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## Competitive Exams: Commerce MCQs (Practice\_Test 98 of 99)

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1. Match List I with List II and select the correct answer:

List-I	List-II
A. Compensating	1. Not recording a business transaction errors
B. Errors of omission	2. Charging a Revenue item to capital
C. Errors of principle	3. Writing a debit item on the credit side and a credit item on the debit side of equal amount
D. Errors of commission	4. Posting a correct amount to a wrong Account

**A B C D**

a. 3 1 4 2

b. 2 1 4 3

c. 3 1 2 4

d. 2 1 3 4

2. Audit report along with accounts is given by

- Statutory Auditor
- Internal Auditor
- Government Auditor

d. Secretariat Auditor

3. Consider the following statements: Management audit may

- a. cover performance audit.
- b. protect the interest of the share holders
- c. cover proprietor audit
- d. refer to audit of work done by the management accountant.

Of these statements

- a. 1 and 2 are correct
- b. 3 and 4 are correct
- c. 1 and 3 are correct
- d. 2 and 4 are correct

4. Management audit is ordered by the

- a. Workers of a company
- b. Government
- c. Board of Directors
- d. Securities Exchange Board of India

5. When an auditor detects material weaknesses in the internal checks and control system of the company under audit, he should report his findings as per

- a. ICAI orders
- b. SEBI orders
- c. MAOC AR orders
- d. ICW AI orders

6. Which of the following statements are true?

- a. Dividend can be paid out of capital profits if only Articles of Association of the company permits.
- b. Goodwill taken over may be written off out of profit prior to Incorporation
- c. Dividend can be paid out of current profits in spite of un-provided depreciation for past years.
- d. Capital redemption reserve can be used for issuing fully paid bonus shares to the shareholders according to Company's Act.

i. 1 and 2

ii. 1,2 and 3

iii. 2 and 4

iv. 3 and 4

7. The remuneration of an auditor of a partnership firm is fixed by

- a. the Partnership Act
- b. The Companies Act
- c. the Government
- d. none of the above

8. If the shareholders fail to appoint or reappoint auditors of limited company in an Annual General Meeting. The vacancy will be filled by the

- a. Securities Exchange Board of India
- b. Comptroller and Auditor General of India
- c. Central Government
- d. Registrar of companies

9. Match list I List II and select the correct answer:

List-I (Appointment of auditor)	List-II (Appointing authority)
<p>A. First auditor of a non-Govt.</p> <p>B. Reappointment of a retiring</p> <p>C. Auditor of a Government</p> <p>D. Auditor of a non-Govt.</p>	<p>1. Shareholder of the company limited company</p> <p>2. Board of directors limited of the company auditor of non-Govt limited</p> <p>3. Central Government on the advice of Company Comptroller the and Auditor General of India</p> <p>4. Central Government limited company, when shareholders fail to reappoint or reappoint an auditor</p>

**A B C D**

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a. 1 2 4 3

b. 2 1 3 4

c. 1 2 3 4

d. 2 1 4 3

10. In so far as a company is concerned, which one of the following pairs is NOT correctly matched?
- a. Internal audit 褻Obligatory
  - b. Statutory audit 褻Mandatory
  - c. Continuous audit 褻Optional
  - d. Management audit 褻Voluntary
11. A file which contains rules governing the organisation Under audit is known as
- a. current file
  - b. permanent file
  - c. routine file
  - d. precedence file
12. Where the auditor places a high degree of reliance on an internal control procedure. The acceptable risk of over reliance would be
- a. low
  - b. high
  - c. moderate
  - d. nil
13. Under the Companies Act. Which one of the following powers can be exercised by the Board of Directors?
- a. Power to sell any of the company's undertakings
  - b. Power to make call
  - c. Power to borrow money in excess of the paid up capital
  - d. Power to reappoint an auditor

14. The statutory meeting of the company must be held within six months
- from filing of statement in lieu of prospectus
  - of obtaining the certificate of commencement of business
  - of obtaining the certificate of incorporation
  - from the date when the first Board of Directors meeting was held
15. A public limited company can offer pre-emptive rights only to the
- directors of the company
  - existing equity shareholders
  - debenture holders
  - short-term creditors of the company

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