

Examrace

Competitive Exams: Commerce MCQs (Practice_Test 59 of 99)

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1. Which of the following should be obtained as a basis of 10 conclusions by the auditor?
 - a. Sufficient evidence and detailed evidence
 - b. Terrigenous deposits
 - c. Pelagic deposits
 - d. Coral reefs

2. Which one of the following is the correct statement? An independent financial audit is conducted because
 - a. the top management may have indulged in fraud and the auditor would detect the same and report to the shareholders
 - b. the audit may result in suggesting improvement in the internal control system
 - c. the audit enhances credibility to financial statement
 - d. the audit guarantees that no material misstatement intentional or unintentional remains in the financial statements

3. What is an in-depth examination to detect a suspected fraud in an enterprise termed as?
 - a. Internal audit
 - b. Independent financial audit
 - c. Operations audit
 - d. Investigation

4. Match List-I (Audit Test) with List-II (Situation) and select the correct answer using the code given below:

List-I	List-II
A. Depth testing	1. Examination in depth by the auditor of the accounting function or department at an interval planned by auditor

B. Vouching audit	2. Used in situations where evidence of a single error gives hint to the auditor of a serious lapse which may require
C. Discover Sampling	3. Applied in situations where auditor has absent or unreliable adn as a result, it would be necessary to check all the documentary evidences.
D. Rotational test	4. Involves tracing through the entire system all the aspects of a transaction which the auditor wishes to check.

A B C D

- a. 1 3 4 2
- b. 4 2 3 1
- c. 1 4 3 2
- d. 4 3 2 1

5. Which one of the following is the best way for an auditor to satisfy himself that the amount of cash-in-hand shown in the balance sheet is correct?
- a. To obtain a certificate from the cashier to this effect
- b. To visit the location where cash is kept at the close of business hours on the last working day of the financial year and count the cash-in-hand
- c. To visit the location where cash is kept at the close of business hours on the first working day of the financial year and count the cash-in-hand
- d. To compare the amount of cash-in-hand at the balance sheet date with the corresponding amount in the previous year's balance sheet
6. Match List-I (Method of Auditing) with List-II (Procedure) and select the correct answer using the code given below the Lists:

List-I	List-II
A. Vouching	1. To select and examine a representative sample from large number of similar items.
B. Audit programme	2. Testion and checking done by quality control department of an organization.
C. Internal Audit	3. Audit conducted by regular employees of a business concern.

D. Test Checking	<p>4. The inspection of documentary evidence supporting and substantiating a transaction.</p> <p>5. A detailed plan of the auditing work to be performed.</p>
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 A B C D

- a. 3 1 2 5
- b. 4 5 3 1
- c. 3 5 2 1
- d. 4 1 3 5

7. Match List-I with List-II and select the correct answer using the code given below the Lists:

List-I	List-II
<p>A. Minutes Book</p> <p>B. Log Book</p> <p>C. Subsidiary Ledger</p> <p>D. Stores Ledger</p>	<p>1. Recording entries of creditors payment</p> <p>2. Recording entries of raw material receipts</p> <p>3. Recording entries of resolution passed</p> <p>4. Recording entries of production</p> <p>5. Recording entries of cash withdrawn from bank</p>

 A B C D

- a. 2 4 1 3
- b. 3 1 5 2
- c. 2 1 5 3
- d. 3 4 1 2

8. Which of the following are examined to verify the legal charges?

- a. Examine the payment made to the lawyer by reference to the bill and money receipt from the lawyer as well as any amount paid in advice.

b. Examine the basis of allocation of expenditure under capital and revenue head

c. Subsidiary Ledger 3. Recording entries of resolution passed

Inspect the register of law suits, if maintained by the company.

a. 1 and 3 only

b. 1,2 and only

c. 2 and 4 only

d. 1,2, 3 and 4

9. Which one of the following is the correct statement? Book Debts should be verified with the help of

a. book debts from the balance sheet

b. amount received from debtors

c. debtors schedule

d. certificate of book debts from the management

10. Which one of the following is the correct statement? Negative confirmation procedure in relation to debtors is applied where

a. the number of debtors is small & each owes a large sum

b. the number of debtors is large & each owes a small sum

c. the number of debtors is small & each owes a small sum

d. the number of debtors is large & each owes a large sum