Report as per Standards on Auditing are_____.	Key Audit Matters	Auditor's Opinion	Basis for Opinion	All of these
133	As per Rule 11 of Companies (Audit and Auditors) Rules 2014, the auditor's report shall also include his views and comments on which of the following matters?	whether the company has disclosed the impact, if any, of pending litigations on its financial position in its financial statement;	whether the company has made provision, as required under any law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;	whether there has been any delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.	All of these



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SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
134	Essential Characteristics of a Good Audit Report are _____.	Simplicity, Clarity, Brevity, Firmness, Objectivity, Disclosure, Impartiality, Information-based and Timeliness	Simplicity, Clarity, Brevity, Firmness, Objectivity, Disclosure, Impartiality, Information-based and Popularity	Simplicity, Clarity, Brevity, Firmness, Objectivity, Disclosure, Impartiality, Information-based and ambiguity	None of these
135	Auditor shall verify whether the unpaid dividend has been transferred to the Unpaid Dividend Account within _____ days from the expiry of _____ days allowed for declaration and payment of dividend.	7,20	7,30	15,20	15,15
136	If debentures are redeemable, it can be redeemed in which of the following ways?	By way of payment as donation	By payment whenever the company desires to do so	By way of personal drawing	By way of payment as shares without consideration
137	The audit procedure to be applied in this context of Splitting of Shares are _____	The auditor shall confirm that alteration was authorised by articles	He should verify the minutes of the Board meeting and ordinary resolution passed in the general meeting in which the approval of members is obtained	He should verify that alteration had been effected in copies of Memorandum, Articles, etc.	All of these
138	The term '_____' comprises both trade creditors (i.e., sundry creditors) as well as bills payable. This represents the liability of an organisation to its suppliers.	Trade Payable	Rights and Obligations		
139	Audit Report contains _____.	Details of Facts	Details of Frauds	Expression of Opinion	Expression of Suggestions
140	Audit Certificate contains _____.	Details of Facts	Details of Frauds	Expression of Opinion	Expression of Suggestions
141	An auditor expresses _____ opinion on financial statements when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, either individually or in aggregate, are both material and pervasive to the financial statements.	Qualified	Adverse	Modified	Disclaimer of
142	Any casual vacancy in a govt. company is filled by the CAG of India within days.	15	30	45	60
143	A cost auditor submits his report along with reservations and observations in Form No. _____	CRA 1	CRA 2	CRA 3	CRA 4



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SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
144	Secretarial Audit is covered under section _____.	204	148	139	133
145	6. An auditor shall submit a unmodified report when _____.	The financial statements exhibit true and fair view	The financial statements are partially correct	The financial statements are incomplete	The financial statements are unavailable
146	Which of the following is not a content of audit report as per CARO?	Inventory	Acceptance of deposit	Recruitment of employees	Repayment of loan
147	Which of the following are the essential characteristics of a good audit report?	Simplicity	Clarity	Objectivity	All of these
148	Auditor of a company appointed u/s _____ shall not act as the cost auditor of the company.	139	148	204	141
149	As per Section 139(9), a retiring auditor may be re-appointed at an annual general meeting, if:	he is not disqualified for re-appointment	he has not given the company a notice in writing of his unwillingness to be re-appointed	a special resolution has not been passed at that meeting appointing some other auditor or providing expressly that he shall not be re-appointed	All of these
150	The first auditor of a company, other than a Government company, shall be appointed by the _____ within thirty days from the date of registration of the company.	Shareholders	Board of Directors	Government	Employees
151	The company shall inform the auditor concerned of his or its appointment, and also file a notice of such appointment with the Registrar within fifteen days of the meeting in which the auditor is appointed in Form _____.	ADT 1	ADT 2	ADT 3	ADT 4
152	No individual shall be appointed or reappointed as auditor for more than one term of _____ consecutive years	4	5	6	3
153	Section _____ of Companies Act, 2013 contains the statutory provisions in relation to remuneration of auditors	139	148	142	141
154	_____ refers to the process of conducting the audit of a single organisation by more than one auditor.	Joint audit	Cost audit	Internal audit	Continuous audit
155	The amendments that gave the local self-governance in India the constitutional protection are and _____.	53 and 54	63 and 64	73 and 74	83 and 84
156	According to the Central Co-operatives Societies Act, _____ of the profits of a co-operative society should be transferred to a Reserve Fund before distribution of dividend or payment of bonus to its members.	20%	25%	30%	35%



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157	The major objective of audit of Municipalities and Panchayats are _____.	To ensure on the fairness and correctness of contents in the Financial Statement	To report on adequacy of Internal control	To ensure value of money is fully received on amount spent.	All of these
158	Which of the following records are not maintained by a co-operative societies as accounting records ?	Cash book	Memorandum of Association	Register of assets and investments	Register of sureties
159	According to the Central Co-operatives Societies Act, _____% of the profits of a co-operative society should be transferred to a Reserve Fund before distribution of dividend or payment of bonus to its members.	25	20	30	15
160	Which of the following is not falling under the broad category of Banks?	Commercial Banks	Regional Rural Banks	Co-operative Banks	None of these
161	The auditor of a nationalised bank is primarily required to comment on which the following aspects in its report to the Central Government?	whether the financial statements present a true and fair view of the affairs of the bank and whether all necessary explanation and information has been made available to him	whether or not the monetary supports received from the offices and branches of the bank have been found adequate for the purpose of his audit	whether or not the transactions of the bank, which have come to his notice, have been within the powers of that bank	Both 1 and 3
162	In relation to advances made by bank an auditor needs to review which of the followings?	Scrutinise the subsidiary, ledger, & control accounts	Scrutinise the overdue account and scheme for recovery of such amount.	Ensure the proper documentation of account.	All of these
163	Hospitality sector covers a wide range of organisations which can broadly be divided into _____categories	4	3	2	1
164	Steps common for the category of Restaurants in relation to Hospitality Sector is/are _____.	Vouch revenue out of commissions from various companies and tour partners.	Verify the total revenue recognised based on the daily and monthly sales report.	Check that the revenue has been realised in cash based on bank statements. Check whether arrears written off, if any, has been duly approved by the person responsible.	Both 2 and 3



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SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
165	Regarding which category of Hospitality Sector, the following steps are taken for auditing purposes? a) Vouch the collections from boarders based on their check-in and check-out information recorded in the register, counterfoils of bills and cash book. b) Verify the room rent receipts and daily occupancy reports. Ask for proper clarification for differential rent charged from any boarder. Be careful while verifying the adjustment of unrealised room rent, cancellation charges of booking accommodation at the time of closing of accounts. c) Vouch collections on account of special events such as conferences, wedding ceremony etc. separately based on counterfoil of receipts and cash book.	Amusement Park	Cinema Halls	Hotels and Guest Houses	Travel and Tourism
166	Steps of audit common for all organisations are _____.	Understand the ownership structure of the organisation	Evaluate the internal control system and determine the nature, timing and the extent of the audit procedures	Check that the organisation has a valid licence from an appropriate authority to run the business	All of these



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SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
1	Which of the following is/are not characteristic of a company?	It is a voluntary association of persons usually for social upliftment without expectation of any profit.	4
2	Which of the following is/are the important feature/s of a company?	All of these	4
3	In India, accounting in of a company form is guided by which of the following regulatory sources?	All of these	4
4	Which of the following is not a statutory book of a company?	Register of Officers	3
5	Which of the following is/are not a feature/s of Shares have the following features?	It represents the biggest unit of ownership	1
6	In case of _____ issue the shares are offered to the existing shareholders of the company without any consideration.	Bonus Issue	3
7	When share is issued at a price equal to its face value, it is called issue _____.	at Par	1
8	Provisions relating to buy back of securities are contained in _____ of the Companies Act, 2013.	Section 68	3
9	Buy-back of equity shares in any financial year should not exceed _____.	25% of the aggregate of paid-up capital and free reserves of the company	2
10	2. Company may purchase its own shares or other specified securities out of – A. Free reserves B. Securities premium account C. Proceeds of issue of any shares D. Proceeds of issue of specified securities	A or B or C or D	4
11	Section 68 of the Companies Act, 2013 provides that no buy-back of any kind of shares or other specified securities shall be made out of the _____.	Proceeds of an earlier issue of the same kind of shares or same kind of other specified securities	2
12	For the purpose of calculating debt equity ratio which of the following debts are considered _____.	All of the above	4
13	Where a company purchase its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to the _____.	Capital Redemption Reserve Account	3
14	No offer of buy-back shall be made within a period of reckoned from the date of the closure of the preceding offer of buy-back _____.	1 year	2
15	Equity shares amounting to Rs.2,00,000 are brought back at a premium of 5%, by issue of preference shares amounting to Rs.1,00,000 at a premium of 10%. Compute the amount to be transferred to Capital Redemption Reserve.	Rs.1,00,000	1



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SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
16	Following are the extract of balance sheet of Light Co. Ltd. Equity share of Rs.10 each - Rs.10,00,000 Security Premium – Rs.2,40,000 Reserve – Rs.7,50,000 Profit & Loss Account – Rs.2,80,000 Bank - Rs.9,10,000 Non Trading Investments – Rs.4,20,000 Company brought back 15,000 shares at Rs.40 each. The transaction in respect of buy back was financed by sale of 2/3rd of non-trade investment for Rs.5,90,000 Amount to be transferred to capital redemption reserve is _____.	Rs.1,50,000	4
17	Following information is available from the audited balance sheet of TH Ltd.: Equity Shares Capital (3,000 lakh share of Rs.10 each) – Rs.30,000 Securities Premium Account - Rs.3,000 General Reserve – Rs.10,000 Secured Loans – Rs.40,000 Unsecured Loans - Rs.22,000 Compute the maximum limits up to which buy back is permitted in the financial year 2022 – 23.	1075 lakh shares	2
18	The notice of the meeting at which the special resolution is proposed to be passed relating to buy back of shares shall be accompanied by an explanatory statement stating –	Full and complete disclosure of all material facts	1
19	The balance appearing in the books of a company at the end of year were: CRR A/c = Rs.50,000 Securities Premium = Rs.5,000 Revaluation Reserve = Rs.20,000 Profit & Loss A/c (Dr.) = Rs.10,000 Maximum amount available for bonus shares will be _____.	Rs.55,000	2
20	_____ is the amount of share capital that a company is permitted to issue.	Authorized Share Capital	2
21	When shares are forfeited, the share capital account is debited with _____.	Called-up value of shares	1
22	Forfeiture of shares results in the reduction of _____.	Paid-up capital	3
23	Shares can be forfeited _____.	For non-payment of call money	3
24	Redeemable Preference Shares of Rs. 1,00,000 are redeemed at a premium of 5% for which purpose fresh equity capital of Rs. 40,000 is issued at par. What amount should be transferred to Capital Redemption Reserve account?	Rs.60,000	4
25	The financial statements of company shall be in the form provided in _____.	Schedule III	2
26	Part I of the Schedule III to the Companies Act, 2013 gives the _____.	Format of Balance Sheet	3
27	Where the company covered under section 135 of the Companies Act, 2013, which of the following shall be disclosed with regard to CSR activities?	All of these	4
28	Which of the following is/are not a criteria to classify a liability as current liability?	it is held primarily not for the purpose of being traded	2



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29	What are the major types of financial statements prepared by entities?	(a) Statement of Financial Performance or Income Statement (b) Statement of Financial State of Affairs or Balance Sheet (c) Statement of Changes in Financial Position (d) Statement of Inflow and Outflow of Cash	1
30	If the turnover of the company is less than Rs.100 Crore, the figures appearing in the Financial Statements shall be rounded off to nearest –	To the nearest hundreds, thousands, lakhs or millions, or decimals thereof	4
31	Under which heading the Deferred Tax Liabilities appears in the balance sheet _____.	Non-Current Liabilities	2
32	As asset shall be classified as current ----- ---	If it is held primarily for the purpose of being traded.	1
33	A liability shall be classified as current when it satisfies any of the following criteria:	Any of the above	4
34	Which of the following appears under the heading 'Reserve & Surplus' in the balance sheet	Share Options Outstanding Account	1
35	In the Balance Sheet Bank Overdraft will be shown as a liability under the heading –	Short Term Borrowings	2
36	In the Balance Sheet Calls in Arrears will be shown in -	Liabilities Side	1
37	Futura Ltd had the following items under the head "Reserves and Surplus" in the Balance Sheet as on 31st March: (Rs. in Lakhs) Securities Premium Account - 80, Capital Reserve – 60, General Reserve – 90. The Company had an Accumulated Loss of Rs250 Lakhs on the same date. Reserves & Surplus to be disclosed in B/S is _____	Rs.(20 Lakhs)	4
38	In the Notes to Accounts a Contingent liabilities shall be classified as _____.	All of these	4
39	In case of purchase of assets under instalment payment system, instalments due after 12 months from the reporting date are shown as	Non-current liability	3
40	As per Schedule III of Companies Act 2013, while preparing the financial statements in case of a Finance Company, interest received from borrowers should be shown under	Revenue from operation	1
41	Inventories are valued at the lower of _____ or the net realizable value.	Historical cost	2
42	The amount of Calls-in-Advance not yet adjusted till the Balance Sheet date is shown under _____ under the head Current Liabilities	Other Current Liabilities	1
43	Proposed Dividend is treated as a _____ and is shown as a deduction in Reserve and Surplus.	Contingent Liabilities	1
44	Cash receipts from disposal of shares is classified under	Investing Activity	1
45	The main difference in direct and indirect method is to calculate the	Cash Flows from Operating Activity	2
46	What is/are objective/s of preparing Cash Flow Statement?	All of these	4



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SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
47	When company repurchases its own shares it records a _____.	Cash outflow	2
48	A Cash Flow Statement begins with _____.	Operating Activity	2
49	Which of the following item is not considered as Cash Equivalent?		
50	Which of the following is an example of Non-cash Expenses	Depreciation	1
51	If the Net Operating Profit is Rs.90,000 and the Debtors are decreased by Rs.20,000 during the year. Then Cash from Operation will be _____.	Rs.1,10,000	2
52	Increase of Bills Receivable by Rs.30,000 results in	Decrease in Cash	1
53	Marketable securities are treated as _____ in Cash Flow Statement	Cash equivalent	2
54	An example of Cash Flow from Financing Activity is _____.	Payment of Dividend	1
55	Which of the following is a source of Cash?	Sale of Goods Costing Rs.20,000 Rs.15,000	3
56	Interest on Long term borrowing is an expense relating to _____.	Financing Activity	3
57	A company received dividend of Rs.1,00,000 on its investment in other company's share. In case of a Finance company it will be classified as _____.	Cash Flows from Operating Activity	2
58	Advance received from customers is classified as _____.	Cash Flows from Operating Activity	2
59	m. Acquired the assets of a company through issue of equity shares is classified as _____.	None of these	4
60	A Ltd. paid an advance tax amounting to Rs.3,65,000 out of which Rs.15,000 is relating to a short-term capital gain on sale of securities. How will A Ltd. report the payment of advance tax in its Cash Flow Statement?	Cash Flows from Operating Activity	1
61	Cash flows from operating activities (Rs.550) Lakhs Cash flows from investment activities (Rs.1,250) Lakhs Cash flows from financing activities Rs.1,750 Lakhs Determine the changes in cash and cash equivalents is _____.	Decrease in Cash and Cash Equivalent by Rs.50 Lakhs	1
62	The method for presenting Net cash provided by operating activities that starts with net income and adjusts it for items that affected reported net income but that did not affect cash is called as _____.	Indirect method	3
63	B. X Ltd. purchased machinery of Rs.10,00,000 issuing a cheque of Rs.2,50,000 and 10% Debentures of Rs.7,50,000. In the cash flow statement, the transaction will be shown as _____.	Outflow under investing activity Rs.2,50,000	2
64	From the following information presented by P Ltd. ascertain the Net Realisable Value of stock : Cost Price of certain stock amounted to Rs.60,000; being obsolete, it can be used for production purposes after incurring Rs.10,000 for modification. The same could be used as a raw material for an existing product, the purchase price for the same amounts to Rs.40,000.	Rs.40,000	2



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65	Objectives of Bank's Book keeping system is/are _____.	All of these	4
66	Which of the following is/are not Subsidiary Register of a banking company?	Letters of Indemnity	3
67	Some of the common purposes are of a Bank's Statistical Books is/are _____.	Both 1 and 2	4
68	_____ = Amount of Bill × Rate of Discount × Unexpired period (in months)/12	Rebate on Bills Discounted	1
69	The status of securities and the value of such securities must be mentioned by every bank in Schedule _____.	9	4
70	The Electricity Act, 2003 replaced which of the following erstwhile existing legislations?	All of these	4
71	Which of the following is/are main feature of Electricity Act, 2003?	The activities like generation, transmission and distribution of power have been separately identified.	1
72	The Central Commission shall consist of which of the following Members?	Both 1 and 2	3
73	Rate of provisioning for advances doubtful for more than 1 year but less than 3 years is _____.	40%	2
74	Which of the following is a principle of insurance?	All of the above	4
75	Rate of provision on advances doubtful for more than 3 years is _____.	100%	3
76	Which of the following is not a mandatory financial statement of a General Insurance Company as per IRDA regulations?	Cash Flow Statement	4
77	For Marine Insurance : Premia collected from - (a) Insured (other than insurance companies) in respect of policies issued is Rs.45 Cr. (b) Other insurance companies in respect of risks undertaken is Rs. 17.5 Cr. (c) Premia paid/payable to other insurance companies on business ceded is Rs.16.75 Cr. Compute the closing balance in Unexpired Risks Reserve Account.	Rs.45.75 Cr.	2
78	_____ is a reserve which should be created by the insurers towards losses which might arise due to entirely unexpected set of events and not for any specific known purpose.	Catastrophe Reserve	2
79	Date of bill 15.01.2022 Period 5 months Rate of discount 8% Calculate rebate on bill discounted, if accounting year ends on 31.03.22.	Rs.852.46	1
80	Information provided by General Purpose Financial Reporting are as follows	All of these	4
81	Which of the following does not encompass Enhancing Qualitative Characteristics	Uniformity	3
82	_____ measures provide monetary information about assets, liabilities and related income and expenses, using information updated to reflect conditions at the measurement date.	Current Value	2
83	A complete set of financial statements comprises which of the following?	Both 1 and 2	3



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84	From the following information presented by P Ltd. ascertain the Net Realisable Value of stock : Cost Price of certain stock amounted to Rs.60,000; being obsolete, it can be used for production purposes after incurring Rs.10,000 for modification. The same could be used as a raw material for an existing product, the purchase price for the same amounts to Rs.40,000.	Rs.30,000	3
85	Z Co. Ltd. purchased goods at the cost of Rs.40 lakhs in October 2021. Till March 2022, 75% of the stocks were sold. The company wants to disclose closing stock at Rs.10 lakhs. The expected sales value is Rs.11 lakhs and a commission at 10% on sale is payable to the agent. What is the correct closing stock value to be disclosed as at 31.3.2022?	Rs.9,90,000	2
86	Mr. X is an employee of ABC Ltd. His annual salary is Rs.15 lakh. The company follows a 300 working days policy. As per the policy of the company, Mr. X is entitled to a leave of 10 days for 2022-23. He, however, utilises 8 days leave. The unutilised leaves are not allowed to be carried forward but are settled by way of payment to the employee. Compute the amount to be paid for unutilised leaves.	Rs.10,000	2
87	01.04.2022 B Ltd. has 3600 ordinary shares outstanding. On 31.08.2023 it issued 1200 ordinary shares for cash. On 31.01.23 it bought back 600 ordinary shares. Calculate weighted average number of shares as on 31.03.23.	4200 shares	1
88	C Ltd. had 10,00,000 ordinary shares outstanding as on 01.04.2022. On 01.01.2023 it issued 2 ordinary shares bonus for each share outstanding on 31.12.2022, Profit for the year 2021-22 was Rs.9,00,000. Profit for 2022-23 was Rs.30,00,000. Calculate the adjusted EPS for the year 2021-22.	Rs.0.30	2
89	An entity has an obligation to restore an asset for the damage it has in the past. It has Rs.20 lakh cash to pay on 31.03.2022 relating to this liability. The entity considers that 15% is an appropriate discount rate. the time value of money is considered material. Calculate the amount to be provided.	Rs. 15.12 lakh	1
90	Ind AS 1 "Presentation of financial statements" applies to _____.	Both of the above	3
91	Which of the following is not a part of other long-term benefits?	Retirement benefits	2
92	Ind AS 2, Inventories, does not apply to_____.	Both 1 and 2	3
93	Which of the following is a defined contribution plan?	All of the above	4
94	Ordinary shares are 1,00,000 of Rs.1.00;10% Preference shares are 200000 of Rs.1.00; PAT Rs.10,00,000. Calculate basic EPS.	Rs.9.80	1
95	The expected sales value of stock is Rs.20 lakhs and a commission at 10% on sale is payable to the agent. Calculate NRV.	Rs.18 lakh	4
96	The method for presenting Net cash provided by operating activities that starts with net income and adjusts it for items that affected reported net income but that did not affect cash is called as .	Indirect method	3



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97	Given salary expenses Rs.40,000, Outstanding in the beginning of the year Rs.5,000 and outstanding at the end of the year RS.10,000. Cash outflow on salary will be.	Rs.35,000	3
98	Which of the following is outside the scope of Ind AS 1?	All of these	4
99	Which of the following is included in cost of inventory as per Ind AS 2?	Freight inward	2
100	Y Ltd. supplied the following information: Net Profit for 2021-22 = Rs.10,00,000 Net Profit for 2022-23 = Rs.15,00,000 No. of shares prior to right issue = 5,00,000 Terms of right issue: 1 new share for every 4 shares held; right issue price = Rs.20 Fair value of 1 ordinary share immediately prior to exercise of right = Rs.25. Compute the Right Factor	1.04	3
101	_____ is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.	Fair Value	1
102	Which of the following is included in cost of inventory as per IND AS 2?	Freight inwards	2
103	Events occurring after the Reporting Period are those events that occur between ---	reporting date and approval date	2
104	How many types of Employee Benefits are there as per Ind AS 19?	4	4
105	Which of the following is not an essential features of auditing?	The information audited are non-financial in nature.	3
106	The word "Auditing" has been derived from Latin word "audiere" which means _____.	To Hear	1
107	Management is interested in the Financial Statements for _____.	For day-to-day decision-making	1
108	Government is interested in the Financial Statements for _____.	For Collection of Taxes	2
109	Verification of the value of assets, liabilities, and the balance of reserves, provision and the amount of profit earned or loss suffered by an entity is called as _____.	Balance sheet audit	2
110	Audit in depth synonymous for _____	Examination in Depth	1
111	Test Checking reduces the _____.	Work of an auditor	3
112	A flow chart, made by the auditor, of an entity's internal control system is a graphic representation that depicts the auditor's _____.	Understanding of the system	1
113	Internal auditor is appointed by _____.	The Management	1
114	The work of one clerk is automatically check by another clerk is called _____.	Internal check	2
115	An internal control includes _____.	Both 1 and 2	3
116	The most important objective of internal audit is _____.	Early detection of errors and fraud	1
117	Internal check is meant for _____.	Prevention of frauds	1
118	Cut-off testing is performed during audit of sales to address the following assertion _____.	Cut-off	3
119	Which of the following is/are advantage/s of audit?	All of these	3



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120	_____ involves examination of legalities by blending the techniques of propriety audit, regularity, investigative and financial audits.	Forensic audit	1
121	Audit Documentation is related to _____.	SA 230	2
122	_____ is a detailed plan of the auditing work to be performed, specifying the procedures to be followed in verification of each item and the financial statements and the estimated time required.	Audit programme	1
123	_____ refers to the possibility of material misstatement due to complex transactions or even due to organised fraud.	Inherent Risk	2
124	Benefits of Audit Sampling are _____.	All of these	4
125	The main role of _____ is the following: A. Recommending Auditing Standards, B. Monitoring and Enforcing Compliance with Auditing Standards and C. Power to Investigate	NFRA	1
126	NFRA consists which of the following?	All of these	4
127	the term '_____ ' means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.	Internal Financial Controls	3
128	Which of the following is not a duty of duties of the NFRA?	Monitor and enforce compliance with Income Tax Act and auditing standards.	2
129	An auditor expresses _____ opinion on financial statements when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, either individually or in aggregate, are both material and pervasive to the financial statements.	Adverse	3
130	Some situations when an auditor should express a qualified opinion is/are _____.	Both 1 and 2	3
131	An audit report with an unmodified opinion is also known as ' _____ ' or 'Unqualified Report'	Clean Report	1
132	Basic Elements of Audit Report as per Standards on Auditing are _____.	All of these	4
133	As per Rule 11 of Companies (Audit and Auditors) Rules 2014, the auditor's report shall also include his views and comments on which of the following matters?	All of these	4
134	Essential Characteristics of a Good Audit Report are _____.	Simplicity, Clarity, Brevity, Firmness, Objectivity, Disclosure, Impartiality, Information-based and Timeliness	1
135	Auditor shall verify whether the unpaid dividend has been transferred to the Unpaid Dividend Account within _____ days from the expiry of _____ days allowed for declaration and payment of dividend.	7,30	2
136	If debentures are redeemable, it can be redeemed in which of the following ways?	By payment whenever the company desires to do so	2



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ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
137	The audit procedure to be applied in this context of Splitting of Shares are _____.	All of these	4
138	The term '_____' comprises both trade creditors (i.e., sundry creditors) as well as bills payable. This represents the liability of an organisation to its suppliers.		
139	Audit Report contains _____.	Expression of Opinion	3
140	Audit Certificate contains _____.	Details of Facts	1
141	An auditor expresses _____ opinion on financial statements when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, either individually or in aggregate, are both material and pervasive to the financial statements.	Adverse	2
142	Any casual vacancy in a govt. company is filled by the CAG of India within days.	30	2
143	A cost auditor submits his report along with reservations and observations in Form No. _____.	CRA 3	3
144	Secretarial Audit is covered under section _____.	204	1
145	6. An auditor shall submit a unmodified report when _____.	The financial statements exhibit true and fair view	1
146	Which of the following is not a content of audit report as per CARO?	Recruitment of employees	3
147	Which of the following are the essential characteristics of a good audit report?	All of these	4
148	Auditor of a company appointed u/s _____ shall not act as the cost auditor of the company.	139	1
149	As per Section 139(9), a retiring auditor may be re-appointed at an annual general meeting, if:	All of these	4
150	The first auditor of a company, other than a Government company, shall be appointed by the _____ within thirty days from the date of registration of the company.	Board of Directors	2
151	The company shall inform the auditor concerned of his or its appointment, and also file a notice of such appointment with the Registrar within fifteen days of the meeting in which the auditor is appointed in Form _____.	ADT 1	1
152	No individual shall be appointed or reappointed as auditor for more than one term of _____ consecutive years	5	2
153	Section _____ of Companies Act, 2013 contains the statutory provisions in relation to remuneration of auditors	142	3
154	_____ refers to the process of conducting the audit of a single organisation by more than one auditor.	Joint audit	1
155	The amendments that gave the local self-governance in India the constitutional protection are and _____.	73 and 74	3



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SL NO	QUESTIONS	CORRECT ANSWER	ANSWER CODE
156	According to the Central Co-operatives Societies Act, of the profits of a co-operative society should be transferred to a Reserve Fund before distribution of dividend or payment of bonus to its members.	25%	2
157	The major objective of audit of Municipalities and Panchayats are _____.	All of these	4
158	Which of the following records are not maintained by a co-operative societies as accounting records ?	Memorandum of Association	2
159	According to the Central Co-operatives Societies Act, _____% of the profits of a co-operative society should be transferred to a Reserve Fund before distribution of dividend or payment of bonus to its members.	20	1
160	Which of the following is not falling under the broad category of Banks?	None of these	4
161	The auditor of a nationalised bank is primarily required to comment on which the following aspects in its report to the Central Government?	Both 1 and 3	4
162	In relation to advances made by bank an auditor needs to review which of the followings?	All of these	4
163	Hospitality sector covers a wide range of organisations which can broadly be divided into _____ categories	4	1
164	Steps common for the category of Restaurants in relation to Hospitality Sector is/are _____.	Both 2 and 3	4
165	Regarding which category of Hospitality Sector, the following steps are taken for auditing purposes? a) Vouch the collections from boarders based on their check-in and check-out information recorded in the register, counterfoils of bills and cash book. b) Verify the room rent receipts and daily occupancy reports. Ask for proper clarification for differential rent charged from any boarder. Be careful while verifying the adjustment of unrealised room rent, cancellation charges of booking accommodation at the time of closing of accounts. c) Vouch collections on account of special events such as conferences, wedding ceremony etc. separately based on counterfoil of receipts and cash book.	Hotels and Guest Houses	3
166	Steps of audit common for all organisations are _____.	All of these	4