

## Paper -6- Auditing and Assurance (New Course)

1. Which of the following is not an assertion about presentation and disclosure?
  - (a) Occurrence and rights and obligations
  - (b) Completeness
  - (c) Classification and understandability
  - (d) Existence
  
2. Determining a percentage to be applied to a chosen benchmark (in relation to materiality) involves the exercise of \_\_\_\_\_
  - (a) Independence
  - (b) Professional Judgement
  - (c) Professional skepticism
  - (d) All of the above
  
3. Which of the following factors is (are) considered in determining the sample size for tests of control?
  - (a) Projected error
  - (b) Tolerable error
  - (c) Expected error
  - (d) Both (b) and (c)
  
4. Which of the following is not an analytical procedure?
  - (a) Tracing of purchases recurred in the purchase book to purchase invoices.
  - (b) Comparing aggregate wages paid to number of employees
  - (c) Comparing the actual costs with standard costs
  - (d) All of them are analytical procedure
  
5. .Which of the following is fund based advance?
  - (a) Term loans
  - (b) Cash credits,
  - (c) Demand Loans
  - (d) All of the above
  
6. Which of the following is not classification of NPA?
  - (a) Impaired
  - (b) sub standard
  - (c) doubtful

(d) Loss

7. SA-700 requires the use of specific headings, which are intended to assist in making auditor's reports that refer to audits that have been conducted in accordance with SAs more recognizable. Which of the following is that specific heading :

- (a) Key audit matters
- (b) Basis of opinion
- (c) Date
- (d) All of the above

8. The auditor shall express \_\_\_\_\_ opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

- (a) Adverse
- (b) Qualified
- (c) Disclaimer
- (d) None of the above

9. What are analytical procedures?

- (a) Substantive tests designed to assess control risk
- (b) Substantive tests designed to evaluate the validity of management's representation letter
- (c) Substantive tests designed to study relationships between financial and non-financial data
- (d) All of the above

10. Analytical procedures issued in the planning stage of an audit, generally:

- (a) helps to determine the nature, timing and extent of other audit procedures
- (b) directs attention to potential risk areas
- (c) indicates important aspects of business
- (d) All of the above

11. Tolerable error, is the maximum monetary error that the auditor is prepared to accept in the population and still conclude that audit objective has been achieved, is directly related to

- (a) Sample size
- (b) Audit risk
- (c) Materiality
- (d) Expected error

12. Which of the following is source of Non Sampling risk :

- (a) Human Mistakes

- (b) Applying audit procedures not appropriate to the objectives of audit
- (c). Misinterpreting the sample results
- (d) All of the above

13 SQC 1 “Quality Control for Firms that perform Audits and Review of Historical Financial Information, and other Assurance and related services”, requires firms to establish policies and procedures for the timely completion of the assembly of audit files. An appropriate time limit within which to complete the assembly of the final audit file is

- (a) ordinarily not more than 60 days after the date of the auditor’s report.
- (b) ordinarily not more than 30 days after the date of the auditor’s report.
- (c) ordinarily not more than 90 days after the date of the auditor’s report.
- (d) ordinarily not more than 120 days after the date of the auditor’s report.

14. SQC 1 requires firms to establish policies and procedures for the retention of

- (a) Audit File
- (b) engagement documentation.
- (c) Final Audit file
- (d) Audit Documentation

15. SQC 1 requires firms to establish policies and procedures for the retention of engagement documentation. The retention period for audit engagements ordinarily is :

- (a) no shorter than eight years from the date of the auditor’s report, or, if later, the date of the group auditor’s report.
- (b) no shorter than six years from the date of the auditor’s report, or, if later, the date of the group auditor’s report.
- (c) no shorter than seven years from the date of the auditor’s report, or, if later, the date of the group auditor’s report.
- (d) no shorter than ten years from the date of the auditor’s report, or, if later, the date of the group auditor’s report.

16. The completion of the assembly of the final audit file after the date of the auditor’s report is

- (a) an administrative process that does not involve the performance of new audit procedures but certainly involves the drawing of new conclusions.
- (b) an administrative process that involves the performance of new audit procedures or the drawing of new conclusions.
- (c) an administrative process that does not involve the performance of new audit procedures or the drawing of new conclusions.
- (d) a statutory process.

17. Loan or guarantee to or from the concerned client is an example of -

- (a) Self-review threats

- (b) Self-interest threats
- (c) Advocacy threats
- (d) Intimidation threats

18. When an auditor deals with shares or securities of the audited company is an example of :

- (a) Self-review threats
- (b) Self-interest threats
- (c) Advocacy threats
- (d) Intimidation threats

19. \_\_\_\_\_ refers to an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence.

- (a) Professional skepticism
- (b) Professional Judgement
- (c) Integrity
- (d) Objectivity

20. According to SA 210 "Agreeing the Terms of Audit Engagements", The auditor shall agree the terms of the audit engagement :

- (a) with management and those charged with governance, as appropriate.
- (b) with management
- (c) with those charged with governance
- (d) with management or those charged with governance, as appropriate.