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Maximum Weight : 5

MCQ—PRACTICAL AUDITING

Section II

[TO BE ATTACHED TO THE MAIN ANSWER-BOOK]

UG CBCSS INTERNAL EXAMINATION, JUNE 2026

DO NOT WRITE YOUR REGISTER NUMBER OR NAME ANYWHERE IN SECTION II OF THE QUESTION PAPER

*Answer **all** questions.*

All questions carry equal weight.

Put a tick mark [✓] in the column against the correct answer.

1. Main object of auditing is :

- (A) Detection of errors.
- (B) To find out whether P&L a/c & B/S show true and fair state affairs.
- (C) Detection of frauds.
- (D) Detection and prevention of frauds and errors.

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2. Auditing is compulsory for :

- (A) Small scale business enterprises.
- (B) All partnership firms.
- (C) All joint stock companies.
- (D) All proprietary concerns.

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3. Systems audit implies :

- (A) Systematic examination of accounts.
- (B) Audit undertaken to improve auditing systems.
- (C) Enquiring accounting and control systems.
- (D) Checking the performance of management.

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4. Internal audit is undertaken.

(A) By independent auditor.

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(B) Statutorily appointed auditor.

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(C) By a person appointed by the management.

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(D) By Government auditor.

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5. Receipt from sale of investment should be vouched with the help of :

(A) Brokers Budget Notes.

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(B) Brokers Sold Notes.

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(C) Minute Book.

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(D) Inventory of investment.

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6. Verification refers to :

(A) Examination of journal and ledger.

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(B) Examination of vouchers related to assets.

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(C) Examining the physical existence and valuation of assets.

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(D) Calculation of value of assets.

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7. Stock should be valued at :

(A) Cost.

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(B) Market price

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(C) Cost price or market price whichever is lower.

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(D) Cost less depreciation.

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8. Fixed assets are valued at :

(A) Cost.

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(B) Market price.

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(C) Cost price or market price whichever is less.

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(D) Cost less depreciation.

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9. The scope of work of internal audit is decided by the :

(A) Share holders.

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(B) Management.

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(C) To improve financial control.

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(D) All of the above.

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10. Book debts should be verified with the help of :

(A) Balance sheet.

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(B) Amount received from Debtors.

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(C) Debtors schedule.

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(D) Certificate from the management.

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11. In his report, the auditor gives his :

(A) Judgment.

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(B) Opinion.

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(C) Guarantee to correctness of accounts.

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(D) True state of affairs.

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12. An auditor can be held liable under companies Act 1949 for :

(A) Negligence.

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(B) Criminal offence.

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(C) Professional misconduct.

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(D) Breach of contract.

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13. Investigation is carried on behalf of :

(A) Manager.

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(B) Employee.

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(C) Client.

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(D) On behalf of owner and third parties.

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14. Inflation of profit is possible due to :

(A) Overvaluation of closing stock.

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(B) Overstating purchase.

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(C) Overstating opening stock.

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(D) Overstating expenses.

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15. Management audit is :

(A) Compulsory.

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(B) Not compulsory.

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(C) Compulsory under Income Tax Act.

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(D) Compulsory under Indian Contract Act.

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16. The chartered Accountants Act is in _____.

(A) 1956.

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(B) 1959.

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(C) 1949.

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17. The term inventories stands for :

(A) Raw materials.

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(B) Work in progress.

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(C) All of these.

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18. ————— is a written plan containing details with regard to the conduct of a particular audit.

(A) Audit Note book.

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(B) Audit programme.

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(C) Audit files.

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19. Test checking means :

(A) Checking of all transactions.

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(B) Checking of half of the transactions.

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(C) Checking of selected items.

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20. ————— audit is compulsory for joint stock companies

(A) Statutory.

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(B) Final.

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(C) Continuous.

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No. of MCQs attempted

Weight Scored

(To be entered by the examiner)

No. of MCQs not attempted

**ATTACH SECTION II INTERNAL EXAMINATION MCQ PAPER WITH
THE MAIN ANSWER-BOOK**

