

MEMORY BASED MCQ's OF CA - FINAL MAY-19 EXAM

Note:

It is important to know which MCQs were asked in exams and to analyse which topics were targeted. But ICAI doesn't give MCQ question sheet to students, so we requested students to tell us MCQs, based on their memory. On the basis of students' memory, we have drafted the following MCQs. Further some MCQs are incomplete, but we can at least understand areas targeted by them and work on them.

1. A Chartered Accountant employed by State Corporation is grossly negligent in his duties. Under which clause he would be held guilty?
 - a) Clause 7 Part 1 Schedule 2
 - b) Clause 1 Part 2 Schedule 2 (Expected Answer)**
 - c) Clause 2 Part 2 Schedule 2
 - d) Clause 8 Part 2 Schedule 2

2. Which item should not be deducted from turnover for tax audit purpose?
 - a) Trade discount.
 - b) Cash discount (Expected Answer)**
 - c) Sale of fixed asset.
 - d) Sales return.

3. 50-50 test is popular for-
 - a) NBFC (Expected Answer)**
 - b) Banking Company
 - c) Insurance Company
 - d) Share Trading Company.

4. Return of deposits as per Rule 16 of the Companies (Acceptance of Deposits) Rules, 2014 is to be filed with the Registrar on or before
 - a) 30-06 (Expected Answer)**
 - b) 31-07
 - c) 31-08
 - d) 30-09

5. Operating expenses classified as 'others' of insurance company should not exceed

OR

Major operating expenses related to insurance business are required to be shown separately when they are equal to

 - a) Rs. 5 Lakhs or in excess of 2% of net premium, whichever is higher.
 - b) Rs. 5 Lakhs or in excess of 1% of net premium, whichever is higher. (Expected Answer)**
 - c) Rs. 10 Lakhs or in excess of 1% of net premium, whichever is higher.
 - d) Rs. 10 Lakhs or in excess of 2% of net premium, whichever is higher.

6. Two-thirds of the members of audit committee shall be :
 - a) Managing director
 - b) Whole time Director
 - c) Director
 - d) Independent Director (Expected Answer)**

7. As per section 177 of companies Act, company to constitute an Audit committee :
 - a) Pvt co having Turnover Rs. 100 crores or more as on 31st March 2019.
 - b) Public company having Paid-up capital of Rs. 10 crores as on 31st March 2019. (Expected Answer)**
 - c) Public Company having Loan's and borrowings of Rs. 25 Crores or more.
 - d) Public company having Turnover of Rs. 50 crores as on 31st March 2019.

8. NBFC having secured but doubtful asset for 2 years should make how much percentage of provision:
 - a) 10
 - b) 20
 - c) 30 (Expected Answer)**
 - d) 40.

9. Who could not become Internal auditor of the company:
 - a) A graduate employee of company.
 - b) A cost auditor of the company
 - c) A statutory auditor of the subsidiary company
 - d) A CA indebted to company for Rs. 5,00,000 (Expected Answer)**

10. Sarbanes Oxley Act 2002 belongs to:
 - a) United States Federal law (Expected Answer)**
 - b) International accounting standard board
 - c) United Kingdom law
 - d) Canadian Law

11. If an auditor found fraud exceeding 1 crores in how many days he is required to report to BOD / Audit committee:
 - a) 10 days
 - b) 30 days
 - c) 2 days (Expected Answer)**
 - d) 3 Days

12. A company failed to pay dividend after 30 days of date of declaration. How much percentage of interest will be charged as a penalty?
 - a) 10 %
 - b) 15 %

- c) 12 %
d) **18 % (Expected Answer)**
13. The auditor is held guilty of professional misconduct under second schedule of the CA Act, 1949. What are the consequences?
a) remove the name of member for a period of 3 months
b) remove the name of member for period of 6 months
c) **remove the name of member for any period (Expected Answer)**
d) fine of Rs. 100000
14. As per Sec 35(5) of CGST Act, 2017 a registered person is required to furnish electronically through the common portal along with Annual Return a copy of a Reconciliation Statement, duly certified in prescribed form-
a) **GSTR- 9C (Expected Answer)**
b) GSTR- 9B
c) GSTR- 9A
d) GSTR- 9
15. Tax Audit u/s 44AB is applicable to-
a) Assessee who shows income less than rate specified for presumptive taxation and his total income does not exceed maximum amount not chargeable to tax.
b) **Assessee who shows income less than rate specified for presumptive taxation and his total income exceeds maximum amount not chargeable to tax. (Expected Answer)**
c) Assessee who shows income more than rate specified for presumptive taxation and his total income does not exceed maximum amount not chargeable to tax.
d) Assessee who shows income more than rate specified for presumptive taxation and his total income exceeds maximum amount not chargeable to Tax.
16. As per SRS 4410, Compilation engagement gives-
a) Limited Assurance
b) Negative Assurance
c) Reasonable Assurance
d) **No Assurance (Expected Answer)**
17. CARO not applicable to (Please Comment & Complete this MCQ as per memory recall)
a) Subsidiary of Public Company
b) **Section 8 Company (Expected Answer)**
c) Private limited company having paid up capital and reserves equal to Rs 10 crore.
d) Private limited company having Total Revenue equal to Rs 50 crore.
18. In which type of audit, the auditors try to bring out cases of improper, avoidable, or infructuous expenditure even though the expenditure has been incurred in conformity with the existing rules and regulations
a) Compliance Audit
b) Financial Audit
c) **Proprietary Audit (Expected Answer)**
d) Performance Audit
19. State which of the following is incorrect:
a) Internal Auditor can be employee of same company.
b) **Internal Auditor can be GST Auditor of same company. (Expected Answer)**
c) Internal Auditor of a PF Trust of a Government Company cannot be appointed as its Statutory Auditor.
d) A CA firm can act as Internal Auditor of a company & Statutory Auditor of its Employees PF under Companies Act, 2013.
20. You are an audit manager of DC & Co and you are currently responsible for the audit of Beautypal Co, a company which develops and manufactures health and beauty products and distributes these to wholesale customers. Its draft profit before tax is Rs.43 lakhs and total assets are Rs.38 lakhs for the financial year ended 31 March 2018. The final audit is due to commence shortly, and the following matter has been brought to your attention: Beautypal Co has a large portfolio of property, plant and equipment (PPE). In January 2018, the company carried out a full review of all its PPE and updated the useful lives, residual values, depreciation rates and methods for many categories of asset. The finance director felt the changes were necessary to better reflect the use of the

assets. This resulted in the depreciation charge of some assets changing significantly for this year. Which of the following substantive procedure should the auditor perform to obtain sufficient and appropriate audit evidence in relation to matter of depreciation on property, plant and equipment?

- a) Review the capital expenditure budgets for the next few years to assess whether the revised asset lives correspond with the planned period until replacement of the relevant asset categories. (Expected Answer as per Sample Question List)**
- b)** Inspect non-current asset accounts for a sample of purchases to ensure they have been properly allocated.
- c)** Consider whether the proceeds on disposals of PPE are reasonable and recalculate the profit or loss disposal.
- d)** For a sample of fully depreciated assets, inspect the register to ensure no further depreciation is charged.
- 21.** Initial audit engagement means an engagement in which
- a)** Financial statements for the prior period were not audited;
- b)** Financial statements for the prior period were audited by a predecessor auditor.
- c) (a) or (b) (Expected Answer)**
- d)** (a) & (b)
- 22.** SA 299 Joint audit of financial statements does not provide for:
- a) Government listed audits (Expected Answer)**
- b)** Division of responsibility
- c)** Communication with other joint auditor
- d)** Reliance on other joint auditor
- 23.** Conduct of survey and monitoring is covered in which phase of energy audit? (Not in syllabus)
- a)** Post Audit Phase
- b)** Pre-Audit Phase
- c) Audit Phase (Expected Answer)**
- d)** Planning Phase
- 24.** What is key Audit matters reported as?
- a) Not a opinion for individual matters (Expected Answer)**
- b)** Substitute for management actions
- c)** Not a substitute for expressing modified opinion
- d)** For material uncertainty over going concern
- 25.** CFS component audit required by (Please Comment & Complete this MCQ as per memory recall)
- a)** Parent Auditor
- b) Chartered Accountant (Expected Answer)**
- c)** Not Required
- 26.** Technical Reviewer to submit final report along with a copy of Annual report of the company/entity for the year, to the Board in the specified format, on their (individual) letterhead, duly signed and dated within _____ from the date of acceptance of the assignment.
- a)** 7 Days
- b)** 15 Days
- c)** 30 Days
- d) 45 Days (Expected Answer)**
- 27.** Modified opinion (Please Comment & Complete this MCQ as per memory recall)
- a. SA 705 (Expected Answer)**
- 28.** Mandatory review area for audit committee
- 29.** Off Record fraud
- 30.** Insurance proportional treaties
- 31.** Change of audit strategy and plan
- 32.** Real time IT component – software
- 33.** Permission of ICAI - interest in education
- 34.** Tool and Techniques used in Environmental Audit.
- 35.** Sec 143(3) audit report does not contain comments on?
- 36.** Audit of stock using ABC analysis- limited time.

37. Lien on fixed deposit, verification MCQ.
38. Access control- 4 options (Hardware/
Software)
39. Substantial risk does not include?

Auditguru.in