

Special Features of Audit of Different Types of Entities



MULTIPLE CHOICE QUESTIONS

1. What is the primary aim of government audit?
 - (a) Ensuring profitability
 - (b) Ensuring accountability of the executive in respect of public revenue and expenditure
 - (c) Administering law and order
 - (d) Facilitating government policies
2. Which committee scrutinizes the Appropriation Accounts in the context of government audit in India?
 - (a) Public Accounts Committee (PAC)
 - (b) Finance Committee
 - (c) Audit and Accounts Committee
 - (d) Budgetary Control Committee
3. According to Article 266, what does the Consolidated Fund of India consist of?
 - (a) Only direct and indirect taxes
 - (b) Only loans taken by the Government of India
 - (c) Only loans and repayments
 - (d) All revenue received from direct and indirect taxes, loans, and loan repayments
4. What is the major area of specialization that emerged with the rapid growth of public enterprises in government audit?
 - (a) Expenditure audit
 - (b) Tax audit
 - (c) Commercial audit
 - (d) Regulatory audit
5. How has government audit evolved in response to the changing nature of government activities in India?
 - (a) By focusing solely on accountancy
 - (b) By becoming more expenditure-oriented
 - (c) By adding new concepts, techniques, and procedures
 - (d) By limiting its scope to regulatory functions
6. According to the U.N. Handbook, what is government auditing?
 - (a) Retroactive examination of financial statements
 - (b) Future-oriented examination of financial transactions

- (c) Systematic and independent examination of financial, administrative, and other operations
 - (d) Informal evaluation of government policies
7. What is one of the objectives of government audit, as mentioned in the passage?
- (a) Implementing government policies
 - (b) Investigating irregularities
 - (c) Ensuring profitability of public enterprises
 - (d) Appraising government policies and providing public accounting of government funds
8. In India, which independent statutory authority is responsible for the discharge of government audit functions?
- (a) Ministry of Finance
 - (b) Public Accounts Committee (PAC)
 - (c) Comptroller and Auditor General (C&AG)
 - (d) Indian Audit and Accounts Department
9. What does government audit serve as a mechanism for?
- (a) Ensuring profitability
 - (b) Public accounting of government funds
 - (c) Investigating irregularities
 - (d) Administering law and order
10. What is the primary focus of government audit in terms of administrative accountability?
- (a) Pursuing irregularities to their logical end
 - (b) Investigating every misdemeanour
 - (c) Ensuring profitability of government enterprises
 - (d) Ensuring authorities act in accordance with the Constitution and laws
11. How is the Comptroller & Auditor General (C&AG) of India appointed and removed according to the Constitution?
- (a) Appointed by the Prime Minister, removed by the President
 - (b) Appointed by the Parliament, removed by the Supreme Court
 - (c) Appointed by the President, removed only on grounds of proven misbehavior or incapacity
 - (d) Appointed by the Chief Justice, removed by the Parliament
12. Under what circumstances can the C&AG of India be removed from office, as specified in the Constitution?
- (a) At the discretion of the President
 - (b) On the recommendation of the Prime Minister
 - (c) Only on grounds of proven misbehavior or incapacity, by a 2/3rd majority of both Houses of Parliament
 - (d) Automatically after a fixed tenure
13. How is the salary and other conditions of service of the C&AG determined, according to the Constitution?
- (a) Determined by the Parliament
 - (b) Determined by the President in consultation with the C&AG

- (c) Fixed at the time of appointment and cannot be varied to his disadvantage
 - (d) Determined by the Prime Minister
- 14.** Which constitutional provision defines the duties and powers of the C&AG in relation to the accounts of the Union and States?
- (a) Article 148
 - (b) Article 149
 - (c) Article 150
 - (d) Article 151
- 15.** What is the role of the President in determining the form of accounts of the Union and States, according to the Constitution?
- (a) The President has no role in this matter
 - (b) The President determines the form independently
 - (c) The President decides based on the advice of the C&AG
 - (d) The Constitution does not specify the role of the President in this context
- 16.** Who appoints the Comptroller and Auditor General (C&AG) of India, and under what circumstances can they be removed?
- (a) Appointed by the Prime Minister; can be removed by a simple majority in Parliament
 - (b) Appointed by the President; can be removed only on grounds of proven misbehavior or incapacity by a 2/3rd majority of both Houses of Parliament
 - (c) Appointed by the Chief Justice; can be removed by the President's discretion
 - (d) Appointed by the Finance Minister; can be removed by the Governor of the State
- 17.** What is the primary duty of the Comptroller and Auditor General (C&AG) concerning accounts in the Union and States?
- (a) Maintain subsidiary accounts
 - (b) Compile and submit accounts of the Union and States
 - (c) Audit only the expenditure accounts
 - (d) Provide information as required by the Union Government
- 18.** Under what conditions does a body or authority qualify as "substantially financed," subject to audit by the C&AG?
- (a) Grant or loan less than ₹ 10 lakhs
 - (b) Grant or loan less than 50% of the total expenditure
 - (c) Grant or loan less than ₹ 25 lakhs, with the amount being less than 75% of the total expenditure
 - (d) Grant or loan more than ₹ 50 lakhs, regardless of the total expenditure
- 19.** What is the duty of the Comptroller and Auditor General (C&AG) concerning grants or loans given for specific purposes?
- (a) Sanction the grants or loans
 - (b) Scrutinize procedures for fulfilling conditions and access books and accounts
 - (c) Audit only the utilization of grants or loans
 - (d) Report on the financial position of the authority or body

- 20.** What does the Comptroller and Auditor General (C&AG) audit concerning the accounts of stores and inventory?
- (a) Financial transactions
 - (b) Compliance with Companies Act, 2013
 - (c) Procedure for allocation of revenue
 - (d) Accounts of stores and inventory kept in any office or department
- 21.** In the audit of government companies and corporations, what powers does the Comptroller and Auditor General (C&AG) have according to the Companies Act, 2013?
- (a) Appointing the CEO of the company
 - (b) Appointing the auditor and directing the audit process
 - (c) Issuing licenses to the company
 - (d) Deciding the budget of the company
- 22.** What is the role of the President concerning the form of accounts of the Union and States, according to the Constitution?
- (a) Determines the form independently
 - (b) Prescribes the form based on the advice of the C&AG
 - (c) No role in determining the form
 - (d) Advises the C&AG on the form
- 23.** Under what circumstances can the Comptroller and Auditor General (C&AG) be relieved of the responsibility to compile and submit accounts?
- (a) Only when the C&AG voluntarily requests relief
 - (b) As per the discretion of the President
 - (c) When the C&AG is on leave
 - (d) Only if the Parliament decides to relieve the C&AG by a simple majority
- 24.** What does Article 150 of the Constitution specify regarding the accounts of the Union and States?
- (a) The C&AG shall compile and submit the accounts
 - (b) The President may prescribe the form of accounts based on the advice of the C&AG
 - (c) The accounts shall be kept in the form determined by the C&AG
 - (d) The accounts shall be audited by the Parliament
- 25.** What is the primary focus of the Comptroller and Auditor General (C&AG) in auditing receipts of the Union or States?
- (a) Checking the legality of expenditure
 - (b) Ensuring the efficiency of revenue collection
 - (c) Verifying the compliance with Companies Act, 2013
 - (d) Assessing the financial position of the Union or States
- 26.** What power does the Comptroller and Auditor General (C&AG) have regarding the inspection of government offices under the control of the Union or a State Government?
- (a) Power to conduct surprise inspections only
 - (b) Power to inspect any office of accounts, including those responsible for creating initial or subsidiary accounts

- (c) Power to inspect only Union government offices
 - (d) Power to inspect only State government offices
- 27.** What authority does the C&AG have in relation to accounts, books, papers, and other documents during the audit process?
- (a) Authority to seize documents without notice
 - (b) Authority to request the submission of relevant documents to specified places
 - (c) Authority to ignore relevant documents
 - (d) Authority to conduct physical searches for documents
- 28.** What is the power of the C&AG in terms of questioning and obtaining information during the audit process?
- (a) Limited power to question only, without obtaining information
 - (b) Power to question but cannot make observations
 - (c) Power to put questions, make observations, and call for required information
 - (d) No power to question or obtain information
- 29.** Under what circumstances can the C&AG dispense with any part of detailed audit during the audit process?
- (a) Only if requested by the audited entity
 - (b) Only for transactions related to Union Government
 - (c) If determined necessary for efficient auditing
 - (d) Only with the approval of the President
- 30.** What is the primary focus of an audit against 'rules and orders' in government expenditure?
- (a) Ensuring compliance with internal office procedures
 - (b) Verifying adherence to constitutional and statutory provisions, financial rules, and regulations
 - (c) Checking for personal financial benefits to government officials
 - (d) Assessing the efficiency of financial transactions
- 31.** Which type of audit aims to ensure that each item of government expenditure is covered by a proper authorization from the competent authority?
- (a) Performance audit
 - (b) Audit of sanctions
 - (c) Audit against provision of funds
 - (d) Propriety audit
- 32.** What is the primary objective of an audit against provision of funds in government expenditure?
- (a) Verifying adherence to financial rules
 - (b) Ensuring proper utilization of funds allocated
 - (c) Checking for personal financial benefits to government officials
 - (d) Assessing the efficiency of financial transactions

33. What does propriety audit in government expenditure focus on, in addition to adherence to rules and regulations?
- (a) Evaluating the efficiency of financial transactions
 - (b) Identifying cases of improper, avoidable, or ineffective expenditure
 - (c) Ensuring compliance with constitutional provisions
 - (d) Checking the legality of expenditure
34. In the context of propriety audit, what general principle ensures that public expenditure is not more than necessary?
- (a) Principle of economic efficiency
 - (b) Principle of financial propriety
 - (c) Principle of personal benefit
 - (d) Principle of legal compliance
35. What is the objective of performance audit in government expenditure?
- (a) Verifying adherence to financial rules and regulations
 - (b) Assessing the legality of expenditure
 - (c) Examining the relationship between goods and services produced and resources used
 - (d) Identifying cases of improper, avoidable, or ineffective expenditure
36. Which of the following is NOT a stage in the procedure for conducting a performance audit?
- (a) Preliminary study
 - (b) Execution of audit
 - (c) Identification of topic
 - (d) Implementation of audit recommendations
37. What is the primary focus of efficiency audit in government expenditure?
- (a) Assessing the legality of expenditure
 - (b) Evaluating the efficiency of financial transactions
 - (c) Verifying adherence to constitutional provisions
 - (d) Identifying cases of improper expenditure
38. Which audit ensures that expenditure is incurred with due regard to broad and general principles of financial propriety?
- (a) Audit against 'rules and orders'
 - (b) Propriety audit
 - (c) Audit of sanctions
 - (d) Performance audit
39. What is the purpose of conducting a preliminary study in the context of a performance audit?
- (a) Implementation of audit recommendations
 - (b) Identifying the topic for audit
 - (c) Executing the audit process
 - (d) Reporting the audit findings
40. What does an audit against 'rules and orders' involve in terms of the types of rules and orders audited?
- (a) Only rules regulating powers to incur expenditure
 - (b) Only rules dealing with the presentation of claims against government
 - (c) Rules related to conditions of service, pay, and allowances of government servants
 - (d) A variety of rules, regulations, and orders falling under different categories

41. What is the primary function of the executive government in the context of rules, regulations, and orders for audit?
- (a) Enforcing compliance with rules
 - (b) Prescribing rules for audit authorities
 - (c) Issuing rules, regulations, and orders to be observed by subordinate authorities
 - (d) Interpreting rules and regulations for audit authorities
42. In audit against 'rules and orders,' what is NOT the function of the Comptroller and Auditor General (C&AG)?
- (a) Interpretation of rules, statutes, and orders
 - (b) Prescribing rules and regulations
 - (c) Ensuring consistency with constitutional and legal provisions
 - (d) Verifying the application of rules by subordinate authorities
43. What is the function of an audit against provision of funds in government expenditure?
- (a) Verifying compliance with financial rules
 - (b) Ensuring proper utilization of funds allocated
 - (c) Identifying cases of improper expenditure
 - (d) Evaluating the efficiency of financial transactions
44. What does performance audit cover in government expenditure?
- (a) Audit against 'rules and orders'
 - (b) Audit of sanctions
 - (c) Efficiency, economy, and effectiveness audit
 - (d) Audit against provision of funds
45. What is the primary focus of the audit of receipts in government auditing?
- (a) Ensuring compliance with internal office procedures
 - (b) Verifying adherence to constitutional and statutory provisions
 - (c) Checking the effectiveness of assessment, collection, and proper allocation of revenues
 - (d) Assessing the efficiency of financial transactions
46. What is one of the key objectives of the audit of receipts in relation to regulations and procedures?
- (a) Evaluating the efficiency of financial transactions
 - (b) Ensuring compliance with constitutional provisions
 - (c) Verifying the implementation of adequate regulations and procedures
 - (d) Identifying cases of improper expenditure
47. What does the audit of receipts review in terms of systems and procedures?
- (a) The efficiency of financial transactions
 - (b) The correctness and regularity of accounting for demands, collection, and refunds
 - (c) The compliance with internal office procedures
 - (d) The effectiveness of expenditure controls

48. What is a basic principle of the audit of receipts concerning the importance of assessment, demand, collection, and refund cases?
- (a) Emphasizing individual cases over general trends
 - (b) Prioritizing particular cases for thorough review
 - (c) Focusing more on the general than on the particular
 - (d) Giving equal importance to all cases
49. Why is a review of judicial decisions taken by tax authorities conducted in the audit of receipts?
- (a) To assess the efficiency of financial transactions
 - (b) To judge the effectiveness of the assessment procedure
 - (c) To identify cases of improper expenditure
 - (d) To verify compliance with internal office procedures
50. Who determines the extent and quantum of audit required under each category in the audit of receipts?
- (a) The designated authorities
 - (b) The group leader
 - (c) The supervisor
 - (d) The Comptroller and Auditor General (C&AG)
51. What is the institutional mechanism for the audit of receipts that ensures control and direction in the auditing process?
- (a) Primary check by the auditor, test check by the supervisor, and control and direction by the group leader
 - (b) Primary check by the supervisor, test check by the group leader, and control and direction by the auditor
 - (c) Primary check by the group leader, test check by the auditor, and control and direction by the supervisor
 - (d) Primary check, test check, and control and direction all performed by the group leader
52. What does the audit of receipts primarily focus on centrally, where accounts and original vouchers are kept?
- (a) Drawing and disbursing functions
 - (b) The correctness and regularity of accounting
 - (c) Compliance with internal office procedures
 - (d) Effectiveness of expenditure controls
53. What is the planning, executing, and reporting of work directed and monitored by in the audit of receipts?
- (a) Top levels of the audit hierarchy
 - (b) The designated authorities
 - (c) Middle and top levels of the audit hierarchy
 - (d) The group leader
54. What determines the structured extent and quantum of audit in the audit of receipts?
- (a) The auditor's discretion
 - (b) The organizational arrangements

- (c) Negotiations with the designated authorities
 - (d) The nature of transactions, their importance, and the total plan of audit
- 55.** What is the primary objective of the audit of accounts of stores and inventories?
- (a) Ensuring compliance with internal office procedures
 - (b) Verifying adherence to constitutional and statutory provisions
 - (c) Ascertaining the effectiveness of inventory control systems
 - (d) Evaluating the efficiency of financial transactions
- 56.** What does the audit of accounts of stores and inventories aim to bring to the government's notice?
- (a) Quantitative deficiencies in stores held and defects in control systems
 - (b) Compliance with rules for purchases and economical procurement
 - (c) Reasonable prices paid and adherence to purchase rules
 - (d) Deficiencies in inspecting and receiving units' certificates
- 57.** Why does the auditor verify that purchases are properly sanctioned and made economically?
- (a) To ensure compliance with internal office procedures
 - (b) To bring uneconomical purchases to the government's notice
 - (c) To evaluate the efficiency of financial transactions
 - (d) To assess the value accounts and physical accounts
- 58.** What is the specific focus of the auditor in checking the accounts of receipts, issues, and balances in inventories?
- (a) Ensuring compliance with internal office procedures
 - (b) Verifying adherence to constitutional and statutory provisions
 - (c) Assessing the value accounts and physical accounts
 - (d) Ascertaining the accuracy, correctness, and reasonableness of balances
- 59.** Why is the periodic verification of inventory conducted in the audit of accounts of stores and inventories?
- (a) To evaluate the efficiency of financial transactions
 - (b) To ensure compliance with internal office procedures
 - (c) To confirm the existence of inventories and identify excess or idle inventory
 - (d) To review the prices charged for inventory items
- 60.** In the context of public enterprises, what are the three main categories of entities as per the given information?
- (a) Government entities, commercial enterprises, private companies
 - (b) Departmental enterprises, statutory bodies, government companies
 - (c) Commercial enterprises, statutory authorities, audit bodies
 - (d) Private corporations, departmental entities, government agencies

- 61.** How is the audit of departmental enterprises conducted, according to the provided information?
- (a) By private auditors appointed by the government
 - (b) In the same manner as any government department with commercial accounts
 - (c) By external auditors hired by the enterprises
 - (d) Through a collaborative effort of internal and external auditors
- 62.** Who appoints auditors for government companies under the Companies Act, 2013?
- (a) The company's board of directors
 - (b) The shareholders of the company
 - (c) The Comptroller and Auditor-General of India
 - (d) The Ministry of Corporate Affairs
- 63.** What is the role of the Comptroller and Auditor-General of India in the audit of government companies?
- (a) Directs the company's internal auditors
 - (b) Appoints external auditors for the company
 - (c) Conducts periodic financial audits only
 - (d) Issues directions to the company auditors and conducts supplementary audit
- 64.** Under which section of the Companies Act, 2013, does the Comptroller and Auditor-General of India have the power to appoint auditors for government companies?
- (a) Section 136
 - (b) Section 143(5)
 - (c) Section 139(7)
 - (d) Section 150
- 65.** What action can the Comptroller and Auditor-General of India take within 60 days of receiving an audit report under section 143(6)(a)?
- (a) Issue directions to the company auditors
 - (b) Conduct a supplementary audit
 - (c) Appoint new auditors for the company
 - (d) Suspend the company's board of directors
- 66.** What does the supplementary or test audit by the Comptroller and Auditor-General focus on in the case of a government company?
- (a) Verification of internal controls
 - (b) Assessment of shareholder satisfaction
 - (c) Examination of audit board performance
 - (d) Test audit of the company's accounts
- 67.** What is the primary role of the Audit Board in the audit of government companies?
- (a) Conducting internal audits
 - (b) Representing shareholders' interests
 - (c) Processing reviews or appraisals on performance
 - (d) Appointing statutory auditors for companies
- 68.** Under which section of the Companies Act, 2013, is the role of the Comptroller and Auditor-General of India prescribed for government companies?
- (a) Section 136
 - (b) Section 143
 - (c) Section 150
 - (d) Section 161

- 69.** In the audit of government companies, what is covered by the directions issued by the Comptroller and Auditor-General of India under section 143(6)?
- (a) System of book-keeping and accounts
 - (b) External factors affecting the company
 - (c) Employee performance evaluations
 - (d) Marketing and advertising strategies
- 70.** What is the primary purpose of reporting audit findings, according to the information provided?
- (a) To influence public opinion
 - (b) To rectify irregularities and improprieties
 - (c) To draw conclusions for the reader
 - (d) To safeguard the Constitution
- 71.** As per Article 151 of the Indian Constitution, to whom does the Comptroller and Auditor-General (C&AG) report on the accounts of the Union and States?
- (a) Prime Minister
 - (b) Chief Justice
 - (c) President or Governor
 - (d) Public Accounts Committee
- 72.** What is the traditional approach of reporting by the Comptroller and Auditor-General (C&AG) in India?
- (a) Making strong recommendations
 - (b) Drawing explicit conclusions
 - (c) Publicizing audit findings extensively
 - (d) Presenting factual information, leaving conclusions to the reader
- 73.** What is the primary purpose of local self-government in municipalities?
- (a) To generate revenue for the central government
 - (b) To administer state-level services
 - (c) To provide local services with autonomy
 - (d) To regulate international trade
- 74.** Which of the following is NOT one of the distinct types of urban local authorities in municipal government in India?
- (a) Municipal corporations
 - (b) Municipal councils
 - (c) Cantonal committees
 - (d) Notified area committees
- 75.** What are the three broad categories of activities covered by municipal authorities according to their functions?
- (a) Development, legislative, and cultural
 - (b) Regulatory, maintenance, and development
 - (c) Administrative, safety, and economic
 - (d) Public health, education, and defense
- 76.** Under which head would interest payments typically be classified in the expenditure incurred by municipalities and corporations?
- (a) General administration and revenue collection
 - (b) Public safety
 - (c) Public works
 - (d) Others

77. What are the major sources of revenue for municipal authorities mentioned in the passage?
- (a) Income from commercial undertakings and government grants
 - (b) Property taxes and octroi
 - (c) Professions tax and taxes on trade
 - (d) Toll collection and show-tax
78. Which type of grant is primarily intended to bridge the gap between the needs and resources of local bodies?
- (a) General purpose grants
 - (b) Specific purpose grants
 - (c) Statutory and compensatory grants
 - (d) Extraordinary grants
79. What is the main objective of the budgetary procedure in municipalities?
- (a) To maximize revenue generation
 - (b) To determine levels of taxation and rates
 - (c) To create separate budgets for each municipal function
 - (d) To maintain strict separation between revenue and capital items
80. Why is the system of financial control in municipal government challenging, according to the passage?
- (a) Lack of demarcation between legislature and executive
 - (b) Over Reliance on external audit by state government
 - (c) Independence of finance officer from municipal council
 - (d) Inability to integrate legislation and executive powers
81. What has been criticized about municipal accounting and budget formats?
- (a) Excessive simplicity
 - (b) Inadequate information provision
 - (c) Strict separation between revenue and capital items
 - (d) Overemphasis on management information
82. Which body is responsible for controlling municipal expenditure in the absence of an independent finance officer?
- (a) Municipal Council
 - (b) External Audit Committee
 - (c) Central Government
 - (d) State Government
83. What is the primary instrument of controlling municipal expenditure mentioned in the passage?
- (a) Internal audit by municipal council
 - (b) Municipal finance officer
 - (c) State government's external audit
 - (d) Legislation and executive powers
84. What is the purpose of statutory and compensatory grants received by local bodies?
- (a) To support general administration
 - (b) To compensate for losses due to tax takeover
 - (c) To fund specific development projects
 - (d) To bridge the gap between needs and resources

- 85.** Why is the municipal accounting system considered challenging?
- (a) Excessive simplicity (b) Inconsistent information provision
(c) Separation of executive powers (d) Lack of comprehensibility
- 86.** What is the key criticism regarding the integration of legislation and executive powers in municipal councils?
- (a) Lack of efficiency
(b) Inability to function as an inquisitorial body
(c) Overemphasis on financial accountability
(d) Clear demarcation between legislature and executive
- 87.** Which revenue source is generally compulsive in nature for municipal corporations?
- (a) Property taxes (b) Profession tax
(c) Octroi (d) Taxes on advertisements
- 88.** What is one of the important objectives of audit in local bodies?
- (a) Assessing public opinion
(b) Reporting on the strengths of political systems
(c) Checking adherence to internal policies
(d) Reporting on the fairness of financial statements
- 89.** Which of the following is considered a legacy of colonial days in the audit procedure for local authorities?
- (a) Internal audit
(b) External audit
(c) Surcharging
(d) Competence of local government authorities
- 90.** What privilege is coupled with the provision of ultra vires in the audit of local authorities?
- (a) Legal immunity (b) Power to appoint auditors
(c) Power of veto (d) Authority to conduct internal audit
- 91.** Why may the external auditor need to perform detailed checking in the absence of an internal audit?
- (a) Lack of external audit competence (b) Inefficiency of internal audit
(c) Poor staffing of municipalities (d) Complexity of financial statements
- 92.** What aspect does 'value for money' audit primarily focus on?
- (a) Legal compliance (b) Fair presentation of financial statements
(c) Assessing public opinion (d) Efficiency, economy, and effectiveness
- 93.** Who is generally in charge of the audit of municipal accounts in the State Government?
- (a) Local bodies (b) Municipal corporations
(c) Local Fund Audit Wing (d) External auditors

- 94.** In some cases, which municipal corporations may have the power to appoint their own auditors for regular external audit?
- (a) Small municipalities (b) Bigger municipalities like Delhi and Mumbai
(c) Municipal councils (d) Notified area committees
- 95.** What is the primary objective of the auditor while auditing local bodies?
- (a) Assessing public opinion (b) Reporting on political strengths
(c) Detecting errors and fraud (d) Ensuring legal compliance
- 96.** What should the auditor ensure regarding the expenditure incurred by local bodies?
- (a) Conformity to internal policies
(b) Alignment with political objectives
(c) Conformity to relevant laws and financial rules
(d) Compliance with municipal bylaws
- 97.** What should the auditor check in terms of authorizations during the audit of local bodies?
- (a) Local elections (b) Financial statements
(c) Sanctions by competent authority (d) Administrative procedures
- 98.** What aspect should the auditor verify concerning provisioning during the audit of local bodies?
- (a) Provision of facilities to employees (b) Provision of funds and authorization
(c) Provision of public services (d) Provision of infrastructure
- 99.** What aspect should the auditor check regarding the performance of schemes, programs, and projects in local bodies?
- (a) Political alignment (b) Economic efficiency and expected results
(c) Public opinion (d) Legal compliance
- 100.** What is the primary characteristic of NGOs?
- (a) Profit-making (b) Government-controlled
(c) Non-profit making (d) Business-oriented
- 101.** Under which Acts can NGOs in India be incorporated?
- (a) Companies Act, 2013 (b) Societies Registration Act, 1860
(c) Both (a) and (b) (d) None of the above
- 102.** What is the significance of Section 11(1)(d) of the Income Tax Act, 1961, concerning voluntary contributions?
- (a) Exclusion from total income (b) Mandatory inclusion in total income
(c) Deductible from taxable income (d) Tax exemption for the donor
- 103.** What is the primary objective of a contribution or grant towards a Revolving Fund for an NGO?
- (a) Permanent investment (b) Temporary loans for projects
(c) Corpus contribution (d) Expenditure on administrative costs

- 104.** What type of donations and grants are given for the acquisition of specific fixed assets by NGOs?
- (a) Corpus contributions
 - (b) Revolving fund contributions
 - (c) Project-specific grants
 - (d) General-purpose grants
- 105.** How are reserves vouched in an NGO's audit?
- (a) By reviewing internal controls
 - (b) By verifying project guidelines
 - (c) By checking letters from donors and board resolutions
 - (d) By examining establishment costs
- 106.** What is earmarking in the context of NGO funds?
- (a) Setting aside funds for administrative expenses
 - (b) Allocating funds for specific goals
 - (c) Utilizing funds for general purposes
 - (d) Donating funds to other NGOs
- 107.** Who appoints the auditors of an NGO registered under section 8 of the Companies Act, 2013?
- (a) Management of the Society or Trust
 - (b) Donors
 - (c) Members of the company
 - (d) Government authorities
- 108.** What does the Foreign Contribution (Regulation) Act, 2010 prescribe for NGOs?
- (a) Specific audit format
 - (b) Mandatory registration
 - (c) Exemption from audit
 - (d) Internal control requirements
- 109.** What should the auditor primarily focus on during the audit planning phase for an NGO?
- (a) Political affiliations
 - (b) Reviewing the organization's accounting system
 - (c) Marketing strategies
 - (d) Product development
- 110.** Which aspect should the auditor prioritize while checking the receipt of income for an NGO?
- (a) Membership fees
 - (b) Marketing expenses
 - (c) Employee salaries
 - (d) Administrative costs
- 111.** What is the significance of vouching corpus fund contributions with letters from donors?
- (a) Confirming immovable property
 - (b) Ensuring compliance with income tax regulations
 - (c) Verifying interest income with investment register
 - (d) Checking the receipt of income from fund-raising programs
- 112.** In an NGO's audit, what should be checked concerning fixed assets such as land, buildings, and vehicles?
- (a) Administrative expenses
 - (b) Maintenance costs
 - (c) Depreciation and authorizations
 - (d) Project-specific expenses

- 113.** What should be physically verified concerning cash in hand during an NGO's audit?
- (a) Bank balances
 - (b) Imprest balances
 - (c) Fixed assets
 - (d) Liabilities
- 114.** How should interest and dividends be verified during the audit of an NGO?
- (a) Reviewing internal controls
 - (b) Checking bank reconciliation statements
 - (c) Physically verifying cash in hand
 - (d) Examining project guidelines
- 115.** What does the auditor need to check concerning receipts from fund-raising programs in an NGO's audit?
- (a) Internal control system
 - (b) Project-specific expenses
 - (c) Administrative costs
 - (d) Employee salaries
- 116.** Which financial statement item in an NGO represents temporary loans given and recovered from a revolving fund?
- (a) Fixed assets
 - (b) Project expenses
 - (c) Liabilities
 - (d) Ear-marked funds
- 117.** What does Section 17(1) of the Registration Act, 1908, require concerning the registration of trusts?
- (a) Mandatory registration for all NGOs
 - (b) Compliance with accounting standards
 - (c) Registration for trusts related to immovable property
 - (d) Registration under the Income Tax Act, 1961
- 118.** In a sole proprietorship, who appoints the auditor?
- (a) Bank
 - (b) Previous auditor
 - (c) Sole proprietor
 - (d) Regulatory authority
- 119.** Why might a sole trader get their financial statements audited?
- (a) Regulatory requirements
 - (b) Legal obligation
 - (c) Mandatory for all sole traders
 - (d) Internal policy
- 120.** In case of a change of auditor in a sole proprietorship, whose duty is it to communicate with the previous auditor?
- (a) Sole proprietor
 - (b) Incoming auditor
 - (c) Regulatory authority
 - (d) Bank
- 121.** Why is it desirable to have the appointment of the auditor in writing in a sole proprietorship?
- (a) Mandatory legal requirement
 - (b) Prevents misunderstanding
 - (c) Simplifies audit process
 - (d) Regulatory compliance
- 122.** What can a sole proprietor determine regarding the audit process?
- (a) Regulatory requirements
 - (b) Partial audit scope
 - (c) Mandatory audit standards
 - (d) Internal policies

- 123.** Who usually appoints the auditor for a partnership firm?
- (a) Regulatory authority (b) Partners
(c) Managing partner (d) Government
- 124.** What is the duty of the incoming auditor in case of a change of auditor in a partnership firm?
- (a) Communicate with the regulatory authority
(b) Communicate with the managing partner
(c) Communicate with the previous auditor
(d) Communicate with the government
- 125.** What should the letter of appointment of the auditor in a partnership firm clearly state?
- (a) Partners' personal details (b) Nature and scope of the audit
(c) Auditors' personal details (d) Government regulations
- 126.** In a partnership firm, what does an audit help mitigate among the partners?
- (a) Dissolution (b) Disputes
(c) Admission (d) Retirement
- 127.** In the audit of a partnership firm, what is relied upon by banks when advancing loans?
- (a) Government regulations (b) Audited statements of accounts
(c) Partners' opinions (d) Partnership agreement
- 128.** Why are audited accounts helpful on the retirement or death of a partner in a partnership firm?
- (a) For dissolving the partnership (b) For settling accounts between the partners
(c) For admission of a new partner (d) For determining the audit fees
- 129.** What should the audit confirm regarding the letter of appointment in a partnership firm?
- (a) Auditors' fee (b) Nature of business
(c) Limitations, if any (d) Regulatory compliance
- 130.** What is the primary focus of examining the partnership agreement in the audit process?
- (a) Auditors' qualifications (b) Provisions for taxes
(c) Division of profits (d) Interest of partners
- 131.** What is verified in the audit to ensure that the interest of no partner has suffered prejudicially?
- (a) Balance Sheet (b) Division of profits
(c) Partnership agreement (d) Extraordinary contracts
- 132.** What is the object of examining the partnership agreement in the audit of a partnership firm?
- (a) Determining audit fees (b) Verifying balance sheet
(c) Reporting prejudicial effects (d) Fulfilling regulatory requirements

- 133.** Before starting the audit of a partnership firm, what should the auditor examine in the partnership agreement?
- (a) Partners' personal details
 - (b) Provisions regarding books of account
 - (c) Regulatory authority's approval
 - (d) Nature and style of the business
- 134.** In the audit of a partnership firm, what is specifically checked to ensure the interest of partners is not prejudiced?
- (a) Provision for taxes
 - (b) Extraordinary contracts
 - (c) Audited statements
 - (d) Borrowing capacity
- 135.** What do audited accounts provide as a means of settling accounts between partners in a partnership firm?
- (a) Legal obligations
 - (b) Regulatory compliance
 - (c) Convenient and reliable means
 - (d) Managing partner's opinion
- 136.** In a partnership firm, what constitutes reliable evidence for computing amounts due to retiring or deceased partners?
- (a) Auditors' report
 - (b) Partnership agreement
 - (c) Audited statements
 - (d) Regulatory requirements
- 137.** What is generally the duty of an incoming auditor in case of a change of auditor in a partnership firm?
- (a) Communicate with regulatory authority
 - (b) Communicate with managing partner
 - (c) Communicate with previous auditor
 - (d) Communicate with government
- 138.** What is the minimum number of partners required to form an LLP?
- (a) 1
 - (b) 2
 - (c) 3
 - (d) 4
- 139.** Which partners in an LLP are required to take DPIN (Designated Partner Identification Number)?
- (a) All partners
 - (b) Designated Partners
 - (c) Managing Partners
 - (d) Minor Partners
- 140.** Under what conditions is an LLP considered a Small Limited Liability Partnership?
- (a) Contribution exceeding INR 50,00,000
 - (b) Turnover exceeding INR 40,00,000
 - (c) Contribution not exceeding INR 25,00,000
 - (d) Turnover not exceeding INR 30,00,000
- 141.** What does the Limited Liability Partnership Act, 2008, require LLPs to maintain?
- (a) Stock records
 - (b) Annual reports
 - (c) Books of accounts
 - (d) Memorandum of association

- 142.** Which of the following is not a component required to be maintained in the books of accounts of an LLP?
- (a) Statements of costs of goods purchased
 - (b) Record of assets and liabilities
 - (c) List of all employees
 - (d) Particulars of sums received and expended
- 143.** Under what circumstances is an LLP not required to get its accounts audited?
- (a) Turnover exceeding INR 40,00,000
 - (b) Contribution exceeding INR 25,00,000
 - (c) Designated Partners decide against it
 - (d) Both (a) and (b)
- 144.** What is one of the purposes of auditing the accounts of an LLP?
- (a) Settling partnership disputes
 - (b) Generating additional revenue
 - (c) Avoiding regulatory requirements
 - (d) Changing the nature of the business
- 145.** What is the significance of audited accounts for banks and financial institutions in relation to LLPs?
- (a) Regulatory compliance
 - (b) Convenient and reliable means
 - (c) Avoiding tax liabilities
 - (d) Dissolution of the LLP
- 146.** When should an LLP file its annual return with the Registrar of Companies (ROC)?
- (a) Within 30 days of the financial year
 - (b) Within 60 days of the financial year
 - (c) Within 90 days of the financial year
 - (d) Within 120 days of the financial year
- 147.** What is the purpose of submitting Form 8 by an LLP?
- (a) Filing annual return
 - (b) Reporting change in partners
 - (c) Providing financial projections
 - (d) Submitting Statement of Account and Solvency
- 148.** Who may appoint the auditor for an LLP?
- (a) ROC
 - (b) Designated Partners
 - (c) Government
 - (d) All partners equally
- 149.** When can the partners appoint auditors if the designated partners fail to do so for an LLP?
- (a) Never
 - (b) Anytime during the financial year
 - (c) Only in the first financial year
 - (d) At least 30 days prior to the end of each financial year
- 150.** What should the auditor obtain in writing before starting the audit work for an LLP?
- (a) Letter of recommendation
 - (b) Partnership agreement
 - (c) Minutes of the meeting
 - (d) Engagement letter

- 151.** Which document should the auditor refer to for any resolution passed regarding the accounts in an LLP?
- (a) Partnership agreement (b) Letter of recommendation
(c) Minutes book (d) Statement of Account and Solvency
- 152.** What is the auditor's responsibility regarding the LLP agreement during the audit process?
- (a) Ignore it as it is not relevant (b) Read it only if discrepancies are found
(c) Use it as a reference for various provisions (d) Provide a copy to the government
- 153.** What is one of the advantages or purposes of auditing the accounts of an LLP?
- (a) Marketing the business (b) Enhancing brand image
(c) Better compliance and management (d) Reducing audit fees
- 154.** In what form should an LLP file its annual return with the ROC?
- (a) Form 8 (b) Form 11
(c) Form 18 (d) Form 24
- 155.** When should an LLP file the Statement of Account and Solvency in Form 8 with the ROC?
- (a) Within 30 days from the end of the financial year
(b) Within 60 days from the end of the financial year
(c) Within 90 days from the end of the financial year
(d) Within 120 days from the end of the financial year
- 156.** In the audit of a charitable institution, what should auditors study to understand its legal framework?
- (a) Annual reports (b) Trust Deed or Regulations
(c) Receipt books (d) Internal check systems
- 157.** What is one of the responsibilities in verifying the income of a charitable institution?
- (a) Checking interest rate calculations
(b) Examining the rent roll and tenancy agreements
(c) Issuing official receipts
(d) Comparing amounts with figures published in reports
- 158.** Which of the following is NOT a consideration in auditing subscriptions and donations of a charitable institution?
- (a) Changes in annual or life membership subscription
(b) Control over unused receipt books
(c) Calculations of interest on investments
(d) System of control over collections
- 159.** What should auditors pay special attention to when auditing grants received by a charitable institution?
- (a) Checking the rent roll
(b) Comparing amounts with reports

- (c) Ensuring grants are paid only for charitable purposes
 - (d) Vouching amounts received with dividend counterfoils
- 160.** In auditing investment income, what is the auditor responsible for checking regarding securities with fixed rates of interest?
- (a) Comparing dividend amounts with investment schedule
 - (b) Checking rent roll and tenancy agreements
 - (c) Calculating interest received on securities
 - (d) Obtaining a certificate from a responsible official
- 161.** What is the auditor's responsibility when examining the rent of a charitable institution?
- (a) Checking calculations of interest
 - (b) Comparing amounts with reports
 - (c) Inspecting tenancy agreements and rent roll
 - (d) Verifying income tax refunds
- 162.** What should auditors vouch when dealing with special functions held in aid of a charitable institution?
- (a) Checking the rent roll
 - (b) Vouching gross receipts and outgoings
 - (c) Calculating interest on investments
 - (d) Verifying income tax refunds
- 163.** Why should auditors verify income tax refunds in the audit of a charitable institution?
- (a) To calculate interest on investments
 - (b) To ensure compliance with regulations
 - (c) To issue official receipts
 - (d) To obtain refunds for deducted income tax
- 164.** What is the primary purpose of vouching payments of grants in the audit of a charitable institution?
- (a) Ensuring compliance with regulations
 - (b) Checking the rent roll
 - (c) Verifying income tax refunds
 - (d) Confirming payments are for charitable purposes
- 165.** What document should auditors examine to understand the provisions affecting accounts in an educational institution?
- (a) Annual reports
 - (b) Student Fee Register
 - (c) Trust Deed or Regulations
 - (d) Endowment list
- 166.** What should auditors verify to ensure proper accounting for fees received from students?
- (a) Rental income
 - (b) Names in the Students Fee Register
 - (c) Expenditure approvals
 - (d) List of endowments
- 167.** How can auditors confirm that free studentship and concessions are appropriately granted in an educational institution?
- (a) Checking rent rolls
 - (b) Reviewing the Trust Deed

- (c) Inspecting tenancy agreements
 - (d) Referring to Rules prepared by the Managing Committee
- 168.** What aspect should auditors focus on when vouching for donations in an educational institution?
- (a) Checking rent roll
 - (b) Matching counterfoils with the Cash Book
 - (c) List published with the annual report
 - (d) Inspecting tenancy agreements
- 169.** What should auditors verify regarding government or local authority grants in an educational institution?
- (a) Correspondence with the Income-tax Department
 - (b) Memo of grant
 - (c) Provident Fund investments
 - (d) List of endowments
- 170.** What is a consideration in verifying capital expenditure in an educational institution?
- (a) Checking rent rolls
 - (b) Matching counterfoils with the Cash Book
 - (c) Sanction by the Managing Committee
 - (d) Referring to Rules prepared by the Managing Committee
- 171.** Why should auditors report old heavy arrears on account of fees, dormitory rents, etc. in an educational institution?
- (a) To claim income tax refunds
 - (b) To seek approval for capital expenditure
 - (c) To inform the Managing Committee
 - (d) To verify inventories
- 172.** What is the auditor's responsibility regarding caution money and other deposits in an educational institution?
- (a) To verify inventories
 - (b) To inform the Managing Committee
 - (c) To claim income tax refunds
 - (d) To show as a liability in the balance sheet
- 173.** What should auditors confirm regarding investments representing endowment funds in an educational institution?
- (a) Checking rent rolls
 - (b) Keeping them separate
 - (c) Sanction by the Managing Committee
 - (d) Referring to Rules prepared by the Managing Committee
- 174.** What should auditors confirm about the refund of taxes deducted from the income from investment in an educational institution?
- (a) It has been claimed and recovered
 - (b) It is included in the Poor Boys Fund
 - (c) It is exempted from income tax
 - (d) It is shown as a liability in the balance sheet
- 175.** What is the purpose of verifying separate statements of account in an educational institution?
- (a) To claim income tax refunds
 - (b) To seek approval for capital expenditure
 - (c) To inform the Managing Committee
 - (d) To ensure compliance with regulations

- 176.** What is the primary purpose of vouching the Register of Patients in a hospital audit?
 (a) To verify the attendance of hospital staff (b) To reconcile the total subscriptions
 (c) To ensure correct preparation of bills (d) To authorize and sanction expenses
- 177.** How should auditors verify cash collections in a hospital audit?
 (a) Comparing with budgeted amounts
 (b) Checking with the property and Investment Register
 (c) Tracing entries in the Cash Book with receipts and counterfoils
 (d) Vouching all purchases and expenses
- 178.** What aspect should auditors focus on regarding income from investments, rent, etc., in a hospital audit?
 (a) Checking cash collections (b) Verifying grants received
 (c) Ensuring proper internal check (d) Confirming collection of income due
- 179.** Why is it essential to ascertain the proper application of legacies and donations received for a specific purpose in a hospital audit?
 (a) To reconcile subscriptions (b) To ensure correct preparation of bills
 (c) To comply with internal check procedures (d) To meet the agreed-upon purpose
- 180.** What is the purpose of reconciling total subscriptions in a hospital audit?
 (a) To check cash collections (b) To authorize and sanction expenses
 (c) To ensure proper internal check (d) To identify significant budget variations
- 181.** What should auditors verify concerning purchases and expenses in a hospital audit?
 (a) Legacies and donations (b) Capital expenditure sanctions
 (c) Depreciation rates (d) Budget comparisons
- 182.** What should auditors verify regarding grants and TDS in a hospital audit?
 (a) Refund of taxes deducted (b) Claims for income tax exemptions
 (c) Significant budget variations (d) Proper application of legacies
- 183.** What is the purpose of comparing totals of various items with the budgeted amounts in a hospital audit?
 (a) To reconcile total subscriptions (b) To identify significant budget variations
 (c) To ensure correct preparation of bills (d) To comply with internal check procedures
- 184.** What should auditors examine regarding the internal check in a hospital audit?
 (a) Legacies and donations (b) Capital expenditure sanctions
 (c) Receipt and issue of stores (d) Management representation and certificate
- 185.** Why is it important to ensure that depreciation has been written off against all assets at appropriate rates in a hospital audit?
 (a) To reconcile total subscriptions
 (b) To verify attendance of hospital staff

- (c) To comply with internal check procedures
 - (d) To reflect the true value of assets
- 186.** What should auditors inspect regarding bonds, share scripts, and title deeds of properties in a hospital audit?
- (a) Registers
 - (b) Internal check
 - (c) Management representation
 - (d) Property and Investment Registers
- 187.** What is the purpose of physically checking a percentage of items in inventories during a hospital audit?
- (a) To reconcile total subscriptions
 - (b) To verify attendance of hospital staff
 - (c) To ensure proper internal check
 - (d) To validate ledger balances
- 188.** What should auditors obtain to cover various aspects during the course of a hospital audit?
- (a) Inventories
 - (b) Management representation and certificate
 - (c) Trust Deed
 - (d) Patient bills
- 189.** What document should auditors vouch entrance fees against in a club audit?
- (a) Subsidiary registers
 - (b) Register of Members
 - (c) Members' applications and counterfoils
 - (d) Inventory registers
- 190.** How should auditors verify members' subscriptions in a club audit?
- (a) Check totals of various columns
 - (b) Inspect share scrips and bonds
 - (c) Trace receipts to the Register of Members
 - (d) Physically check inventory of furniture
- 191.** What should auditors ensure regarding arrears of subscriptions in a club audit?
- (a) Correct adjustment of irrecoverable dues
 - (b) Recovery of arrear dues from members
 - (c) Arithmetical accuracy of the Register of Members
 - (d) Proper reconciliation of total subscriptions due
- 192.** What aspect should auditors check regarding the Register of Members in a club audit?
- (a) Pricing accuracy
 - (b) Arithmetical accuracy
 - (c) Recovery of arrear dues
 - (d) Irrecoverable Member Dues
- 193.** What should auditors verify in terms of internal check for members' charges in a club audit?
- (a) Purchase of sports items
 - (b) Trace debits from subsidiary registers
 - (c) Total subscriptions due
 - (d) Inventory of furniture
- 194.** What should auditors trace in member accounts to confirm proper accounting in a club audit?
- (a) Purchase of sports items
 - (b) Inventories of furniture
 - (c) Debits for supplies and services
 - (d) Irrecoverable Member Dues

- 195.** What should auditors vouch to confirm the normal rates of gross profit in a club audit?
- (a) Irrecoverable Member Dues (b) Purchases of sports items
(c) Entrance fees (d) Cigars, wines, etc.
- 196.** What should auditors physically check in a club audit to verify the inventory of assets?
- (a) Investments (b) Arrears of subscriptions
(c) Furniture, sports material, etc. (d) Management powers of the secretary
- 197.** What should auditors inspect in a club audit to check the financial powers of the secretary?
- (a) Share scripts and bonds (b) Members' applications and counterfoils
(c) Irrecoverable Member Dues (d) Subsidiary registers
- 198.** What should auditors verify in terms of investments in a club audit?
- (a) Management powers of the secretary
(b) Arithmetical accuracy of the Register of Members
(c) Investments' current values and safe custody
(d) Pricing accuracy
- 199.** What is a key aspect of the internal control mechanism for cinema ticket sales?
- (a) Unlimited entrance during shows (b) Serial numbering of tickets
(c) Uniform numbering for all shows (d) No inventory of tickets
- 200.** What reconciliation should auditors perform at the end of a cinema show?
- (a) Reconciliation of advertisement charges
(b) Reconciliation of tax returns
(c) Reconciliation of cash collected with tickets sold
(d) Reconciliation of advance payments to distributors
- 201.** What record should be maintained for 'free passes' in a cinema audit?
- (a) Serial numbers of tickets (b) Record of cash collected
(c) Register of 'free passes' (d) Inventory of tickets
- 202.** What should auditors verify in terms of tax collection for cinema tickets?
- (a) Tax returns filed monthly (b) Total number of tickets issued
(c) Serial numbering of tickets (d) Daily statements of tickets sold
- 203.** What should auditors vouch in the Cash Book regarding cinema ticket sales?
- (a) Advertisement slides and shorts (b) Cash collected on ticket sales
(c) Expenditure on repairs and maintenance (d) Unadjusted balance of advance payments
- 204.** What should auditors verify in relation to charges for advertisement slides and shorts in a cinema audit?
- (a) Expenditure on repairs and maintenance (b) Unadjusted balance of advance payments
(c) Register of Slides and Shorts Exhibited (d) Depreciation on machinery and furniture

- 205.** What should auditors ensure about the expenditure on repairs and maintenance in a cinema audit?
- (a) All should be capitalized (b) All should be treated as revenue expenditure
(c) None should be capitalized (d) Some can be capitalized
- 206.** What is a key consideration for charging depreciation on machinery and furniture in a cinema audit?
- (a) Fixed percentage of taking from the restaurant
(b) Fixed sum from the restaurant income
(c) Appropriate rate of depreciation
(d) Serial numbering of tickets
- 207.** What should auditors vouch in terms of payments for film hire in a cinema audit?
- (a) Advertisement charges (b) Bills of distributors
(c) Expenditure on repairs and maintenance (d) Unadjusted balance of advance payments
- 208.** What should auditors inquire about the arrangement for collecting the share of restaurant income in a cinema audit?
- (a) Serial numbers of tickets (b) Fixed sum or percentage receivable annually
(c) Unadjusted balance of advance payments (d) Register of Slides and Shorts Exhibited
- 209.** What is the primary characteristic of a hire-purchase agreement?
- (a) One-time payment for goods (b) Option to purchase goods in instalments
(c) Ownership transfer at the beginning (d) No instalment payments required
- 210.** Who is considered the hirer in a hire-purchase transaction?
- (a) The person who lets the goods
(b) The person who owns the goods
(c) The person obtaining possession under the agreement
(d) The person making the one-time payment
- 211.** What does the term “owner” refer to in a hire-purchase transaction?
- (a) The person obtaining possession (b) The person making a deposit
(c) The person letting the goods (d) The person paying cash for the goods
- 212.** Which of the following is a key element that the auditor should check in a hire-purchase agreement?
- (a) Agreement duration (b) Cash price of the goods
(c) Number of instalments for payment (d) Ownership transfer after the first instalment
- 213.** What information should be clearly specified in a hire-purchase agreement according to the audit checklist?
- (a) The hirer’s monthly income
(b) The hirer’s residential address
(c) The hire-purchase price and cash price of the goods
(d) The hirer’s credit history

- 214.** Which aspect is crucial for the auditor to verify regarding instalment payments in a hire-purchase agreement?
- (a) Payments made in a lump sum (b) Regularity of instalment payments
(c) Payments made after ownership transfer (d) Mode of payment for cash price
- 215.** What is the role of a hire-purchase agreement in the ownership transfer process?
- (a) Transfers ownership immediately
(b) Transfers ownership after deposit payment
(c) Transfers ownership after the last instalment
(d) Does not involve ownership transfer
- 216.** What does the auditor need to verify to identify the goods in a hire-purchase agreement?
- (a) The hirer's preferences (b) The agreement commencement date
(c) A sufficient description of the goods (d) The place of purchase
- 217.** What is a critical requirement for a hire-purchase agreement to be considered valid?
- (a) Electronic format (b) Verbal agreement
(c) Must be in writing and signed by all parties (d) Mutual understanding
- 218.** Which of the following is NOT a specified element in a hire-purchase agreement?
- (a) Date of agreement commencement (b) Number of instalments and payment details
(c) Hirer's credit history (d) Goods identification details
- 219.** In a finance lease, what happens to the legal ownership of the leased asset?
- (a) Transfers to the lessee (b) Remains with the lessor
(c) Transfers to the lessor (d) Shared between lessee and lessor
- 220.** What is the primary characteristic that distinguishes a finance lease from an operating lease?
- (a) Length of the lease term (b) Option to purchase at fair value
(c) Ownership transfer at the end (d) Monthly rental payments
- 221.** Which of the following is typically examined by the lessee before approaching a lessor for a finance lease?
- (a) Lessors' credit history (b) Equipment specifications and fitness
(c) Lessor's choice of equipment (d) After-sales services by the lessor
- 222.** What action does the lessee take after the manufacturer delivers the equipment in a finance lease transaction?
- (a) Reject the equipment (b) Notify the lessor of acceptance
(c) Return the equipment to the manufacturer (d) Request a lease renewal
- 223.** What is a significant feature of a finance lease regarding payments?
- (a) Payments are made irregularly
(b) Payments are not disclosed in the agreement

- (c) Payments are made regularly at agreed-upon intervals
 - (d) Payments are made only at the end of the lease term
- 224.** At the end of a finance lease, what happens to the equipment?
- (a) Transfers to the lessee
 - (b) Sold to a third party
 - (c) Returns to the lessor
 - (d) Shared ownership between lessee and lessor
- 225.** What should the lessee have the right to do at the end of the lease period in a finance lease?
- (a) Request an extension of the lease period
 - (b) Purchase the equipment at fair value
 - (c) Terminate the lease without notice
 - (d) Return the equipment without any conditions
- 226.** What is a necessary element for a lease to be considered a finance lease?
- (a) Short lease term
 - (b) Low rental payments
 - (c) Major part of the economic life of the asset
 - (d) Monthly lease payments
- 227.** In a finance lease, what does the lessee require to ascertain the credit analysis of the lessee?
- (a) Availability of collateral security
 - (b) Lessors' ability to meet commitments
 - (c) Lessee's choice of equipment
 - (d) Lessors' past credit record
- 228.** What is an attribute of an operating lease?
- (a) Major part of the economic life of the asset
 - (b) Option to purchase the asset at a low price
 - (c) Transfers ownership at the end of the lease
 - (d) Does not transfer substantially all risks and rewards of ownership
- 229.** What should an auditor verify regarding the lease agreement in a leasing company's transaction?
- (a) Lessee's choice of equipment
 - (b) Lessee's credit history
 - (c) Description of lessor and lessee
 - (d) Availability of collateral security
- 230.** What should the auditor ensure has been obtained by the lessor for record-keeping in a leasing transaction?
- (a) Lessee's credit history
 - (b) Copies of the insurance policies
 - (c) Lessee's acceptance letter
 - (d) Lessee's monthly rental payments
- 231.** What document should the auditor examine to confirm that the equipment has been received and is acceptable to the lessee?
- (a) Acceptance letter from the lessor
 - (b) Lease agreement
 - (c) Invoice
 - (d) Lease proposal form
- 232.** What is a key responsibility of the lessee during the lease period in a finance lease?
- (a) Terminate the lease at any time
 - (b) Request extensions of the lease term
 - (c) Paying rentals regularly
 - (d) Assign or sublet the equipment

- 233.** What is a characteristic of the lease proposal form submitted by the lessee?
- (a) Description of lessor and lessee
 - (b) Monthly rental payments
 - (c) Terms of the agreement
 - (d) Availability of collateral security
- 234.** What is a significant concern for auditors in the hotel industry related to internal controls?
- (a) Marketing strategies
 - (b) Pilfering
 - (c) Employee training programs
 - (d) Guest satisfaction surveys
- 235.** How can auditors verify the accuracy of restaurant bills in a hotel?
- (a) Check guest register
 - (b) Examine housekeeper's report
 - (c) Review internal training records
 - (d) Verify external marketing strategies
- 236.** What should the auditor ensure regarding taxes collected in a hotel?
- (a) Keep them for future use
 - (b) Return them to guests
 - (c) Pay over to proper authorities
 - (d) Use for internal improvements
- 237.** In a hotel, who typically posts charges for room sales to guest bills?
- (a) Chef
 - (b) Housekeeper
 - (c) Night auditor
 - (d) Marketing manager
- 238.** What does the auditor need to verify regarding charged rates on guest bills in a hotel?
- (a) Number of staff members
 - (b) Authorized signatures
 - (c) Correct period and rates
 - (d) Marketing strategies
- 239.** What report does the housekeeper usually prepare in a hotel, and how should it be tested by the auditor?
- (a) Employee attendance report; physically check every employee
 - (b) Occupancy-in-progress report; test with guest register and individual bills
 - (c) Financial statements report; compare with budgeted figures
 - (d) Guest satisfaction report; analyze customer reviews
- 240.** Why is proper documentation crucial for inventories in a hotel?
- (a) Enhances guest experience
 - (b) Controls pilfering and theft
 - (c) Facilitates marketing strategies
 - (d) Improves employee morale
- 241.** What measure should be taken for areas where large quantities of inventory are held in a hotel?
- (a) Keep them unlocked for easy access
 - (b) Maintain detailed sales records
 - (c) Keep them locked, with limited key access
 - (d) Allow access to all personnel
- 242.** Why does the auditor attend the physical inventory taking in a hotel?
- (a) To calculate revenue
 - (b) To observe employee performance
 - (c) To perform pricing and calculation tests
 - (d) To conduct guest satisfaction surveys

- 243.** How are quasi-fixed assets like silver and cutlery often accounted for in hotels?
- (a) On a fixed asset basis
 - (b) On a revenue basis
 - (c) On an inventory basis
 - (d) On an employee benefit basis
- 244.** What is a potential confusion in accounting for quasi-fixed assets in hotels?
- (a) Overstating assets
 - (b) Understating assets
 - (c) Lack of detailed definitions
 - (d) Frequent valuation changes
- 245.** What type of costs should be treated as revenue expenditure in a hotel?
- (a) Major alterations
 - (b) Minor renovations
 - (c) Capital improvements
 - (d) Fixed asset acquisitions
- 246.** What is a characteristic of casual labor in the hotel industry?
- (a) High job security
 - (b) Extensive records
 - (c) Formal training programs
 - (d) Operates on a casual basis
- 247.** Why is the hotel trade susceptible to defalcation related to casual labor?
- (a) High job security
 - (b) Extensive records
 - (c) Inadequate wage payment records
 - (d) Formal training programs
- 248.** What should the auditor check when ledgers come through travel agents or booking agencies in a hotel?
- (a) Employee attendance
 - (b) Recovery of money per terms of credit
 - (c) Quality of guest services
 - (d) Marketing strategies effectiveness
- 249.** What is the primary purpose of a Co-operative Society according to the provided background?
- (a) Maximize individual profits
 - (b) Jointly-owned enterprise to meet common needs
 - (c) Exploit outside forces
 - (d) Eliminate middlemen exclusively
- 250.** Which Act forms the fundamental law for the formation and working of co-operative societies in India?
- (a) Companies Act, 1956
 - (b) Cooperative Societies Act, 1912
 - (c) Partnership Act, 1932
 - (d) Income Tax Act, 1961
- 251.** What role should a chartered accountant play in the development of co-operative organizations?
- (a) Solely focus on individual profits
 - (b) Provide only audit services
 - (c) Play a significant role in the development on scientific lines
 - (d) Ignore audit procedures for co-operatives

- 252.** Apart from audit, what are some additional professional services that a chartered accountant can provide to co-operative societies?
- (a) Only taxation services
 - (b) Only internal audit services
 - (c) Only management accounting services
 - (d) Guidance in accounts writing, installation of accounting systems, internal audit, management accounting services, taxation, etc.
- 253.** What is the focus of this unit regarding co-operative societies in general?
- (a) Only taxation guidelines
 - (b) Only audit procedures
 - (c) Primarily audit with some mention of other services
 - (d) Internal audit exclusively
- 254.** Who appoints the auditor of a co-operative society, and to whom does the auditor submit the audit report?
- (a) Appointed by the society members, report submitted to the Registrar
 - (b) Appointed by the Registrar, report submitted to the society
 - (c) Appointed by the government, report submitted to the government
 - (d) Appointed by the society, report submitted to the government
- 255.** Which category of individuals is qualified to act as auditors for co-operative societies according to some State Co-operative Acts?
- (a) Chartered Accountants only
 - (b) Government diploma holders in co-operative accounts
 - (c) Those who served as auditors in the co-operative department of the government
 - (d) All of the above
- 256.** Under section 43(h) of the Central Co-operative Societies Act, what can a state government prescribe rules for?
- (a) Appointment of auditors
 - (b) Books and accounts to be kept by a co-operative society
 - (c) Society membership criteria
 - (d) Schedule of audit fees
- 257.** What does section 5 of the Central Act restrict regarding share holdings in a co-operative society?
- (a) Limits on the number of shares
 - (b) Limits on the value of shareholding
 - (c) No member can hold more than 20% of shares or ₹ 1,000/-
 - (d) All of the above
- 258.** Under section 29 of the Central Act, to whom can a registered society make loans?
- (a) Only to members
 - (b) Only to non-members
 - (c) Only to other registered societies
 - (d) To anyone with or without the Registrar's sanction

- 259.** What is the permitted usage of a society's Reserve Fund according to certain State Acts?
- (a) External investments only
 - (b) Working capital for the society's business
 - (c) Public purposes unrelated to the society's objectives
 - (d) All of the above
- 260.** According to section 33 of the Central Act, what percentage of profits should be transferred to the Reserve Fund before distribution as dividends or bonus?
- (a) 5%
 - (b) 10%
 - (c) 15%
 - (d) 20%
- 261.** What is the purpose of contributions to the Education Fund according to certain State Acts?
- (a) Increase shareholder dividends
 - (b) Support charitable purposes
 - (c) Promote co-operative education
 - (d) Contribute to state revenue
- 262.** How does the process of appropriations of profits differ in co-operative societies compared to corporate accounting practices?
- (a) The General Body approves appropriations before the Annual General Meeting
 - (b) Appropriations are passed as accounting entries subject to approval
 - (c) No difference, both follow the same procedure
 - (d) The General Body approval comes after necessary accounting entries
- 263.** According to the State Acts, what is the nature of transfers to Dividend Equalization Reserve and Share Capital Redemption Fund?
- (a) Charges against profits
 - (b) Appropriation of profits
 - (c) Liabilities
 - (d) Debts against the society
- 264.** What is the auditor's role regarding overdue debts in a co-operative society?
- (a) No action needed, as it's a routine matter
 - (b) Classify and report overdue debts of 6 months or more
 - (c) Ignore overdue debts in the audit process
 - (d) Report only if the debts are more than 5 years overdue
- 265.** How should overdue interest be treated while calculating profits in a co-operative society?
- (a) Include it as part of the profit
 - (b) Exclude it from interest outstanding and accrued due
 - (c) Create a separate fund for overdue interest
 - (d) Report overdue interest as a liability
- 266.** What is the unique requirement for writing off bad debts in Maharashtra State Co-operative Rules?
- (a) Requires certification of bad debts by the Registrar
 - (b) Bad debts can be written off only if they are certified as bad by the auditor
 - (c) The managing committee has the authority to write off bad debts
 - (d) Bad debts can be written off without any certification

- 267.** How should fixed assets be valued in a co-operative society?
- (a) Market value at the date of audit
 - (b) Cost less adequate provision for depreciation
 - (c) Current market price
 - (d) Fixed assets are not valued in co-operative audit
- 268.** What principle should be followed while auditing co-operative societies regarding adherence to co-operative principles?
- (a) Maximize profits for the society
 - (b) Focus on achieving social benefits for society members
 - (c) Encourage middlemen commissions for efficiency
 - (d) Ignore cost accounting methods and modern techniques
- 269.** Under what circumstances does an auditor need to report special matters to the Registrar during co-operative audit?
- (a) Routine matters that need attention
 - (b) In case of any irregularities noticed
 - (c) Only if fraud is detected
 - (d) When the society requests it
- 270.** What is the purpose of verifying members' registers and examining their passbooks in a co-operative society?
- (a) To increase literacy among society members
 - (b) To ensure compliance with government regulations
 - (c) To check for manipulations in book entries
 - (d) To verify members' signatures
- 271.** When can an auditor classify a society after completing the audit?
- (a) Based on personal preferences
 - (b) As per the auditor's own criteria
 - (c) According to criteria specified by the Registrar
 - (d) Only after consulting with the society members
- 272.** What should an auditor do after completing the audit report before finalization?
- (a) Submit the report directly to the Registrar
 - (b) Discuss the draft audit report with the managing committee
 - (c) Finalize the report without further discussion
 - (d) Seek approval from the government
- 273.** How can a society challenge the audit classification given by the auditor?
- (a) File a legal case against the auditor
 - (b) Make an appeal to the government
 - (c) Seek assistance from a different auditor
 - (d) Appeal to the Registrar and request a review
- 274.** What is the scope of application of the Multi-State Co-operative Societies Act, 2002?
- (a) Applies to co-operative societies in a single state
 - (b) Applies to societies engaged in political activities

- (c) Applies to societies whose objects span multiple states
 - (d) Applies only to societies with a specific political agenda
- 275.** According to the Act, what is a restriction on the utilization of funds by a Multi-State co-operative society?
- (a) Funds cannot be utilized for any social purpose
 - (b) Funds cannot be used for the welfare of members
 - (c) Funds cannot be utilized for any political purpose
 - (d) Funds can only be used for political campaigns
- 276.** What information is required to be maintained in the books of accounts of a Multi-State Co-operative Society engaged in production, processing, and manufacturing?
- (a) Only details of assets and liabilities
 - (b) Sum of money received and expended
 - (c) Particulars related to utilization of materials or labor
 - (d) Information about members' personal details
- 277.** Under the Multi-State Co-operative Society Rules 2002, what is a mandatory requirement for the books of accounts of such societies?
- (a) Recording only financial transactions
 - (b) Detailed records of political contributions
 - (c) Maintaining records of all purchases
 - (d) Keeping track of assets and liabilities
- 278.** Which of the following is NOT a key aspect covered by the Multi-State Co-operative Societies Act, 2002?
- (a) Membership rules
 - (b) Management regulations
 - (c) Investment of funds
 - (d) State-specific political activities
- 279.** Who is eligible to be appointed as an auditor of a Multi-State Co-operative Society according to Section 72 of the Multi-State Co-operative Societies Act, 2002?
- (a) Any individual with accounting experience
 - (b) Chartered Accountant under the Chartered Accountants Act, 1949
 - (c) Government employee with financial expertise
 - (d) Any member of the society
- 280.** What disqualifies a person from being appointed as an auditor of a Multi-State Co-operative Society under Section 72?
- (a) Membership in any co-operative society
 - (b) Indebtedness exceeding one thousand rupees to the society
 - (c) Employment in the government sector
 - (d) Holding a government diploma in co-operative accounts
- 281.** When is the first auditor or auditors of a Multi-State Co-operative Society appointed according to Section 70 of the Act?
- (a) Within one month of the conclusion of the first annual general meeting
 - (b) Within one month of the date of registration of the society

- (c) Within three months of the commencement of the financial year
 - (d) Within one month of the society's incorporation
- 282.** What is the term of office for subsequent auditors of a Multi-State Co-operative Society, as per Section 70?
- (a) Until the society's liquidation
 - (b) Until the conclusion of the next annual general meeting
 - (c) Five years from the date of appointment
 - (d) Until the completion of the financial year
- 283.** According to Section 73, what powers do auditors have in relation to Multi-State Co-operative Societies?
- (a) Power to interfere in day-to-day operations
 - (b) Power to make financial decisions
 - (c) Right of access to books, accounts, and vouchers
 - (d) Power to appoint the managing committee
- 284.** What inquiries must the auditor make under Section 73(2) regarding the Multi-State Cooperative Societies transactions?
- (a) Inquiries about personal expenses only
 - (b) Inquiries about security of loans and advances
 - (c) Inquiries about book entries
 - (d) Inquiries about cash receipts only
- 285.** According to Section 73(3) & (4), what must the auditor's report include?
- (a) Only financial figures
 - (b) Information on members' personal details
 - (c) Whether proper books of account have been kept
 - (d) Details on political activities of the society
- 286.** Under what conditions can the Central Government order a special audit of a Multi-State Co-operative Society under Section 77?
- (a) If the society is not politically active
 - (b) If the society is adhering to co-operative principles
 - (c) If the society's financial position endangers its solvency
 - (d) If the society is a charitable organization
- 287.** Who can be appointed as a special auditor under Section 77, according to subsection (2)?
- (a) Any member of the society
 - (b) A government official
 - (c) Only a chartered accountant
 - (d) The auditor of the Multi-State Co-operative Society

- 288.** What happens if the Central Government does not take any action on the special auditor's report within four months?
- (a) The auditor's report becomes null and void
 - (b) The Central Government must conduct a re-audit
 - (c) The report is sent to the Multi-State Co-operative society for circulation
 - (d) The society is dissolved
- 289.** Who bears the expenses of a special audit under Section 77?
- (a) Central Government
 - (b) Special auditor
 - (c) Multi-State Co-operative society
 - (d) State Government
- 290.** Under what circumstances can the Central Registrar initiate an inquiry into the constitution, working, and financial condition of a Multi-State Co-operative Society?
- (a) On request from the members of the society
 - (b) On request from the state government
 - (c) On request from a federal co-operative to which the society is affiliated, creditors, or a specified percentage of members
 - (d) On the recommendation of the society's auditor
- 291.** Before holding an inquiry into a Multi-State Co-operative Society, how much notice must the Central Registrar give to the society?
- (a) Seven days
 - (b) Ten days
 - (c) Fifteen days
 - (d) Thirty days
- 292.** What powers does the Central Registrar or the authorized person have during the inquiry into a Multi-State Co-operative Society?
- (a) Limited to examining financial documents only
 - (b) Access to books, accounts, and summoning persons for examination
 - (c) Calling general meetings without notice
 - (d) Providing financial aid to the society
- 293.** In case the officers of the Multi-State Co-operative Society refuse or fail to call a general meeting as directed by the Central Registrar, what power does the Registrar have?
- (a) Power to dissolve the society
 - (b) Power to appoint new officers
 - (c) Power to call the meeting himself
 - (d) Power to impose fines on the officers
- 294.** Within what time frame should the Central Registrar communicate the report of the inquiry to the Multi-State Co-operative Society, affiliated financial institutions, and the party requesting the inquiry?
- (a) One month
 - (b) Three months
 - (c) Six months
 - (d) Twelve months
- 295.** Under what circumstances can the Central Registrar initiate an inspection into the constitution, working, and financial condition of a Multi-State Co-operative Society?
- (a) On request from the state government
 - (b) On request from a federal co-operative, creditors, or a specified percentage of members

- (c) Automatically every year
 - (d) Only when serious irregularities are suspected
- 296.** How can the Central Registrar or an authorized person make an inspection into the affairs of a Multi-State Co-operative Society?
- (a) By personal visit without any prior notice
 - (b) By sending a questionnaire to be filled by the society
 - (c) By general or special order in writing
 - (d) By obtaining consent from the society's president
- 297.** Before conducting an inspection, how much notice must be given to the Multi-State Co-operative Society?
- (a) Seven days
 - (b) Ten days
 - (c) Fifteen days
 - (d) Thirty days
- 298.** What powers does the Central Registrar or an authorized person have during the inspection of a Multi-State Co-operative Society?
- (a) Access to books, accounts, papers, vouchers, and the power to take custody of property
 - (b) Authority to dissolve the society
 - (c) Ability to replace the current board members
 - (d) Permission to conduct financial audits
- 299.** Which legislation governs a charitable institution formed as a Public Trust in India?
- (a) Societies Registration Act, 1860
 - (b) Companies Act, 2013
 - (c) Public Trust Act or Indian Trusts Act, 1882
 - (d) Income Tax Act, 1961
- 300.** Under which act is a charitable institution formed as a Society governed?
- (a) Companies Act, 2013
 - (b) Societies Registration Act, 1860
 - (c) Indian Trusts Act, 1882
 - (d) Foreign Contribution (Regulation) Act, 2010
- 301.** What type of company can a charitable institution be formed as, under the Companies Act, 2013?
- (a) Section 25 company
 - (b) Section 8 company
 - (c) Section 10 company
 - (d) Section 15 company
- 302.** Which legislation is applicable to charitable institutions concerning foreign contributions?
- (a) Income Tax Act, 1961
 - (b) Indian Trusts Act, 1882
 - (c) Companies Act, 2013
 - (d) Foreign Contribution (Regulation) Act, 2010
- 303.** What financial statements are required to be prepared by a charitable trust every year?
- (a) Income statement only
 - (b) Balance sheet and Cash flow statement
 - (c) Balance sheet and Income and expenditure statement
 - (d) Statement of changes in equity

- 304.** What is the responsibility of the auditor regarding the list of books and records maintained by the Trust?
- (a) Ignore the list if the Trust is small
 - (b) Verify the list for maintaining mandatory books and records
 - (c) Suggest additional books to maintain
 - (d) Only focus on financial statements
- 305.** What should the auditor's working papers include during the audit of a charitable institution?
- (a) Only financial statements
 - (b) Detailed notes about the evidence, work done, and decisions
 - (c) Only information from the management
 - (d) Certificates issued by the client
- 306.** What is the primary responsibility of the auditor concerning the maintenance of accounts for trusts?
- (a) Ensure compliance with tax regulations
 - (b) Verify regular and proper maintenance in accordance with applicable laws
 - (c) Determine the market value of trust assets
 - (d) Advise on investment strategies
- 307.** In auditing trusts, what should the auditor check regarding money received in the form of donations?
- (a) Verify if the donations are spent on personal expenses of trustees
 - (b) Ensure donations are invested for financial growth
 - (c) Confirm if donations are applied as per trust objectives and donor directions
 - (d) Check if donations are distributed among trustees
- 308.** What aspect does the auditor need to confirm concerning the cash balance and vouchers during the audit of trusts?
- (a) Verify if cash balance is invested in profitable ventures
 - (b) Confirm if cash balance is consistent with accounts
 - (c) Check if vouchers are not maintained to prevent fraud
 - (d) Ensure all cash transactions are in cash books only
- 309.** Which of the following is a part of the auditor's responsibility regarding the production of documents during the audit of trusts?
- (a) Checking only financial statements
 - (b) Ensuring production of all books and documents required for audit
 - (c) Ignoring the need for vouchers
 - (d) Focusing on cash transactions only
- 310.** What does the auditor need to verify concerning the maintenance of a register of movable and immovable properties in trusts?
- (a) Confirm if the register is hidden from public view
 - (b) Ensure changes in properties are not communicated to the regional office

- (c) Verify if defects and inaccuracies mentioned in previous audits are rectified
 - (d) Check if the register is maintained by external consultants
- 311.** In the audit of trusts, what is the auditor required to confirm regarding irregular, illegal, or improper expenditures?
- (a) Ignore irregularities that do not involve trustees
 - (b) Confirm if expenditures align with trustee personal interests
 - (c) Verify if expenditures are in line with the trust's objectives
 - (d) Focus on legal aspects only
- 312.** What does the auditor need to check concerning the maximum and minimum number of trustees in trusts?
- (a) Ensure there are no trustees
 - (b) Confirm if the number of trustees exceeds the maximum limit
 - (c) Verify if the trust has at least one trustee
 - (d) Confirm if the specified number of trustees is maintained
- 313.** What does the auditor need to confirm concerning the meetings held by trusts as per their instrument?
- (a) Ignore meeting schedules as they are not crucial
 - (b) Confirm if meetings are held irregularly
 - (c) Ensure meetings are held regularly as per the instrument
 - (d) Focus on financial statements only
- 314.** What should the auditor check regarding the minute books of trust meetings during the audit?
- (a) Confirm if minute books are hidden from public view
 - (b) Ensure minute books are maintained by external consultants
 - (c) Verify if minute books record the proceedings of meetings
 - (d) Check if minute books are used for personal notes by trustees
- 315.** In auditing trusts, what does the auditor need to confirm regarding the acceptance of cash donations?
- (a) Ensure cash donations are discouraged
 - (b) Verify if cash donations are accepted over the prescribed limit
 - (c) Confirm if cash donations are invested immediately
 - (d) Ignore the limit on cash donations
- 316.** What should the auditor consider regarding the governing legislation of a society?
- (a) Check if the society has its own governing rules
 - (b) Confirm registration under the Societies Registration Act, 1860
 - (c) Ignore governing legislation as it is not relevant
 - (d) Focus only on state laws

- 317.** What is the importance of ascertaining the object of a society during an audit?
- (a) Determine the society's profitability (b) Assess compliance with tax regulations
(c) Evaluate the societal impact of its activities (d) Verify membership fees
- 318.** For societies receiving foreign contributions, what must the auditor check for compliance?
- (a) Verify if foreign contributions are invested for growth
(b) Confirm registration under the Income Tax Act
(c) Ascertain registration under the Foreign Contribution (Regulation) Act, 2010
(d) Ignore foreign contributions as they are not relevant
- 319.** Why is it essential for a society to be registered under the relevant provisions of the Income Tax Act?
- (a) To increase scrutiny by tax authorities
(b) To become eligible for tax exemption on income
(c) To attract foreign contributions
(d) To enhance social media presence
- 320.** What is the auditor's role concerning internal control when auditing societies?
- (a) Ignore internal control in audit procedures
(b) Assess internal control to design audit procedures, especially for donations and expenditures
(c) Focus only on financial statements
(d) Verify internal control of external consultants
- 321.** Why should the auditor evaluate accounting policies with special reference to donations and grants in societies?
- (a) To increase complexity in financial reporting
(b) To comply with international accounting standards
(c) To identify any inconsistencies in accounting practices
(d) To speed up the audit process
- 322.** What should the auditor check regarding expenses reimbursed by donors in societies?
- (a) Ignore expenses reimbursed by donors
(b) Ascertain if these expenses are recognized in financial statements
(c) Focus only on expenses incurred by society
(d) Verify if donors are involved in society's management

Answer Key

1. (b)	2. (a)	3. (d)	4. (c)	5. (c)	6. (c)	7. (d)	8. (c)	9. (b)	10. (d)
11. (c)	12. (c)	13. (b)	14. (b)	15. (c)	16. (b)	17. (b)	18. (c)	19. (b)	20. (d)
21. (b)	22. (b)	23. (b)	24. (b)	25. (b)	26. (b)	27. (b)	28. (c)	29. (c)	30. (b)
31. (b)	32. (b)	33. (b)	34. (a)	35. (c)	36. (d)	37. (b)	38. (b)	39. (b)	40. (d)
41. (c)	42. (b)	43. (b)	44. (c)	45. (c)	46. (c)	47. (b)	48. (c)	49. (b)	50. (d)

51. (a)	52. (b)	53. (c)	54. (d)	55. (c)	56. (a)	57. (b)	58. (d)	59. (c)	60. (b)
61. (b)	62. (c)	63. (d)	64. (b)	65. (b)	66. (d)	67. (c)	68. (b)	69. (a)	70. (b)
71. (c)	72. (d)	73. (c)	74. (c)	75. (b)	76. (d)	77. (b)	78. (a)	79. (b)	80. (a)
81. (b)	82. (d)	83. (c)	84. (b)	85. (d)	86. (b)	87. (a)	88. (d)	89. (c)	90. (b)
91. (c)	92. (d)	93. (c)	94. (b)	95. (c)	96. (c)	97. (c)	98. (b)	99. (b)	100. (c)
101. (c)	102. (a)	103. (b)	104. (c)	105. (c)	106. (b)	107. (c)	108. (a)	109. (b)	110. (a)
111. (b)	112. (c)	113. (b)	114. (b)	115. (a)	116. (c)	117. (c)	118. (c)	119. (a)	120. (b)
121. (b)	122. (b)	123. (b)	124. (c)	125. (b)	126. (b)	127. (b)	128. (b)	129. (c)	130. (d)
131. (c)	132. (c)	133. (b)	134. (b)	135. (c)	136. (c)	137. (c)	138. (b)	139. (b)	140. (c)
141. (c)	142. (c)	143. (d)	144. (a)	145. (b)	146. (b)	147. (d)	148. (b)	149. (b)	150. (d)
151. (c)	152. (c)	153. (c)	154. (b)	155. (a)	156. (b)	157. (d)	158. (c)	159. (c)	160. (c)
161. (c)	162. (b)	163. (d)	164. (d)	165. (c)	166. (b)	167. (d)	168. (c)	169. (b)	170. (c)
171. (c)	172. (d)	173. (b)	174. (a)	175. (d)	176. (c)	177. (c)	178. (d)	179. (d)	180. (b)
181. (b)	182. (a)	183. (b)	184. (c)	185. (d)	186. (a)	187. (d)	188. (b)	189. (c)	190. (c)
191. (a)	192. (d)	193. (b)	194. (c)	195. (d)	196. (c)	197. (d)	198. (c)	199. (b)	200. (c)
201. (c)	202. (a)	203. (b)	204. (c)	205. (b)	206. (c)	207. (b)	208. (b)	209. (b)	210. (c)
211. (c)	212. (b)	213. (c)	214. (b)	215. (c)	216. (c)	217. (c)	218. (c)	219. (b)	220. (c)
221. (b)	222. (b)	223. (c)	224. (c)	225. (b)	226. (c)	227. (a)	228. (d)	229. (c)	230. (b)
231. (a)	232. (c)	233. (c)	234. (b)	235. (a)	236. (c)	237. (c)	238. (c)	239. (b)	240. (b)
241. (c)	242. (c)	243. (c)	244. (c)	245. (b)	246. (d)	247. (c)	248. (b)	249. (b)	250. (b)
251. (c)	252. (d)	253. (c)	254. (b)	255. (d)	256. (b)	257. (d)	258. (a)	259. (d)	360. (b)
261. (c)	262. (d)	263. (a)	264. (b)	265. (b)	266. (b)	267. (b)	268. (b)	269. (b)	270. (c)
271. (c)	272. (b)	273. (d)	274. (c)	275. (c)	276. (c)	277. (d)	278. (d)	279. (b)	280. (b)
281. (b)	282. (b)	283. (c)	284. (b)	285. (c)	286. (c)	287. (c)	288. (c)	289. (c)	290. (c)
291. (c)	292. (b)	293. (c)	294. (b)	295. (b)	296. (c)	297. (c)	298. (a)	299. (c)	300. (b)
301. (b)	302. (d)	303. (c)	304. (b)	305. (b)	306. (b)	307. (c)	308. (b)	309. (b)	310. (c)
311. (c)	312. (d)	313. (c)	314. (c)	315. (b)	316. (b)	317. (c)	318. (c)	319. (b)	320. (b)
321. (c)	322. (b)								

SOLUTION

1. (b) Ensuring accountability of the executive in respect of public revenue and expenditure
2. (a) Public Accounts Committee (PAC)
3. (d) All revenue received from direct and indirect taxes, loans, and loan repayments
4. (c) Commercial audit
5. (c) By adding new concepts, techniques, and procedures
6. (c) Systematic and independent examination of financial, administrative, and other operations
7. (d) Appraising government policies and providing public accounting of government funds
8. (c) Comptroller and Auditor General (C&AG)
9. (b) Public accounting of government funds
10. (d) Ensuring authorities act in accordance with the Constitution and laws
11. (c) Appointed by the President, removed only on grounds of proven misbehavior or incapacity
12. (c) Only on grounds of proven misbehavior or incapacity, by a 2/3rd majority of both Houses of Parliament
13. (b) Determined by the President in consultation with the C&AG
14. (b) Article 149
15. (c) The President decides based on the advice of the C&AG
16. (b) Appointed by the President; can be removed only on grounds of proven misbehavior or incapacity by a 2/3rd majority of both Houses of Parliament
17. (b) Compile and submit accounts of the Union and States
18. (c) Grant or loan less than ₹ 25 lakhs, with the amount being less than 75% of the total expenditure
19. (b) Scrutinize procedures for fulfilling conditions and access books and accounts
20. (d) Accounts of stores and inventory kept in any office or department
21. (b) Appointing the auditor and directing the audit process
22. (b) Prescribes the form based on the advice of the C&AG
23. (b) As per the discretion of the President
24. (b) The President may prescribe the form of accounts based on the advice of the C&AG
25. (b) Ensuring the efficiency of revenue collection
26. (b) Power to inspect any office of accounts, including those responsible for creating initial or subsidiary accounts
27. (b) Authority to request the submission of relevant documents to specified places
28. (c) Power to put questions, make observations, and call for required information
29. (c) If determined necessary for efficient auditing
30. (b) Verifying adherence to constitutional and statutory provisions, financial rules, and regulations
31. (b) Audit of sanctions
32. (b) Ensuring proper utilization of funds allocated
33. (b) Identifying cases of improper, avoidable, or ineffective expenditure
34. (a) Principle of economic efficiency
35. (c) Examining the relationship between goods and services produced and resources used
36. (d) Implementation of audit recommendations

- 37. (b) Evaluating the efficiency of financial transactions
- 38. (b) Propriety audit
- 39. (b) Identifying the topic for audit
- 40. (d) A variety of rules, regulations, and orders falling under different categories
- 41. (c) Issuing rules, regulations, and orders to be observed by subordinate authorities
- 42. (b) Prescribing rules and regulations
- 43. (b) Ensuring proper utilization of funds allocated
- 44. (c) Efficiency, economy, and effectiveness audit
- 45. (c) Checking the effectiveness of assessment, collection, and proper allocation of revenues
- 46. (c) Verifying the implementation of adequate regulations and procedures
- 47. (b) The correctness and regularity of accounting for demands, collection, and refunds
- 48. (c) Focusing more on the general than on the particular
- 49. (b) To judge the effectiveness of the assessment procedure
- 50. (d) The Comptroller and Auditor General (C&AG)
- 51. (a) Primary check by the auditor, test check by the supervisor, and control and direction by the group leader
- 52. (b) The correctness and regularity of accounting
- 53. (c) Middle and top levels of the audit hierarchy
- 54. (d) The nature of transactions, their importance, and the total plan of audit
- 55. (c) Ascertaining the effectiveness of inventory control systems
- 56. (a) Quantitative deficiencies in stores held and defects in control systems
- 57. (b) To bring uneconomical purchases to the government's notice
- 58. (d) Ascertaining the accuracy, correctness, and reasonableness of balances
- 59. (c) To confirm the existence of inventories and identify excess or idle inventory
- 60. (b) Departmental enterprises, statutory bodies, government companies
- 61. (b) In the same manner as any government department with commercial accounts
- 62. (c) The Comptroller and Auditor-General of India
- 63. (d) Issues directions to the company auditors and conducts supplementary audit
- 64. (b) Section 143(5)
- 65. (b) Conduct a supplementary audit
- 66. (d) Test audit of the company's accounts
- 67. (c) Processing reviews or appraisals on performance
- 68. (b) Section 143
- 69. (a) System of book-keeping and accounts
- 70. (b) To rectify irregularities and improprieties
- 71. (c) President or Governor
- 72. (d) Presenting factual information, leaving conclusions to the reader
- 73. (c) To provide local services with autonomy
- 74. (c) Cantonal committees
- 75. (b) Regulatory, maintenance, and development
- 76. (d) Others

- 77. (b) Property taxes and octroi
- 78. (a) General purpose grants
- 79. (b) To determine levels of taxation and rates
- 80. (a) Lack of demarcation between legislature and executive
- 81. (b) Inadequate information provision
- 82. (d) State Government
- 83. (c) State government's external audit
- 84. (b) To compensate for losses due to tax takeover
- 85. (d) Lack of comprehensibility
- 86. (b) Inability to function as an inquisitorial body
- 87. (a) Property taxes
- 88. (d) Reporting on the fairness of financial statements
- 89. (c) Surcharging
- 90. (b) Power to appoint auditors
- 91. (c) Poor staffing of municipalities
- 92. (d) Efficiency, economy, and effectiveness
- 93. (c) Local Fund Audit Wing
- 94. (b) Bigger municipalities like Delhi and Mumbai
- 95. (c) Detecting errors and fraud
- 96. (c) Conformity to relevant laws and financial rules
- 97. (c) Sanctions by competent authority
- 98. (b) Provision of funds and authorization
- 99. (b) Economic efficiency and expected results
- 100. (c) Non-profit making
- 101. (c) Both (a) and (b)
- 102. (a) Exclusion from total income
- 103. (b) Temporary loans for projects
- 104. (c) Project-specific grants
- 105. (c) By checking letters from donors and board resolutions
- 106. (b) Allocating funds for specific goals
- 107. (c) Members of the company
- 108. (a) Specific audit format
- 109. (b) Reviewing the organization's accounting system
- 110. (a) Membership fees
- 111. (b) Ensuring compliance with income tax regulations
- 112. (c) Depreciation and authorizations
- 113. (b) Imprest balances
- 114. (b) Checking bank reconciliation statements
- 115. (a) Internal control system
- 116. (c) Liabilities
- 117. (c) Registration for trusts related to immovable property

- 118. (c) Sole proprietor
- 119. (a) Regulatory requirements
- 120. (b) Incoming auditor
- 121. (b) Prevents misunderstanding
- 122. (b) Partial audit scope
- 123. (b) Partners
- 124. (c) Communicate with the previous auditor
- 125. (b) Nature and scope of the audit
- 126. (b) Disputes
- 127. (b) Audited statements of accounts
- 128. (b) For settling accounts between the partners
- 129. (c) Limitations, if any
- 130. (d) Interest of partners
- 131. (c) Partnership agreement
- 132. (c) Reporting prejudicial effects
- 133. (b) Provisions regarding books of account
- 134. (b) Extraordinary contracts
- 135. (c) Convenient and reliable means
- 136. (c) Audited statements
- 137. (c) Communicate with previous auditor
- 138. (b) 2
- 139. (b) Designated Partners
- 140. (c) Contribution not exceeding INR 25,00,000 and Turnover not exceeding INR 40,00,000
- 141. (c) Books of accounts
- 142. (c) List of all employees
- 143. (d) Both (a) and (b)
- 144. (a) Settling partnership disputes
- 145. (b) Convenient and reliable means
- 146. (b) Within 60 days of the financial year
- 147. (d) Submitting Statement of Account and Solvency
- 148. (b) Designated Partners
- 149. (b) Anytime during the financial year
- 150. (d) Engagement letter
- 151. (c) Minutes book
- 152. (c) Use it as a reference for various provisions
- 153. (c) Better compliance and management
- 154. (b) Form 11
- 155. (a) Within 30 days from the end of the financial year
- 156. (b) Trust Deed or Regulations
- 157. (d) Comparing amounts with figures published in reports
- 158. (c) Calculations of interest on investments

- 159. (c) Ensuring grants are paid only for charitable purposes
- 160. (c) Calculating interest received on securities
- 161. (c) Inspecting tenancy agreements and rent roll
- 162. (b) Vouching gross receipts and outgoings
- 163. (d) To obtain refunds for deducted income tax
- 164. (d) Confirming payments are for charitable purposes
- 165. (c) Trust Deed or Regulations
- 166. (b) Names in the Students Fee Register
- 167. (d) Referring to Rules prepared by the Managing Committee
- 168. (c) List published with the annual report
- 169. (b) Memo of grant
- 170. (c) Sanction by the Managing Committee
- 171. (c) To inform the Managing Committee
- 172. (d) To show as a liability in the balance sheet
- 173. (b) Keeping them separate
- 174. (a) It has been claimed and recovered
- 175. (d) To ensure compliance with regulations
- 176. (c) To ensure correct preparation of bills
- 177. (c) Tracing entries in the Cash Book with receipts and counterfoils
- 178. (d) Confirming collection of income due
- 179. (d) To meet the agreed-upon purpose
- 180. (b) To authorize and sanction expenses
- 181. (b) Capital expenditure sanctions
- 182. (a) Refund of taxes deducted
- 183. (b) To identify significant budget variations
- 184. (c) Receipt and issue of stores
- 185. (d) To reflect the true value of assets
- 186. (a) Registers
- 187. (d) To validate ledger balances
- 188. (b) Management representation and certificate
- 189. (c) Members' applications and counterfoils
- 190. (c) Trace receipts to the Register of Members
- 191. (a) Correct adjustment of irrecoverable dues
- 192. (d) Irrecoverable Member Dues
- 193. (b) Trace debits from subsidiary registers
- 194. (c) Debits for supplies and services
- 195. (d) Cigars, wines, etc.
- 196. (c) Furniture, sports material, etc.
- 197. (d) Subsidiary registers
- 198. (c) Investments' current values and safe custody
- 199. (b) Serial numbering of tickets

- 200. (c) Reconciliation of cash collected with tickets sold
- 201. (c) Register of 'free passes'
- 202. (a) Tax returns filed monthly
- 203. (b) Cash collected on ticket sales
- 204. (c) Register of Slides and Shorts Exhibited
- 205. (b) All should be treated as revenue expenditure
- 206. (c) Appropriate rate of depreciation
- 207. (b) Bills of distributors
- 208. (b) Fixed sum or percentage receivable annually
- 209. (b) Option to purchase goods in instalments
- 210. (c) The person obtaining possession under the agreement
- 211. (c) The person letting the goods
- 212. (b) Cash price of the goods
- 213. (c) The hire-purchase price and cash price of the goods
- 214. (b) Regularity of instalment payments
- 215. (c) Transfers ownership after the last instalment
- 216. (c) A sufficient description of the goods
- 217. (c) Must be in writing and signed by all parties
- 218. (c) Hirer's credit history
- 219. (b) Remains with the lessor
- 220. (c) Ownership transfer at the end
- 221. (b) Equipment specifications and fitness
- 222. (b) Notify the lessor of acceptance
- 223. (c) Payments are made regularly at agreed-upon intervals
- 224. (c) Returns to the lessor
- 225. (b) Purchase the equipment at fair value
- 226. (c) Major part of the economic life of the asset
- 227. (a) Availability of collateral security
- 228. (d) Does not transfer substantially all risks and rewards of ownership
- 229. (c) Description of lessor and lessee
- 230. (b) Copies of the insurance policies
- 231. (a) Acceptance letter from the lessor
- 232. (c) Paying rentals regularly
- 233. (c) Terms of the agreement
- 234. (b) Pilfering
- 235. (a) Check guest register
- 236. (c) Pay over to proper authorities
- 237. (c) Night auditor
- 238. (c) Correct period and rates
- 239. (b) Occupancy-in-progress report; test with guest register and individual bills
- 240. (b) Controls pilfering and theft

- 241. (c) Keep them locked, with limited key access
- 242. (c) To perform pricing and calculation tests
- 243. (c) On an inventory basis
- 244. (c) Lack of detailed definitions
- 245. (b) Minor renovations
- 246. (d) Operates on a casual basis
- 247. (c) Inadequate wage payment records
- 248. (b) Recovery of money per terms of credit
- 249. (b) Jointly-owned enterprise to meet common needs
- 250. (b) Cooperative Societies Act, 1912
- 251. (c) Play a significant role in the development on scientific lines
- 252. (d) Guidance in accounts writing, installation of accounting system, internal audit, management accounting services, taxation, etc.
- 253. (c) Primarily audit with some mention of other services
- 254. (b) Appointed by the Registrar, report submitted to the society
- 255. (d) All of the above
- 256. (b) Books and accounts to be kept by a co-operative society
- 257. (d) All of the above
- 258. (a) Only to members
- 259. (d) All of the above
- 260. (b) 10%
- 261. (c) Promote co-operative education
- 262. (d) The General Body approval comes after necessary accounting entries
- 263. (a) Charges against profits
- 264. (b) Classify and report overdue debts of 6 months or more
- 265. (b) Exclude it from interest outstanding and accrued due
- 266. (b) Bad debts can be written off only if they are certified as bad by the auditor
- 267. (b) Cost less adequate provision for depreciation
- 268. (b) Focus on achieving social benefits for society members
- 269. (b) In case of any irregularities noticed
- 270. (c) To check for manipulations in book entries
- 271. (c) According to criteria specified by the Registrar
- 272. (b) Discuss the draft audit report with the managing committee
- 273. (d) Appeal to the Registrar and request a review
- 274. (c) Applies to societies whose objects span multiple states
- 275. (c) Funds cannot be utilized for any political purpose
- 276. (c) Particulars related to utilization of materials or labor
- 277. (d) Keeping track of assets and liabilities
- 278. (d) State-specific political activities
- 279. (b) Chartered Accountant under the Chartered Accountants Act, 1949
- 280. (b) Indebtedness exceeding one thousand rupees to the society
- 281. (b) Within one month of the date of registration of the society

- 282. (b) Until the conclusion of the next annual general meeting
- 283. (c) Right of access to books, accounts, and vouchers
- 284. (b) Inquiries about security of loans and advances
- 285. (c) Whether proper books of account have been kept
- 286. (c) If the society's financial position endangers its solvency
- 287. (c) Only a chartered accountant
- 288. (c) The report is sent to the Multi-State Co-operative society for circulation
- 289. (c) Multi-State Co-operative society
- 290. (c) On request from a federal co-operative to which the society is affiliated, creditors, or a specified percentage of members
- 291. (c) Fifteen days
- 292. (b) Access to books, accounts, and summoning persons for examination
- 293. (c) Power to call the meeting himself
- 294. (b) Three months
- 295. (b) On request from a federal co-operative, creditors, or a specified percentage of members
- 296. (c) By general or special order in writing
- 297. (c) Fifteen days
- 298. (a) Access to books, accounts, papers, vouchers, and the power to take custody of property
- 299. (c) Public Trust Act or Indian Trusts Act, 1882
- 300. (b) Societies Registration Act, 1860
- 301. (b) Section 8 company
- 302. (d) Foreign Contribution (Regulation) Act, 2010
- 303. (c) Balance sheet and Income and expenditure statement
- 304. (b) Verify the list for maintaining mandatory books and records
- 305. (b) Detailed notes about the evidence, work done, and decisions
- 306. (b) Verify regular and proper maintenance in accordance with applicable laws
- 307. (c) Confirm if donations are applied as per trust objectives and donor directions
- 308. (b) Confirm if cash balance is consistent with accounts
- 309. (b) Ensuring production of all books and documents required for audit
- 310. (c) Verify if defects and inaccuracies mentioned in previous audits are rectified
- 311. (c) Verify if expenditures are in line with the trust's objectives
- 312. (d) Confirm if the specified number of trustees is maintained
- 313. (c) Ensure meetings are held regularly as per the instrument
- 314. (c) Verify if minute books record the proceedings of meetings
- 315. (b) Verify if cash donations are accepted over the prescribed limit
- 316. (b) Confirm registration under the Societies Registration Act, 1860
- 317. (c) Evaluate the societal impact of its activities
- 318. (c) Ascertain registration under the Foreign Contribution (Regulation) Act, 2010
- 319. (b) To become eligible for tax exemption on income
- 320. (b) Assess internal control to design audit procedures, especially for donations and expenditures
- 321. (c) To identify any inconsistencies in accounting practices
- 322. (b) Ascertain if these expenses are recognized in financial statements