

Competitive Exams: Commerce MCQs (Practice-Test 52 of 99)

1. The first Standard Auditing practice (SAP 1) is related to
 - a. objectives and scope of the audit of financial statements
 - b. basic principles governing an audit
 - c. documentation
 - d. detecting fraud and error

2. Which of the following relating to Audit Programme is NOT correct?
 - a. The auditor cannot defend himself on the basis of audit programme if there is a charge of negligence against him
 - b. It is useful basis for planning the programme for the subsequent year
 - c. It helps in the final review before the report is signed
 - d. simplifies the allocation of work amongst the audit staff

3. The scope of 'management audit' is determined by the
 - a. Shareholders
 - b. Board of Directors
 - c. Comptroller and Auditor-General (C & AG)
 - d. Comptroller and Auditor General in consultation with the Central Government

4. Test checking of entries in the audit work refers to
 - a. the internal checks
 - b. the internal controls
 - c. checking some sample items from a large number of similar items
 - d. checking the cash flow of business

5. Test checking reduces

- a. the work of an auditor
 - b. the liability of an auditor
 - c. both work and liability of an auditor
 - d. the remuneration of an auditor
6. While establishing the statistical sampling plan, the degree of precision required is determined by
- a. keenness of the management
 - b. suitability of accounting systems and procedures
 - c. allowable margin of error the auditors are willing to accept
 - d. random number table used for the purpose
7. consider the following statements: An unregistered partnership firm suffers from the following disabilities
- a. A partner of such firm cannot file a suit for the dissolution of the firm
 - b. The firm cannot file a suit against any third party for realization of its dues
 - c. A partner cannot file a suit against any other partner to enforce any right arising out of partnership deed

Which of the above statements are correct?

- a. 1, 2 and 3
 - b. 1 and 3
 - c. 1 and 2
 - d. 2 and 3
8. The distinctive characteristic of 'perpetual succession' of a joint stock company refers to
- a. uninterrupted business in spite of continuous losses
 - b. immunity from government direction for the closure of the company
 - c. immunity from resolution passed in the annual general body meeting for closure of the company
 - d. uninterrupted existence not affected by the death or insolvency of members of the company

9. Who is a bull?

- a. A stock broker who deals or specializes in a few shares
- b. An investor who sells securities in anticipation of being able to rebuy them later at a lower price
- c. An investor who buys securities in anticipation of being able to sell them later at a higher price
- d. An investor who expects the price of a security or of the market as a whole to fall

10. Commercial paper is a

- a. long-term corporate security meant for small investors
- b. medium-term corporate security meant for institutional investors
- c. treasury paper meant for corporate investors
- d. short-term corporate security meant for large-scale investors

11. A cartel is a combination of firms

- a. which are functioning in a particular industry
- b. whose combined assets are worth more than 90% of total assets of the industry
- c. who control major chunk of the market
- d. whose combined profits are enormous

12. The takeover of a company in which most of the purchase price is paid with borrowed money is referred to as

- a. hostile takeover
- b. illegal takeover
- c. leverage buy-out
- d. management buy-out

13. One of the major difficulties in improving the industrial efficiency in enterprises is

- a. low investment
- b. low productivity
- c. ineffective marketing
- d. poor inventory control

14. Exam Bank of India provides financial assistance to exporters and importers in India

- a. in foreign currency only
- b. both in Indian currency and foreign currencies
- c. as zero-interest loans
- d. as subsidies

15. The national re-insurer in India is

- a. General Insurance corporation of India
- b. United India Insurance Company Ltd.
- c. Insurance Regulatory and Development Authority
- d. Oriental Fire and General Insurance

Company Ltd