



CA INTER AUDIT

NOV'23

Chapter-10

The Company Audit

MCQs



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Preface

Before diving into the study material, it's crucial to familiarize yourself with the following guidelines to optimize your learning experience.

- 1. Glossary for Abbreviations :** The study notes contain numerous abbreviations that may initially seem confusing. To alleviate this, we've compiled a comprehensive glossary that elucidates each abbreviation and its corresponding full form. You can download this reference file by [clicking here](#).
- 2. Conceptual Clarity :** Grasping the underlying concepts can sometimes be challenging, affecting your ability to remember the material. Should you encounter difficulties, our YouTube channel offers videos designed to simplify and expedite your learning process.
- 3. One Keyword, One Topic :** It may sound unconventional, but our unique methodology enhances your learning by associating a single keyword with an entire topic. This approach fosters a kind of photographic memory, enabling you to recall and review the subject matter without constantly referring to your notes.
To explore our "One Keyword, One Topic" videos, [click here](#).
- 4. Retention and Reproduction :** While understanding a concept is crucial, the ability to retain and subsequently reproduce that knowledge in the CA exams is what truly counts. Be warned—poor retention could jeopardize your performance, leaving you adrift in the turbulent waters of ICAI examinations.

If you require further assistance with your study techniques or any other aspect, don't hesitate to contact us.



You can instantly reach out via WhatsApp by clicking this icon, or join our Telegram  group to pose questions that could also benefit your peers.



<h1 style="margin: 0;">Chapter</h1> <h1 style="margin: 0;">10</h1>	<h1 style="margin: 0;">COMPANY AUDIT</h1>
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1.	<p>As per section 139 of the Companies Act 2013, company can appoint _____ as an auditor.</p> <p>a. individual b. firm c. Either from the above d. None of the above</p>
2.	<p>Identify the correct one: As per section 139 of the Companies Act 2013, every company shall, at the first Annual General Meeting, appoint an individual or a firm of auditors as an auditor who shall hold office from:</p> <p>a. from the conclusion of that meeting till the conclusion of its sixth annual general meeting b. from the conclusion of that meeting till the conclusion of its fifth annual general meeting c. from the conclusion of that meeting till the conclusion of its seventh annual general meeting d. None of the above</p>
3.	<p>Identify the correct one:</p> <p>a. Before appointment of auditor is made, the written consent of the auditor to such appointment, and a certificate from him or it that the appointment, if made, shall be in accordance with the conditions as may be prescribed, shall be obtained from the auditor. b. After appointment of auditor is made, the written consent of the auditor to such appointment, and a certificate from him or it that the appointment, if made, shall be in accordance with the conditions as may be prescribed, shall be obtained from the auditor. c. After appointment of auditor is made, the written consent of the auditor to such appointment is required, however a certificate from him or it that the appointment, if made, shall be in accordance with the conditions as may be prescribed, is not required from the auditor. d. None of the above</p>
4.	<p>Identify the correct one:</p> <p>a. Company shall inform the auditor concerned of his or its appointment, and also file a notice of such appointment with the Registrar within thirty days of the meeting in which the auditor is appointed. b. Company shall inform the auditor concerned of his or its appointment, and also file a notice of such appointment with the Registrar within fifteen days of the meeting in which the auditor is appointed. c. Company shall inform the auditor concerned of his or its appointment, and also file a notice of such appointment with the Registrar within seven days of the meeting in which the auditor is appointed. d. None of the above.</p>
5.	<p>Auditor is appointed in an Annual General Meeting by passing a resolution. However, a single resolution for appointment of auditor shall not cover a period exceeding _____ in case of individual and _____ in case of firm of auditors.</p> <p>a. one term of five consecutive years; one terms of five consecutive years b. two term of five consecutive years; two terms of five consecutive years c. one term of five consecutive years; two terms of five consecutive years d. two term of five consecutive years; one terms of five consecutive years</p>
6.	<p>In case of rotation, auditor (firm or individual) who has completed a term shall not be eligible for re-appointment as auditor in the same company for a period of _____ from the completion of his term.</p> <p>a. ten years b. five years c. three years d. two years</p>

1.	c	2.	a	3.	a	4.	b	5.	c	6.	b
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7.	Identify the correct one:
	<ul style="list-style-type: none"> a. In the audit firm appointed, the auditing partner and his team shall be rotated at such intervals or the audit shall be conducted by more than one auditor shall be resolved by members. b. It is mandatory for members to resolve that the auditing partner and his team shall be rotated at such intervals or the audit shall be conducted by more than one auditor c. The auditing partner and his team shall be rotated at such intervals or the audit shall be conducted by more than one auditor may be resolved by the board of directors. d. None of the above.
8.	In the case of a Government company, _____ shall, in respect of a financial year, appoint an auditor duly qualified to be appointed as an auditor of companies under Companies Act, 2013.
	<ul style="list-style-type: none"> a. Central Government. b. Comptroller and Auditor-General of India. c. Board of directors d. None of the above
9.	In case of a Government company auditor shall be appointed within _____ from the commencement of the financial year.
	<ul style="list-style-type: none"> a. a period of one hundred and twenty days b. a period of thirty days c. a period of one hundred and eighty days d. a period of sixty days
10.	In the case of a Government company auditor, till what period auditor shall hold the office?
	<ul style="list-style-type: none"> a. Till the conclusion of the sixth annual general meeting. b. Till the conclusion of the annual general meeting. c. Till the conclusion of the third annual general meeting. d. Till the conclusion of the fifth general meeting.
11.	The first auditor of a company, other than a Government company, shall be primarily appointed by the
	<ul style="list-style-type: none"> a. Shareholders b. Board of Directors c. Central Government d. None of the above
12.	The first auditor of a company, other than a Government company, shall be primarily appointed by the Board of Directors within _____ from the date of registration of company.
	<ul style="list-style-type: none"> a. ninety days b. sixty days c. thirty days d. fifteen days
13.	In case of, other than a Government company _____ shall appoint the first auditor of a company at an _____ in the case of failure of the Board to appoint such auditor.
	<ul style="list-style-type: none"> a. Shareholders; extraordinary general meeting b. Board of Directors; extraordinary general meeting c. Shareholders; annual general meeting d. Board of Directors; annual general meeting.
14.	In case of, other than a Government company tenure of the first auditor is till
	<ul style="list-style-type: none"> a. The conclusion of the sixth annual general meeting. b. The conclusion of the first annual general meeting. c. The conclusion of the fifth annual general meeting. d. None of the above
15.	In case of, other than a Government company _____ shall appoint the first auditor of a company, in case of failure of the Board to appoint such auditor within ninety days of _____
	<ul style="list-style-type: none"> a. Shareholder; from the date of registration. b. Shareholder; after completion of 30 days given to the board. c. Central Government; from the date of registration. d. Central Government; after completion of 30 days given to the board

7.	a	8.	b	9.	c	10.	b	11.	b	12.	c	13.	a	14.	b	15.	b
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16.	The first auditor of a company, in case of Government company, shall be primarily appointed by the
	a. Shareholders b. Board of Directors c. Central Government d. Comptroller and Auditor-General of India
17.	The first auditor of a company, in case of Government company, shall be primarily appointed by the Comptroller and Auditor-General of India within _____ from the date of registration of the company.
	a. ninety days b. sixty days c. thirty days d. fifteen days
18.	In case of, a Government company _____ shall appoint the first auditor of accompany at an _____ in the case of failure of the Comptroller and Auditor-General of India to appoint such auditor.
	a. Shareholders; extraordinary general meeting b. Board of Directors; board meeting c. Shareholders; annual general meeting d. Board of Directors; annual general meeting
19.	In case of, a Government company _____ shall appoint the first auditor of a company, in case of failure of the Comptroller and Auditor-General of India to appoint such auditor, within _____
	a. Shareholder; 30 days from the date of registration. b. Board of directors; next 30 days after completion of 60 days given to the CAG. c. Central Government; 60 days from the date of registration. d. Board of directors; next 30 days after completion of 30 days given to the CAG.
20.	In case of, a Government company _____ shall appoint the first auditor of a company, in case of failure of the board to appoint such auditor, within _____
	a. Shareholder; 30 days from the date of registration. b. Shareholder; next 60 days after completion of 30 days given to the Board of Directors. c. Central Government; 60 days from the date of registration. d. Board of directors; next 30 days after completion of 30 days given to the CAG
21.	In case of, a Government company _____ shall appoint the first auditor of a company at an _____ in the case of failure of the Board to appoint such auditor.
	a. Shareholders; extraordinary general meeting b. Board of Directors; extraordinary general meeting c. Shareholders; annual general meeting d. Board of Directors; annual general meeting
22.	In case of, a Government company tenure of the first auditor is till _____
	a. The conclusion of the sixth annual general meeting. b. The conclusion of the first annual general meeting. c. The conclusion of the fifth annual general meeting. d. None of the above
23.	Casual vacancy (other than resignation) in the office of an auditor of a non-government company be filled by the Board of Directors within _____
	a. thirty days b. sixty days c. ninety days d. None of the above
24.	Casual vacancy (resignation) in the office of an auditor of a non-government company be filled by the Board of Directors, appointment shall also be approved by the company at a general meeting _____ of the recommendation of the Board.
	a. within three months b. within six months c. within four months d. None of the above

16.	d	17.	b	18.	b	19.	b	20.	b	21.	a	22.	b	23.	a	24.	a
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25.	Auditor appointed in casual vacancy shall hold the office till a. Conclusion of sixth annual general meeting b. Conclusion of next annual general meeting c. Conclusion of fifth annual general meeting d. None of the above
26.	Casual vacancy (other than resignation) in the office of an auditor of a government company be filled by the Comptroller and Auditor-General of India within _____ a. thirty days b. sixty days c. ninety days d. None of the above
27.	Casual vacancy (in case of resignation) in the office of an auditor of a government company be filled by the Comptroller and Auditor-General of India within _____ a. thirty days b. sixty days c. ninety days d. None of the above
28.	If Comptroller and Auditor-General of India does not fill the vacancy within the said period, the _____ shall fill the vacancy within next _____ a. Board of Directors; sixty days b. Board of Directors; thirty days c. Board of Directors; ninety days d. Shareholders; thirty days
29.	Where at any annual general meeting, no auditor is appointed or re-appointed, the existing auditor in normal circumstances, shall _____ a. retire from office of auditor of the company b. continue to be the auditor of the company c. recommend the new auditor of the company d. none of the above
30.	Where a company is required to constitute an Audit Committee under section 177, all appointments, including the filling of a casual vacancy of an auditor under this section shall be made taking into account after the _____ a. recommendations of board b. recommendations of such committee c. recommendations of shareholders d. recommendations of director
31.	The auditor appointed under section 139 may be removed from his office before the expiry of his term only by a _____ of the shareholders of the company. a. Omnibus resolution b. Ordinary resolution c. Special resolution d. None of the above
32.	As per section 140 of the Companies Act, 2013, auditor appointed may be removed from his office before the expiry of his term. However prior approval of the _____ is required. a. State Government b. Board of Directors c. Central Government d. Shareholders
33.	The application to the Central Government for removal of auditor shall be made in Form _____ a. ADT-1 b. ADT-2 c. ADT-3 d. ADT-4

25.	b	26.	a	27.	a	28.	b	29.	b	30.	b	31.	c	32.	c	33.	b
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34.	<p>The application for approval shall be made to the Central Government for removal of auditor before expiry of term within _____ of the resolution passed by the Board.</p> <p>a. fifteen days b. thirty days c. seven days d. forty days</p>
35.	<p>The company shall hold the general meeting within of receipt of approval of the central government for passing the special resolution by.....</p> <p>a. Thirty days; board of directors b. sixty days; shareholders c. Fifteen days; shareholders d. Sixty days; board of directors</p>
36.	<p>Identify the sequence in which the following things take place for the purpose of removal of auditor under section 139 of the companies Act, 2013 before the expiry of his term, as per section 140 of the companies Act, 2013 to be read with rule 7.</p> <p>1. special resolution of shareholders 2. Board resolution 3. Approval of Central Government</p> <p>Options</p> <p>a. 2,3,1 b. 3,2,1 c. 1,2,3 d. 1,3,2</p>
37.	<p>As per section 140 of the Companies Act,2013 in case of other than government companies the auditor who has resign from the company shall file within a period of From the date of resignation, with the a statement indicating the reason and other facts as may be relevant with regards to his resignation</p> <p>a. 30 days, company b. 30 days, company and the registrar c. 30 days, the registrar d. 30 days, Board</p>
38.	<p>As per section 140 of the companies Act 2013, in case government companies, the auditor who has resigned from the company shall file within a period of from the date of resignation, with the a statement indicating the reasons and other facts as may be relevant with regards to his resignation</p> <p>a. 30 days, company & CAG b. 30 days, company and the registrar& CAG c. 30 days, the registration & CAG d. 30 days, Board & CAG</p>
39.	<p>As per section 140 of the companies Act 2013, a notice shall be required for a resolution at an Annual general Meeting for appointing as auditor a person other than a retiring auditor. What kind of notice is required to given and what kind of resolution is required to be passed?</p> <p>a. Ordinary Notice; Ordinary resolution b. Special Notice; Ordinary resolution c. Special Notice; Special resolution d. Ordinary Notice; Special resolution</p>
40.	<p>As per section 40 of the companies Act 2013, a notice shall be required for a resolution at an Annual general Meeting for appointing as auditor a person other than a retiring auditor. What kind of notice is required to given and what kind of resolution is required to be passed in case where the retiring auditor has completed a consecutive term of Five years or, as the case may be, ten years (in case of rotation of auditor)</p> <p>a. No Special Notice; Ordinary resolution b. Special Notice; Ordinary resolution c. Special Notice; Special resolution d. No Special Notice; Special resolution</p>

34.	b	35.	b	36.	a	37.	b	38.	b	39.	c	40.	c
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41.	As per section 141 of Companies Act, 2013, a person shall be eligible for appointment as an auditor of a company only if he is a _____ a. Chartered accountant ,having certificate of practice or not b. Chartered accountant ,having certificate of practice c. Chartered accountant ,having certificate of membership d. None of the above
42.	Where a firm including a limited liability partnership is appointed as an auditor of a company, _____ shall be authorized to act and sign on behalf the firm a. only the partners who are chartered accountant in practice b. only the partners who are chartered accountant in practice or not c. only the partners who are chartered accountant and having membership d. None of the above
43.	Who among the following shall not be disqualified from being appointed as an auditor of the company as per section 141 of the Companies Act, 2013? a. Person having business relationship with the company. b. Person whose relative is a key management person or director. c. Partner or employee of officer or employee of the company d. None of the above
44.	Who among the following shall not be disqualified from being appointed as an auditor of the company as per section 141 of the Companies Act, 2013? a. a person who is holding security worth Rs 80,000 in the company or its subsidiary, or of its holding or associate company or a subsidiary of such holding company b. a person whose relative is holding security worth Rs 80,000 in the company or its subsidiary, or of its holding or associate company or a subsidiary of such holding company c. Is indebted to the company or its subsidiary or its holding or associate company or a subsidiary of such holding company, in excess of Rs 5,00,000. d. Whose relative is indebted to the company, or its subsidiary, or its holding or associate company or a subsidiary of such holding company, in excess of Rs 5,00,000
45.	Who among the following shall not be disqualified from being appointed as an auditor of the company as per section 141 of the Companies Act, 2013? a. a person who is holding security worth Rs 80,000 in the company or its subsidiary, or of its holding or associate company or a subsidiary of such holding company b. a person whose relative is holding security worth Rs 1,10,000 in the company or its subsidiary, or of its holding or associate company or a subsidiary of such holding company c. a person or relative is indebted to the company, or its subsidiary, or its holding or associate company or a subsidiary of such holding company, in excess of Rs 5,00,000. d. a person or relative has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, or its subsidiary, or its holding or associate company or a subsidiary of such holding company, 80,000
46.	As per section 141 of the Companies Act,2013, where a person appointed as an auditor of a company incurs any of the disqualifications after his appointment, he shall vacate his office as such auditor. a. Such vacation shall be deemed to be a casual vacancy in the office of the auditor. b. Such vacation however shall not be deemed to be a casual vacancy in the office of the auditor. c. Such vacation shall affect by resignation of the auditor. d. None of the above
47.	Which from the following services cannot be rendered by the auditor directly or indirectly to the company or its holding company or subsidiary company? a. accounting and book keeping services b. internal audit c. design and implementation of any financial information system d. all of the above
48.	Which of the following services can't be rendered by the auditor directly or indirectly to the company or its holding or subsidiary company? a. investment advisory services b. investment banking services c. management services d. all of the above

41.	b	42.	b	43.	d	44.	b	45.	d	46.	a	47.	d	48.	d
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49.	<p>All notices of, and other communications relating to, any general meeting shall be forwarded to the auditor of the company, and the auditor at his discretion may or may not attend the meeting.</p> <p>a. True, as per section 146 of the Companies Act, 2013 it is at the discretion of the auditor whether to attend the meeting or not.</p> <p>b. False, as per section 146 of the Companies Act, 2013 it is mandatory for the auditor to attend the meeting unless exempted by the company.</p> <p>c. True, as per section 146 of the Companies Act, 2013 it is recommendatory for the auditor to attend the meeting.</p> <p>d. False, as per section 146 of the Companies Act, 2013 it is mandatory for the auditor to attend the meeting no exemption is available to the company.</p>
50.	<p>As per Rule - 3, Companies (Cost Records and Audit) Rules, 2014, for the purposes of section 148(1) of the Companies Act, 2013, the class of companies, including foreign companies engaged in the production of the goods or providing services (regulated & unregulated as specified) having an overall turnover _____ during the immediately preceding financial year, shall include cost records for such products or services in their books of account .</p> <p>a. From all its products and services of rupees 35 crore or more.</p> <p>b. For individual products and services of rupees 35 crore or more.</p> <p>c. From all its products and services of rupees 25 crore or more.</p> <p>d. For individual products and services of rupees 25 crore or more.</p>
51.	<p>As per Rule - 3, Companies (Cost Records and Audit) Rules, 2014, for the purposes of section 148 of the Companies Act, 2013, every company specified in regulated sector shall get its cost records audited in accordance with these rules if the overall annual turnover of the company from all its products and services during the immediately preceding financial year is rupees _____ and the aggregate turnover of the individual product or products or service or services for which cost records are required to be maintained under rule 3 is rupees _____</p> <p>a. 50 crore or more; 25 crore or more</p> <p>b. 25 crore or more; 50 crore or more</p> <p>c. 100 crore or more; 35 crore or more</p> <p>d. 35 crore or more; 100 crore or more</p>
52.	<p>As per Rule - 3, Companies (Cost Records and Audit) Rules, 2014, for the purposes of section 148 of the Companies Act, 2013, every company specified in non-regulated sector shall get its cost records audited in accordance with these rules if the overall annual turnover of the company from all its products and services during the immediately preceding financial year is rupees _____ and the aggregate turnover of the individual product or products or service or services for which cost records are required to be maintained under rule 3 is rupees _____</p> <p>a. 50 crore or more; 25 crore or more</p> <p>b. 25 crore or more; 50 crore or more</p> <p>c. 100 crore or more; 35 crore or more</p> <p>d. 35 crore or more; 100 crore or more</p>
53.	<p>The requirement for cost audit under these rules shall not apply to a company which is required to maintain cost records (covered in rule 3) and—</p> <p>whose revenue from exports, in foreign exchange, exceeds seventy-five per cent of its total revenue; or</p> <p>a. Which is operating from a special economic zone.</p> <p>b. Which is engaged in generation of electricity for captive consumption through Captive Generating Plant.</p> <p>c. All of the above</p>
54.	<p>Cost records shall be maintained in form</p> <p>a. CRA-2</p> <p>b. CRA-1</p> <p>c. CRA-3</p> <p>d. CRA-4</p>
55.	<p>Cost auditor shall be appointed within _____ of the commencement of every financial year.</p> <p>a. 160 days</p> <p>b. 180 days</p> <p>c. 120 days</p> <p>d. 150 days</p>

49.	b	50.	a	51.	a	52.	c	53.	c	54.	b	55.	b
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56.	<p>Identify the sequence in which the following things take place for the purpose of removal of auditor appointed under section 139 of the Companies Act, 2013 before the expiry of his term, as per section 140 of the Companies Act, 2013 to be read with rule 7.</p> <ol style="list-style-type: none">1. Special resolution of shareholders2. Board resolution3. Approval of Central Government. <p>a. 2; 3; 1 b. 3; 2; 1 c. 1; 2; 3 d. 1; 3; 2</p>
57.	<p>Auditor detected 5 different frauds of 25 lakhs each by employees in the company in span of 1 month. Which reporting he should apply under section 143(12) of Companies Act, 2013, below Rs 1 crore or above Rs 1 crore?</p> <p>a. Below Rs 1 crore, as span is just 1 month b. Above Rs 1 crore, as total frauds by employees is Rs 1.25 crore c. Below Rs 1 crore, as we have to see amount of individual fraud and not total amount of frauds d. Above Rs 1 crore, as amount is big and truth should reach government</p>
58.	<p>In case of companies regulated by Special Act, the central government shall consult the before issuing order for cost audit in respect of any class of companies</p> <p>a. Regulatory body consulted under special Act b. Regulatory body consulted under companies c. RBI d. Comptroller & General of India</p>
59.	<p>In case of government companies auditor is appointed for at time</p> <p>a. One year b. Two year c. Three year d. Five year</p>
60.	<p>Who can be appointed as auditor of companies under Companies Act, 2013?</p> <p>a. Indian LLP b. Foreign LLP c. Both of the above d. None of the above</p>
61.	<p>A person or a firm who, whether directly or indirectly has business relationship of prescribed nature with cannot be appointed as statutory auditor of companies</p> <p>a. Subsidiary Company of Company b. Holding Company of Company c. Associate Company of Company d. All of the above</p>
62.	<p>With reference to disqualification of appointment of auditor Business relationship means any transaction entered into for a commercial purpose, except commercial transaction which are in nature of professional services permitted to be rendered by an auditor or audit firm under the rules or regulations made there under</p> <p>a. Companies Act, 2013 b. Chartered Accountants Act, 1949 c. Both (a) and (b) d. Income-tax Act, 1961</p>
63.	<p>A person who has been convicted by a court of a offence involving fraud and a period ofhas not elapsed from the date of such conviction</p> <p>a. 10 months b. 5 years c. 7 years d. 10 years</p>

56.	a	57.	c	58.	a	59.	a	60.	a	61.	d	62.	c	63.	d
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64.	The first auditor of a company (other than a government company), shall be appointed by the _____ within days from the date of registration of the company
	a. Board of directors 15 days b. Board of directors 30 days c. Promoters 30 days d. Promoters 15 days
65.	The first auditor of a company (other than a government company), shall be appointed by the board of directors within 30 days from the date of registration of the company. If board fails to appoint such auditor, then appointment shall be made by within _____
	a. Members 60 days b. Members 90 days c. CAG 30 days d. CAG 60 days
66.	Auditor is appointed at First annual general meeting for period of 5 years (i.e. first AGM to sixth AGM) which of the following events is possible and appropriate under provision of Companies Act, 2013 with reference to provision of auditor
	a. Rectification of appointment of auditor every year is not required b. Auditor can be removed before his tenure after following prescribed procedure c. Auditor can resign earlier d. All of the above
67.	Appointment of auditor shall be intimated in.....
	a. Form ADT 1 b. Form ADT 2 c. Form ADT 3 d. Form ADT 4
68.	ABC .Ltd is government company. The casual vacancy of auditor is required to be filled by within
	a. C &AG;15 days b. C &AG;30 days c. Board of directors;30 days d. Members;15days
69.	ABC .Ltd is government company. C &AG do not fill casual vacancy of auditor within 30 days .Now it can be filled by of the company in next
	a. Board of directors;15 days b. Members;30days c. Board of directors;30 days d. Members;15days
70.	In the case of Government company, auditor/firm of auditor is appointed for.....
	a. One year b. Two year c. Three year d. Not more than two year
71.	In the case of Government company, if there is casual vacancy the casual vacancy is required to be filled in by within _____
	a. C &AG;15 days b. C &AG;30 days c. Board of directors;30 days d. Members;15days
72.	In the case of Government company, if first auditor is not appointed by C &AG and board _____ shall appoint auditor within _____
	a. Members;60days b. Central government ;60days c. Members;30days d. Central government ;30days

64.	b	65.	b	66.	d	67.	a	68.	b	69.	c	70.	a	71.	a	72.	b
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73.	In the case of Government company, if there is casual vacancy the casual vacancy is required to be filled in by C &AG within 30 days. If the casual vacancy is not filled within 30days it can be filled by of the company in next
	a. C &AG;15 days b. C &AG;30 days c. Board of directors;30 days d. Members;15days
74.	Which of the following options of fixing remuneration of auditor at the time of his appointment is not as per provision of Companies Act , 2013?
	a. Remuneration is fixed at general meeting by passing resolution b. Remuneration is fixed by MD of company who is authorised by general meeting c. Remuneration is fixed by Board of company on authority of general meeting d. Remuneration is fixed by Directors without authority of general meeting
75.	Remuneration of first auditor shall be fixed by
	a. Board of directors b. Committee of directors c. Central Government d. ICAI
76.	Auditor appointment should submit certificate that
	a. He is eligible for appointment and is not disqualified for appointment under the Act, Chartered Accountants Act, 1949 and the rules made there under b. Proposed appointment is as per term provided under the Act c. Proposed appointment is within the limits laid down by or under authority of the Act d. All of the above
77.	Remuneration of firm of auditor of government company shall be fixed
	a. Randomly b. In the general meeting c. By board of directors d. Central government
78.	The company shall make application to central government for removal of auditor before expiry of his term in within fees within 30days of resolution passed by Board of Directors
	a. Form ADT 1 b. Form ADT 2 c. Form ADT 3 d. Form ADT 4
79.	The company shall make application to central government for removal of auditor before expiry of his term in Form ADT 2 with fees within of resolution passed by.....
	a. 15 days; Board of directors b. 30 days; Board of directors c. 15 days; Members of central government d. 30 days; Members of central government
80.	As per Companies Act ,2013, NCLT can remove auditor of company.....
	a. Suo motu b. On application from central Government c. On application from any person concerned d. Either (a) or (b) or (c)
81.	An auditor whether individual or firm , against whom final order has been passed by NCLT under section 140(5) of Companies Act , 2013 shall not be eligible to be appointed as an auditor of any company for a period of from the date of passing of the order
	a. 2 years b. 3 years c. 5 years d. 7 years

73.	c	74.	d	75.	a	76.	d	77.	b	78.	b	79.	b	80.	d	81.	c
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82.	When auditor resigns, he should file to Registrar of Companies
	a. Form ADT 1 b. Form ADT 2 c. Form ADT 3 d. Form ADT 4
83.	If the company under audit is a holding company, the auditor of holding company can access accounts of
	a. Subsidiary company b. Associate company c. Company under audit d. All of the above
84.	If auditor, in the course of performing his duties as auditor has reasons to believe that an offence involving fraud is being or has been committed against..... he shall immediately report the matter to authority
	a. Company by its officer b. Company by its employee c. Company by outsider d. Both (a) and (b)
85.	Auditor shall report fraud to company to central government in if amount involved in fraud is Rs 1 crore or more
	a. Form ADT 1 b. Form ADT 2 c. Form ADT 3 d. Form ADT 4
86.	If fraud is less than 1 crore, the auditor shall report the fraud to audit committee or board within two days, Details of such frauds reported by Auditor shall be disclosed in.....
	a. Board report b. Corporate government Report c. Auditors Certificate d. None of the above
87.	Report of fraud sent by auditor in form ADT 4 to
	a. Secretary, Ministry of Corporate Affairs b. Registrar of Companies c. Regional director d. NCLT of respective jurisdiction where registered officer of company is situated
88.	Report of fraud sent by auditor in form ADT 4 to Secretary, Ministry of Corporate Affairs
	a. In sealed enveloped by registered post with AD b. On his letter head duly signed, indicating his membership number c. Either (a) or (b) d. Both (a) and (b)
89.	A partnership firm can be appointed as auditor of Company if
	a. All the partners of partnership firm are chartered accountants b. If at least one partner of partnership firm is chartered accountant c. If majority of partners of the firm is of chartered accountants d. If at least 2/3rd partners of the firm are chartered accountants
90.	In case of partnership firm as auditor of company, audit report shall be signed by:
	a. Any partner of the partnership firm b. Any CA employee of the firm c. All CA partner of the firm d. Any CA partner of the firm
91.	An individual is disqualified for appointment as auditor of Co
	a. If he is holding security of co having total face value exceeding Rs. 1 Lakh b. If he is holding security of co having total face value exceeding Rs. 1,000/- c. If he is holding any security of company, irrespective of face value of security d. None of these

82.	c	83.	d	84.	d	85.	d	86.	a	87.	a	88.	d	89.	c	90.	d	91.	c
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92.	An individual is disqualified for appointment as auditor of co if a. His father is holding security of co having total face value of Rs 1 Lakh b. His father is holding security of co having total face value exceeding Rs. 1 Lakh c. His sister's husband is holding security of co having total face value exceeding Rs. 1 Lakh d. His step daughter is holding security of co having total face value exceeding Rs. 1 Lakh
93.	If a relative acquires security exceeding Rs 1 Lakh, then auditor shall take corrective action within _____ days of such acquisition so as to maintain the limit of Rs 1 Lakh. a. 60 b. 30 c. 90 d. 120
94.	An individual is disqualified for appointment as auditor of co if he is indebtedness to co a. Rs. 5,00,000 b. Exceeding Rs. 5,00,000 c. Exceeding Rs. 1,00,000 d. Any amount
95.	Which of the following transaction is not covered within the meaning of business relationship for the purpose of disqualification of auditor a. Commercial transactions which are in the nature of professional services permitted to be rendered by an auditor under the Co Act, 2013 and Chartered Accountants Act, 1949 and rules or regulations made under those Acts b. Commercial transaction which are in the ordinary course of business of the company at arm's length price - like sale of product or services to the auditor, as customer, in the ordinary course of business. c. Both (a) and (b) d. None of these
96.	A person shall not be appointed as auditor of co, if a. His relative is director of the company b. His relative is in the employment of company as key managerial personnel c. Both (a) and (b) d. His relative is manager of subsidiary company of the company
97.	Audit of which of the following companies is excluded from ceiling limit of audit a. Government Companies b. Private Limited Company having paid up share capital Rs 100 Crore or more c. Audit of Public Companies d. Dormant Companies
98.	A person shall not be appointed as auditor of co if he has been convicted by court for an offence involving fraud and a period of _____ years has not been elapsed since such conviction a. 10 Years b. 7 Years c. 8 Years d. 5 Years
99.	Which of the following is not disqualification of company's auditor a. Any person who is officer or employee of the company b. Any person who is indebtedness to company exceeding Rs. 5,00,000 c. Any person who has been convicted by court for an offence involving fraud and a period of 10 years has not been elapsed since the date of such conviction d. Any person who is officer or employee of holding co or subsidiary company of the company
100.	Audit of private limited company is exempted from ceiling on number of audits if its a. Paid up share capital is less than Rs. 10 crore b. Paid up share capital is less than 20 crore c. Paid up share capital is less than Rs. 50 crore d. Paid up share capital is less than Rs. 100 crore

92.	b	93.	a	94.	b	95.	c	96.	c	97.	d	98.	a	99.	d	100.	d
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101.	First auditor of non- government company is appointed
	<ul style="list-style-type: none"> a. By BOD within 1 month of incorporation of Co b. By BOD within 30 days of incorporation of Co c. By Members within 90 days of incorporation of Co d. By Members within 60 days of incorporation of Co
102.	First auditor of government company is appointed
	<ul style="list-style-type: none"> a. By BOD within 1 month of incorporation of co b. By CAG within 1 month of incorporation of co c. By CAG within 60 days of incorporation of Co d. By Members within 90 days of incorporation of Co
103.	Subsequent auditor of non-government company is a appointed
	<ul style="list-style-type: none"> a. By Members in EGM by passing ordinary resolution b. By Members in AGM by passing special resolution c. By Members in AGM by passing ordinary resolution d. By BOD in Board Meeting
104.	Subsequent auditor of government company is appointed by CAG within _____ days from commencement of FY which is subject to audit
	<ul style="list-style-type: none"> a. 60 days b. 180 days c. 120 days d. 150 days
105.	The provision of section 139(1) are applicable to all companies except:
	<ul style="list-style-type: none"> a. Government Companies b. One person companies c. Dormant companies d. None of these
106.	The auditor shall furnish his written consent and a certificate to the company
	<ul style="list-style-type: none"> a. Before his appointment b. Within 15 days of his appointment c. Not required to furnish d. None of these
107.	Which of the following Form is filed by Co with ROC as intimation of appointment of subsequent auditor
	<ul style="list-style-type: none"> a. ADT-1 b. ADT-2 c. ADT-3 d. ADT-4
108.	ADT-1 is filed with ROC within
	<ul style="list-style-type: none"> a. Within 15 days of appointment of auditor b. Within 30 days of appointment of auditor c. Within 1 month of appointment of auditor d. Within 60 days of appointment of auditor
109.	Tenure of subsequent auditor of non-government company is
	<ul style="list-style-type: none"> a. Till conclusion of next AGM b. Till conclusion of 5th AGM c. Till conclusion of 5 years. d. Till conclusion of 6th AGM
110.	Tenure of subsequent auditor of government company is
	<ul style="list-style-type: none"> a. Till conclusion of next AGM b. Till conclusion of 5th AGM c. Till conclusion of 5 years d. Till conclusion of 6th AGM

101.	b	102.	c	103.	c	104.	b	105.	a	106.	a	107.	a	108.	a	109.	d	110.	a
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111.	If at AGM no auditor is appointed or reappointed, the following consequence will be there a. CG shall appoint the auditor \
	b. CAG shall appoint the auditor
	c. Existing auditor shall continue to be auditor of company
	d. Due to casual vacancy, BOD shall appoint the auditor
112.	Which of the following company in required to constitute an audit committee a. Listed Company
	b. Small Company
	c. One Person Company
	d. All of these
113.	Before making any appointment or reappointment of auditor also including filling of casual vacancy recommendation of _____ shall be considered if company falls under section 177(1). a. Board of Director
	b. Audit Committee
	c. Tribunal
	d. Company Law Board
114.	Any casual vacancy in the office of auditor of non-government company is filled by a. Members within 15 days
	b. Members within 30 days
	c. BOD within 15 days
	d. BOD within 30 days
115.	Any casual vacancy in the office of auditor of government company is filled by a. BOD within 30 days
	b. CAG within 30 days
	c. CAG within 60 days
	d. Members within 90 days
116.	If vacancy in the office of auditor of other than government company is caused by resignation by auditor, then appointment by BOD shall also be approved by company at general meeting within _____ months of the recommendation of BOD a. 1
	b. 3
	c. 5
	d. 6
117.	Which of the following in not a case of casual vacancy in the office of auditor of company a. Death of person appointed as auditor
	b. Dissolution of partnership firm appointed as auditor
	c. Refusal of appointment by auditor
	d. If any disqualification is attracted to auditor after appointment of auditor
118.	Any auditor appointed to fill a casual vacancy shall hold office of auditor of company a. Till conclusion of 6th AGM
	b. Till conclusion of next AGM
	c. Till he submits his audit report
	d. None of these
119.	At any AGM, a retiring auditor may be re-appointed if a. He is not disqualified for re-appointment
	b. He has not given the company a notice in writing of his unwillingness to be re-appointed
	c. A special resolution has not been passed at that AGM appointing some other auditor or providing expressly that he shall not be re-appointed.
	d. All of above

111.	c	112.	a	113.	b	114.	d	115.	b	116.	b	117.	c	118.	b	119.	d
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120.	Remuneration of auditor of company is fixed
	<ul style="list-style-type: none"> a. By company in general meeting b. By BOD of Co c. By CG d. By CAG
121.	Remuneration of auditor of government company is fixed
	<ul style="list-style-type: none"> a. By company in general meeting b. By BOD of Co c. By CG d. By CAG
122.	At any AGM, a retiring auditor may be re-appointed if
	<ul style="list-style-type: none"> a. He is not disqualified for re-appointment b. He has not given the company a notice in writing of his unwillingness to be re-appointed c. A special resolution has not been passed at AGM appointing some other auditor or providing expressly that he shall not be reappointed. d. All of the above
123.	Rotation of auditor is not applicable on
	<ul style="list-style-type: none"> a. Dormant Company b. One Person Company c. Small Company d. Both (b) and (c)
124.	Rotation of auditor is applicable on unlisted public company if
	<ul style="list-style-type: none"> a. Its paid up share capital is more than Rs 10 Crore b. Its paid up share capital is equal to or more than Rs 10 Crore c. Its paid up share capital is more than Rs. 50 Crore d. Its paid up share capital is equal to or more than Rs 50 Crore.
125.	Rotation of auditor is applicable of private limited company if
	<ul style="list-style-type: none"> a. Its paid up share capital is more than Rs 10 Crore b. Its paid up share capital is equal to or more than Rs 10 Crore c. Its paid up share capital is more than Rs 50 Crore d. Its paid up share capital is equal to or more than Rs 50 Crore
126.	Rotation of auditor is always applicable on
	<ul style="list-style-type: none"> a. Listed Companies b. Government Companies c. Private Limited Companies d. All of these
127.	If rotation of auditor is applicable on company, term of an individual auditor will be
	<ul style="list-style-type: none"> a. One term of 5 consecutive years b. Two terms having 5 consecutive years in each term c. Till conclusion of next AGM d. None of these
128.	If rotation of auditor is applicable on company, term of partnership firm as auditor will be
	<ul style="list-style-type: none"> a. 10 Years b. Two terms having 5 consecutive years in each term c. Till conclusion of next AGM d. None of these
129.	A break in the term for continuous period of _____ years shall be considered as fulfilling the requirement of rotation
	<ul style="list-style-type: none"> a. 1 Year b. 5 Years c. 10 Years d. 20 Years

120.	a	121.	a	122.	d	123.	d	124.	b	125.	d	126.	a	127.	a	128.	b	129.	b
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130.	As on date of appointment no audit firm having a common partner or partners to audit firm, whose tenure has expired in a company, shall be appointed as auditor of the same company for a period of _____ years a. 1 b. 3 c. 5 d. 10
131.	Which of the following services is not prohibited for auditor of company a. Internal Audit b. Tax Audit c. Book-keeping d. Actuarial Service
132.	Which of the following is prohibited service for auditor of company a. Tax Audit b. Income Tax Representative c. Tax Consultant d. None of these
133.	Pick the odd one out w.r.t. auditor of company a. Representing client before taxation authorities b. Management Services c. Internal Audit d. Actuarial Service
134.	Auditor shall not render prohibited services as specified u/s 144 of the Co Act, to a. The Company b. Holding Company of the Company c. Subsidiary Company of the Company d. All of the above
135.	Auditor shall not render prohibited services to the company or its holding company or its subsidiary company _____ a. Directly b. Indirectly c. Directly or Indirectly d. None of these
136.	Which one of the following is incorrect a. Auditor of company can be appointed as internal auditor of holding company of the company. b. Auditor of company can be appointed as internal auditor of associate company of the company. c. Any relative of auditor cannot be appointed as internal auditor of the company d. Any partner of auditor cannot be appointed as internal auditor of the company.
137.	Which of the following is not mentioned along with signing on audit report a. Membership number of individual/partner b. Firm's registration number in case of partnership firm as auditor c. Date d. Time
138.	In case of removal of auditor under section 140 (1), an application for obtaining approval of such removal is made to a. CG b. CAG c. ROC d. NCLT
139.	CG approval is required when auditor is to be removed a. After expiry of term b. Before expiry of term c. By order of tribunal d. All of the above

130.	c	131.	b	132.	d	133.	a	134.	d	135.	c	136.	a	137.	d	138.	a	139.	b
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140.	For removal of auditor before expiry of term of auditor, which of the following form is filed with CG for getting approval of such removal
	a. ADT-1 b. ADT-2 c. ADT-3 d. ADT-4
141.	Which of the following form is filed by auditor in case of his resignation
	a. ADT-1 b. ADT-2 c. ADT-3 d. ADT-4
142.	In case of resignation by auditor, ADT-3 shall be filed by auditor within _____ days of resignation
	a. 7 b. 10 c. 15 d. 30
143.	In case resigning auditor does not file ADT-3 as required, the minimum penalty shall be
	a. Rs 50,000 b. Remuneration of auditor c. Rs 50,000 or remuneration of auditor, which is less d. Rs 50,000 or remuneration of auditor, whichever is higher
144.	Under section 140(4), the retiring auditor is entitled to
	a. Make a representation against his removal b. Request the company to circulate the representation to members c. Personally communicate the members on one to one basis d. Both (a) and (b)
145.	_____ may order that the representation received u/s 140(4) shall not be circulated and read out at meeting
	a. CAG b. ROC c. Tribunal d. CG
146.	Under section 140(5), the power of order to change of auditor has been given to
	a. Tribunal b. CAG c. ROC d. BOD
147.	Any auditor removed under section 140(5) shall not be appointed as auditor of any company for a period of _____ years from the date of order of Tribunal
	a. 10 b. 8 c. 5 d. 3
148.	Special notice is requires when auditor is to be removed
	a. After expiry of term b. Before expiry of term c. By order of Tribunal d. All of the above
149.	If the branch office is situated in a country outside India, the accounts of the branch office shall be audited by
	a. The Company's Auditor b. By An Accountant c. By any other person duly qualified to act as an auditor of the accounts of the branch office in accordance with the laws of that country d. Any of the above

140.	b	141.	c	142.	d	143.	c	144.	d	145.	c	146.	a	147.	c	148.	b	149.	d
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150.	Which of the following is incorrect a. Branch office in relation to company means any establishment described as branch by the company. b. The provisions of regarding reporting of fraud by the auditor shall not be applicable to the branch auditor. c. The duties and power of the company's auditor with reference to the audit of the branch and branch auditor, if any, shall be as contained u/s 143(1) to 143(4). d. The branch auditor shall prepare a report on the accounts of the branch examined by him and sent it to the auditor of the company who shall deal with it in his report in such manner as he considers necessary.
151.	Auditor's right to access to books of account and vouchers of company extends to all the books a. Kept at registered office b. Kept at any other place c. Kept at registered office or at any other place d. He is not entitled to such a right
152.	The auditor should comply with Auditing Standards. It is _____ of the auditor a. Right b. Duty c. Moral responsibility d. None of these
153.	Under section 143(3), auditor has duty to report on internal financial controls of the company. However, this requirement shall not apply to a. A listed company b. A foreign company c. One Person Company d. A Public Company
154.	Reporting on fraud is made by auditor to CG a. Within 2 days of his knowledge of fraud b. Within 15 days of his knowledge of fraud c. Within 45 days of his knowledge of fraud d. Within 60 days of his knowledge of fraud
155.	Reporting on fraud is made by auditor to CG when fraud amount is a. Exceeding Rs. 10 Lakhs b. Exceeding Rs. 50 Lakhs c. Exceeding Rs. 1 Crore d. Rs. 1Crore or above
156.	Reporting on fraud is made by auditor to CG in statement in the form a. ADT-1 b. ADT-2 c. ADT-3 d. ADT-4
157.	For the purpose of reporting on fraud to CG, CG means a. ROC b. CBI c. Director General d. Secretary of Ministry of Corporate Affairs
158.	Which of the following is not a "right of auditor": a. To attend general meetings b. To receive all notices and other communications relating to any general meeting c. To be heard at such meeting on any part of the business which concerns him as the auditor d. None of the above
159.	Internal Audit may cover aspects _____ a. Financial b. Non Financial c. Both a and b d. None of these

150.	b	151.	c	152.	b	153.	c	154.	d	155.	d	156.	d	157.	d	158.	d	159.	c
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160.	Internal auditor is appointed by
	<ul style="list-style-type: none"> a. Management b. The shareholders c. CG d. External auditor
161.	The area of work is determined by management
	<ul style="list-style-type: none"> a. Insurance audit b. Sole proprietorship audit c. Internal audit d. Bank audit
162.	Audit assists the management in finding out new ideas for marketing and other business areas.
	<ul style="list-style-type: none"> a. Secretarial audit b. Insurance audit c. Internal audit d. Tax audit
163.	The auditor shall address audit report on the financial statement of company
	<ul style="list-style-type: none"> a. To BOD of Company b. To the Members of Company c. To CG d. To ROC
164.	The date on auditor's report shall be
	<ul style="list-style-type: none"> a. As on balance sheet date b. Any date after balance sheet date c. After balance sheet date but not earlier than the date of approval of financial statement of the entity d. Date of AGM
165.	A copy of the financial statements, including consolidated financial statement, if any, along with all the documents which are required to be or attached to such financial statements under companies act, 2013 duly adopted at the annual general meeting of the company, shall be filed with the registrar within _____ of the date of annual general meeting.
	<ul style="list-style-type: none"> a. forty days b. thirty days c. fifteen days d. twenty days
166.	Where the financial statements are not adopted at annual general meeting or adjourned annual general meeting-
	<ul style="list-style-type: none"> a. Such unadopted financial statements shall be filed with the Registrar provisionally within thirty days of the date of AGM till the financial statements are filed with him after their adoption in the adjourned annual general meeting for that purpose. b. The financial statements are not required to be filed with the Registrar. c. Such unadopted financial statements shall be filed with the Registrar provisionally within fifteen days of the date of AGM till the financial statements are filed with him after their adoption in the adjourned annual general meeting for that purpose. d. None of the above
167.	Financial statements adopted in the adjourned annual general meeting shall be filed with the Registrar within _____ of the date of such adjourned annual general meeting
	<ul style="list-style-type: none"> a. fifteen days b. thirty days c. ten days d. sixty days
168.	One Person Company shall file a copy of the financial statements duly adopted by its member, along with all the documents which are required to be attached to such financial statements, within
	<ul style="list-style-type: none"> a. One hundred eighty days from the date of AGM. b. One hundred twenty days from the closure of the financial year. c. Thirty days from the closure of the financial year. d. one hundred eighty days from the closure of the financial year

160.	a	161.	c	162.	c	163.	b	164.	c	165.	b	166.	a	167.	b	168.	d
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169.	As per section 138 of the Companies Act, 2013, internal auditor, who shall either be a:
	<ul style="list-style-type: none"> a. chartered accountant b. cost accountant c. such other professional as may be decided by the Board d. All of the above
170.	As per section 138 of the Companies Act, 2013, the term "Chartered Accountant" or "Cost Accountant" shall mean a
	<ul style="list-style-type: none"> a. "Chartered Accountant" or a "Cost Accountant", as the case may be, whether engaged in practice or not. b. "Chartered Accountant" or a "Cost Accountant", as the case may be, engaged in practice. c. "Chartered Accountant" or a "Cost Accountant", as the case may be, not engaged in practice. d. None of the above
171.	Internal Auditor shall be applicable to
	<ul style="list-style-type: none"> a. listed Company, b. Unlisted Company having: <ul style="list-style-type: none"> 1. Paid up share capital of _____ during the preceding financial year; 2. Turnover of _____ during the preceding financial year; or 3. Outstanding loans or borrowings from banks or public financial institutions exceeding _____ at any point of time during the preceding financial year; or 4. Outstanding deposits of _____ at any point of time during the preceding financial year. <ul style="list-style-type: none"> a. two hundred crore rupees or more; fifty crore rupees or more; one hundred crore rupees or more, twenty-five crore rupees or more. b. fifty crore rupees or more; two hundred crore rupees or more; one hundred crore rupees or more, twenty-five crore rupees or more. c. one hundred crore rupees or more; fifty crore rupees or more; two hundred crore rupees or more; twenty-five crore rupees or more. d. twenty-five crore rupees or more; two hundred crore rupees or more; one hundred crore rupees or more, fifty crore rupees or more.
172.	Internal Auditor shall be applicable to private company:
	<ul style="list-style-type: none"> 1. Turnover of _____ during the preceding financial year; or 2. outstanding loans or borrowings from banks or public financial institutions exceeding _____ at any point of time during the preceding financial year <ul style="list-style-type: none"> a. two hundred crore rupees or more; one hundred crore rupees or more b. one hundred crore rupees or more; two hundred crore rupees or more c. five hundred crore rupees or more; one hundred crore rupees or more d. two hundred crore rupees or more; two hundred crore rupees or more
173.	In listed companies, director's responsibility statement should have responsibility statement for Internal Financial Controls over Financial Reporting?
	<ul style="list-style-type: none"> a. Yes, it is required by Sec 134 b. No, it should contain statement about overall Internal Financial Controls not just IFCFR c. Yes, it should be specific just controls over financial reporting d. Yes, Internal Financial Control is part of Internal Financial Control over financial reporting
174.	Which of the following companies are required to appoint internal auditor to conduct internal audit of books of accounts of the companies?
	<ul style="list-style-type: none"> a. Listed company b. Unlisted public company having paid up share capital of Rs. 50 Cr or more during preceding financial year c. Unlisted public company having outstanding deposits of Rs. 25 Cr or more at any time during preceding financial year d. All of the above
175.	In case of public or private companies having turnover of Rs Cr or more during preceding financial year shall require to appoint internal auditor to conduct internal audit of books of accounts
	<ul style="list-style-type: none"> a. 50 b. 100 c. 150 d. 200
176.	In case of public or private companies having outstanding loans or borrowings from bank or public financial institutions exceeding Rs Cr at any time during preceding financial year shall require to appoint internal auditor to conduct internal audit of books of accounts
	<ul style="list-style-type: none"> a. 50 b. 100 c. 150 d. 200

169.	d	170.	a	171.	b	172.	a	173.	a	174.	d	175.	d	176.	b
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177.	<p>With respect to the forms specified by companies (Cost Records & Audit) Rule 2014, which of the following is incorrect combination:-</p> <p>a. Form CRA 1- Maintenance of cost records by the Company. b. Form CRA 2- Intimation of appointment of another cost auditor to Central Government. c. Form CRA 3- Submission of Cost Audit Report to the Board of Directors of the company. d. Form CRA 4- Submission of Cost Audit Report by the company to the Registrar.</p>
178.	<p>Statement I: A firm whereof majority of partners practicing in India are qualified for appointment may be appointed by its firm name to be auditor of a company.</p> <p>Statement II: Where a firm including a limited liability partnership is appointed as an auditor of a company, all the partners shall be authorized to act and sign on behalf of the firm.</p> <p>a. Only Statement I is correct b. Only Statement II is correct c. Both statements are correct d. Both Statements are incorrect</p>
179.	<p>Which of the following is correct :</p> <p>a. A firm whereof all the partners practising anywhere are qualified for appointment may be appointed by its firm name to be auditor of a company. b. A firm whereof majority of partners practising anywhere are qualified for appointment may be appointed by its firm name to be auditor of a company. c. A firm whereof all the partners practising in India are qualified for appointment may be appointed by its firm name to be auditor of a company. d. A firm whereof majority of partners practising in India are qualified for appointment may be appointed by its firm name to be auditor of a company.</p>
180.	<p>As per Section 139(6), the first auditor of a company, other than a Government company, shall be appointed</p> <p>a. by the Board of Directors within 30 days from the date of registration of the company. b. by the audit committee within 30 days from the date of registration of the company. c. by the Managing Director within 30 days from the date of registration of the company. d. by the shareholders within 30 days from the date of registration of the company.</p>
181.	<p>Where a company is required to constitute an Audit Committee under section 177,</p> <p>a. all appointments, including the filling of a casual vacancy of an auditor under this section shall be made after taking into account the recommendations of such committee. b. all appointments, excluding the filling of a casual vacancy of an auditor under this section shall be made after taking into account the recommendations of such committee. c. appointment of first auditors shall be made after taking into account the recommendations of such committee. d. appointment of subsequent auditors shall be made after taking into account the recommendations of such committee.</p>
182.	<p>which of the following is incorrect :</p> <p>a. In terms of the general principles of law, any person having the lawful possession of somebody else's property, on which he has worked, may retain the property for non-payment of his dues on account of the work done on the property. b. Under section 128 of the Act, books of account of a company must be kept at the registered office. These provisions ordinarily make it impracticable for the auditor to have possession of the books and documents. c. The company provides reasonable facility to auditor for inspection of the books of account by directors and others authorized to inspect under the Act. d. working papers not being his own property, auditor can exercise lien on working papers.</p>
183.	<p>Springfield Hospital located in the rural area of Lonawala region is a government hospital run by the local doctors who are appointed by the government. The hospital was registered on 1 October 2018. Which of the following is correct in respect of the appointment of the first auditor for Springfield Hospital?</p> <p>a. The Board of Directors of the hospital have appointed the first auditor on 5th November 2018. b. The Comptroller Auditor-General of India appointed the first auditor on 15th December 2018. c. Since the Comptroller Auditor-General of India did not appoint the first auditor, the Board of Director appointed the first auditor on 15th December 2018. d. Since the Comptroller Auditor-General of India did not appoint the first auditor, the Board of Director appointed the first auditor on 10th November 2018.</p>

177.	c	178.	a	179.	d	180.	a	181.	a	182.	d	183.	c
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184.	<p><i>ABC Ltd. is a company dealing in products namely chocolate and coffee. ABC Ltd. approached audit firm XYZ & Associates for the statutory audit of its financial statements for the year ended 31.03.2019. The Gross turnover of the company is Rs.105 crores, out of which turnover from one of its product namely coffee is of Rs.95 crores during the immediate preceding Financial Year.</i></p> <p><i>During the course of Audit, XYZ & Associates found certain delay in the payment of the Employees Provident Fund by ABC Ltd. They understand that the same need to be reported under the relevant provisions of Companies (Auditors Report) Order 2016.</i></p> <p><i>During the FY 2018-2019, Mrs. X wife of CA Mr. X who is partner in XYZ & Associates acquires certain shares of ABC Ltd. The audit firm is of the opinion that this may call for a disqualification for the firm for being working as the auditor of the company under the relevant provisions of the Companies Act 2013.</i></p> <p><i>Further, ABC Ltd. also approached the auditors to provide them the Investment Banking service to which the auditors denied as per the provisions of Companies Act 2013.</i></p> <p><i>During the course of audit, XYZ & Associates has reason to believe that an offence of fraud involving some amount has been committed in the ABC Ltd. by its General Manager. The auditors understand that there is a requirement for reporting of fraud by the auditors under the Companies Act and the relevant rules.</i></p> <p><i>Based on the above facts, answer the following:-</i></p> <p><i>After the appointment of XYZ & Associates, ABC Ltd. should inform the auditor and file a notice of such appointment with registrar within:-</i></p> <ol style="list-style-type: none"> 60 days 30 days 15 days 20 days
185.	<p><i>If Mrs. X acquires security exceeding the prescribed limit in the ABC Ltd., then XYZ & Associates shall take corrective actions within.....days. What is the prescribed limit:-</i></p> <ol style="list-style-type: none"> 100 days, Market Value Rs 1,00,000 60 days, Face value Rs 1,00,000 90 days, Face value Rs 1,00,000 15 days, Market Value Rs 1,00,000
186.	<p><i>Under which section reporting of fraud by an auditor to the Central Government is required and what is the amount of fraud:-</i></p> <ol style="list-style-type: none"> Section 143(12), 1 crore & above Section 139(12), 1 crore & above Section 143(12), 2 crore & above None of the above
187.	<p><i>What is the requirement for ABC Ltd as per the relevant provisions regarding maintenance of cost records:-</i></p> <ol style="list-style-type: none"> Maintenance of cost records is mandatory, in form CRA 1. Maintenance of cost records is mandatory, in form CRA 2. Maintenance of cost records is mandatory, in any general format. No requirement of maintenance of cost records.
188.	<p><i>Section 139(7) provides that in the case of a Government company or any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government, or Governments, or partly by the Central Government and partly by one or more State Governments, the first auditor shall be appointed by the Comptroller and Auditor-General of India _____ from the date of registration of the company.</i></p> <ol style="list-style-type: none"> within 60 days within 30 days within 90 days within 45 days
189.	<p><i>As per Section 139(8), any casual vacancy in the office of an auditor shall in the case of a company other than a company whose accounts are subject to audit by an auditor appointed by the Comptroller and Auditor-General of India,</i></p> <ol style="list-style-type: none"> be filled by the Audit committee within 60 days. be filled by the Audit committee within 30 days. be filled by the Board of Directors within 60 days. be filled by the Board of Directors within 30 days.
190.	<p><i>As an auditor what conclusion can Mr. Laxman draw looking at the huge cash reserve of the company and corresponding bank loan?</i></p> <ol style="list-style-type: none"> Report this matter to the Central Government u/s 143(12) as there is a possibility of fraud Obtain sufficient and appropriate audit evidence of existence of fraud Report the matter under CARO, 2020 There is nothing to report as it's a normal financial decision.

184.	c	185.	b	186.	a	187.	a	188.	a	189.	b	190.	b
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191.	As per section 140(2) the auditor who has resigned from the company shall-
	<ul style="list-style-type: none"> a. file within a period of 60 days from the date of resignation, a statement in the prescribed Form ADT-3 (as per Rule 8 of CAAR) with the company and the Registrar b. file within a period of 30 days from the date of resignation, a statement in the prescribed Form ADT-3 (as per Rule 8 of CAAR) with the company and the Registrar c. file within a period of 30 days from the date of resignation, a statement in the prescribed Form ADT-3 (as per Rule 8 of CAAR) with the company. d. file within a period of 60 days from the date of resignation, a statement in the prescribed Form ADT-3 (as per Rule 8 of CAAR) with the company.
192.	Which of the following is correct :
	<ul style="list-style-type: none"> a. As per section 142 of the Act, the remuneration of the auditor of a company shall be fixed in its general meeting or in such manner as may be determined therein. b. As per section 142 of the Act, the remuneration of the auditor of a company shall be fixed in its general meeting. c. As per section 142 of the Act, the remuneration of the auditor of a company shall be fixed in its extra ordinary general meeting. d. As per section 142 of the Act, the remuneration of the auditor of a company shall be fixed in its Board meeting or in such manner as may be determined therein.
193.	In case of a fraud involving less than ` 1 crore, the auditor shall
	<ul style="list-style-type: none"> a. report the matter to the audit committee constituted under section 177 or to the Board in other cases within such time and in such manner as prescribed. b. report the matter to the audit committee constituted under section 177 within such time and in such manner as prescribed. c. report the matter to the Board within such time and in such manner as prescribed. d. report the matter to the audit committee constituted under section 177 and also to the Board within such time and in such manner as prescribed
194.	Which of the following is incorrect :
	<ul style="list-style-type: none"> a. According to Section 140(1), the auditor appointed under section 139 may be removed from his office before the expiry of his term only by a special resolution of the company, after obtaining the previous approval of the Central Government in that behalf as per Rule 7 of CAAR, 2014- b. The application to the Central Government for removal of auditor shall be made in Form ADT -2 and shall be accompanied with fees as provided for this purpose under the Companies (Registration Offices and Fees) Rules, 2014. c. The application shall be made to the Central Government within 30 days of the resolution passed by the Board. d. The company shall hold the general meeting within 30 days of receipt of approval of the Central Government for passing the special resolution.
195.	Mr. Laxman is appointed as statutory auditor of Best Limited for the Financial Year ended 31st March, 2020. During the course of audit, it was found that few doubtful transactions had been committed by finance manager who retired in March, 2020. The fraud was going on since last 4-5 years and the total amount misappropriated is approximately ` 75 lacs. Balance sheet of Best Ltd. reflected a cash balance of ` 7 crores. The company has taken a loan of ` 2 crores from the bank despite of the huge cash balance with the company. Also, Companies Act bestows some duties on auditors to report matters to Central Government in case of fraud. On the basis of above facts answer below questions in relation to Mr. Laxman's role and duties while conducting statutory audit of Best Limited. As per Section 143 (12) of Companies Act, 2013 & Rule 13 of CAAR, 2014; Mr. Laxman shall
	<ul style="list-style-type: none"> a. report the matter to the audit committee constituted under section 177 or to the Board in other cases within such time and in such manner as prescribed. b. report the matter to the audit committee constituted under section 177 within such time and in such manner as prescribed. c. report the matter to the audit committee constituted under section 177 and also to the Board within such time and in such manner as prescribed. d. report the matter to the Board within such time and in such manner as prescribed.
196.	Which of the following is not an advantage of Joint Audit :
	<ul style="list-style-type: none"> a. Sharing of expertise. b. General superiority complexes of some auditors. c. Lower workload. d. Displacement of the auditor of the company taken over in a take - over often obviated.

191.	b	192.	a	193.	a	194.	d	195.	a	196.	b
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197.	<p>Which of the following is correct :</p> <p>a. Under section 128 of the Act, books of account of a company must be kept at the registered office. b. Under section 128 of the Act, books of account of a company must be kept at the corporate office. c. Under section 128 of the Act, books of account of a company must be kept at the Head office of the company. d. Under section 128 of the Act, books of account of a company must be kept at the usual place of business.</p>
198.	<p>CA. Daffy is the auditor of xBose Ltd. for the previous 2 years. However, due to certain unavoidable circumstances, no Annual General Meeting (AGM) was held for the current Financial Year ending on 31st March, 2018 within every possible time limit and thus, the ratification procedure for her appointment in the AGM could not be performed. Whether she may continue to hold the office of the auditor?</p> <p>a. CA. Daffy may continue to hold the office of the auditor for the current Financial Year only and thereafter shall resign herself as the ratification procedure could not be completed. b. CA. Daffy shall continue to hold the office of the auditor and ask the Board to re-appoint her in a private meeting. c. CA. Daffy shall continue to hold the office of the auditor as no such ratification provisions for appointment by members at every AGM exist. d. CA. Daffy shall not continue to hold office of the auditor as the ratification procedure could not be completed as per proviso to section 139(1) of the Companies Act, 2013.</p>
199.	<p>Under sub-section (3) of section 141 along with Rule 10 of the Companies (Audit and Auditors) Rules, 2014 (hereinafter referred as CAAR), the following persons shall not be eligible for appointment as an auditor of a company, namely- a limited liability partnership registered under the Limited Liability Partnership Act, 2008; an officer or employee of the company; a person who is a partner, or who is in the employment, of an officer or employee of the company; a person who, or his relative or partner is holding any security of or interest in the company or its subsidiary, or of its holding or associate company or a subsidiary of such holding company. It may be noted that the relative may hold security or interest in the company of face value not exceeding Rs. 1,00,000.</p> <p>Which of the above is incorrect :</p> <p>a. All statements are incorrect. b. (i) and (ii) c. (i) only d. (iv) only</p>
200.	<p>A company did not disclose accounting policies required to be disclosed under Schedule III or any other provisions of the Companies Act, 2013, the auditor should issue-</p> <p>a. a qualified opinion b. an adverse opinion c. a disclaimer of opinion d. Emphasis of matter paragraph.</p>
201.	<p>Which of the following is correct as per section 143(10) of the Companies Act, 2013 :</p> <p>a. IFAC may prescribe the standards of auditing as recommended by the Institute of Chartered Accountants of India, in consultation with and after examination of the recommendations made by the National Financial Reporting Authority. b. the International Auditing Standards Board may prescribe the standards of auditing as recommended by the Institute of Chartered Accountants of India, in consultation with and after examination of the recommendations made by the National Financial Reporting Authority. c. MCA may prescribe the standards of auditing as recommended by the Institute of Chartered Accountants of India, in consultation with and after examination of the recommendations made by the National Financial Reporting Authority. d. Central Government may prescribe standards of auditing as recommended by Institute of Chartered Accountants of India, in consultation with and after examination of the recommendations made by the National Financial Reporting Authority.</p>
202.	<p>Which of the following is not a duty of auditor to report under section 143 (1)</p> <p>a. whether loans and advances made by the company on the basis of security have been properly secured and whether the terms on which they have been made are prejudicial to the interests of the company or its members; b. whether transactions of the company which are represented merely by book entries are prejudicial to the interests of the company; c. where the company not being an investment company or a banking company, whether so much of the assets of the company as consist of shares, debentures and other securities have been sold at a price less than that at which they were purchased by the company; d. whether the report on the accounts of any branch office of the company audited under sub-section (8) by a person other than the company's auditors has been sent to him under the proviso to that sub-section and the manner in which he has dealt with it in preparing his report;</p>

197.	a	198.	c	199.	c	200.	a	201.	d	202.	d
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203.	<p>Who among the following is required to comply with Section 149(8) read with Schedule IV to the companies Act, 2013 ?</p> <p>a. Board of Directors b. Audit Committee c. Statutory Auditor d. Independent Directors</p>															
204.	<p>The first auditor of SW Limited was appointed by Board of Directors of SW Limited. One of the employee of SW Limited named Mr. Y was of the opinion that remuneration of first auditor of SW Limited would be decided only by the Members of SW Limited in First Annual General Meeting of SW Limited.</p> <p>The opinion of Mr. Y is incorrect because remuneration of first auditor of SW Limited may be decided by:</p> <p>a. Only Members of SW Limited. b. Only Members of SW Limited in Second Annual General Meeting of SW Limited. c. Only in EGM of SW Limited. d. Board of Directors of SW Limited.</p>															
205.	<p>The information related to four companies is provided as follows:</p> <table border="1"> <thead> <tr> <th>NAME OF THE COMPANY</th> <th>NATURE OF THE COMPANY</th> <th>TURNOVER ACCORDING TO THE LAST AUDITED FINANCIAL STATEMENTS</th> </tr> </thead> <tbody> <tr> <td>Z1 Limited</td> <td>Public Limited Company</td> <td>160 crore</td> </tr> <tr> <td>Y2 Limited</td> <td>Public Limited Company</td> <td>180 crore</td> </tr> <tr> <td>N3 Private Limited</td> <td>Public Limited Company</td> <td>56 crore</td> </tr> <tr> <td>M4 Private Limited</td> <td>Public Limited Company</td> <td>43 crore</td> </tr> </tbody> </table> <p>Which of the above mentioned company or companies is required to constitute an Audit Committee:</p> <p>a. Only M4 Private Limited. b. Both M4 Private Limited and N3 Private Limited. c. Both Y2 Limited and N3 Private Limited. d. Both Y2 Limited and Z1 Limited</p>	NAME OF THE COMPANY	NATURE OF THE COMPANY	TURNOVER ACCORDING TO THE LAST AUDITED FINANCIAL STATEMENTS	Z1 Limited	Public Limited Company	160 crore	Y2 Limited	Public Limited Company	180 crore	N3 Private Limited	Public Limited Company	56 crore	M4 Private Limited	Public Limited Company	43 crore
NAME OF THE COMPANY	NATURE OF THE COMPANY	TURNOVER ACCORDING TO THE LAST AUDITED FINANCIAL STATEMENTS														
Z1 Limited	Public Limited Company	160 crore														
Y2 Limited	Public Limited Company	180 crore														
N3 Private Limited	Public Limited Company	56 crore														
M4 Private Limited	Public Limited Company	43 crore														
206.	<p>A Partnership Firm of Chartered Accountants by the name of HK and Associates were the auditor of the company named TR Limited. Due to some reasons HK and Associates resigned from being the auditor of TR Limited. In this scenario who will appoint another auditor for TR Limited:</p> <p>a. Members of TR Limited in Annual General Meeting. b. Members of TR Limited in Extra Ordinary General Meeting. c. Board of Directors of TR Limited but such appointment need not be approved by company TR Limited in the next Annual General Meeting. d. Board of Directors of TR Limited but such appointment should be approved by company TR Limited in a General Meeting held within 3 months.</p>															
207.	<p>A Partnership Firm of Chartered Accountants by the name of HS and Associates completed its two terms of five consecutive years as auditor of Y65 Private Ltd in the financial year 2018-19. Y65 Private Ltd had a paidup share capital of Rs 58 crore. HS and Associates cannot be reappointed as auditor of Y65 Private Limited for how many years after completion of two terms of five consecutive years as auditor of Y65 Private Limited in the financial year 2018-19:</p> <p>a. 10 years. b. 5 years. c. 3 years. d. 2 years.</p>															
208.	<p>A director of YH Limited (which is not a Government Company) by the name of Mr. W was of the opinion that first auditors of YH Limited must be appointed by Members of YH Limited within 40 days from the date of registration of YH Limited. The opinion of Mr. W is incorrect because:</p> <p>a. The first auditor of YH Limited shall be appointed by Board of Directors of YH Limited within 30 days from the date of registration of YH Limited. b. The first auditor of YH Limited shall be appointed by Board of Directors of YH Limited within 60 days from the date of registration of YH Limited. c. The first auditor of YH Limited shall be appointed by Members of YH Limited within 30 days from the date of registration of YH Limited. d. The first auditor of YH Limited shall be appointed by Members of YH Limited within 60 days from the date of registration of YH Limited.</p>															

203.	d	204.	d	205.	d	206.	d	207.	b	208.	a
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209.	<p>There was a public limited company by the name of YW Limited. According to the last audited Financial Statements of YW Limited, the Paid Up Capital was Rupees 20 crore. A Partnership Firm of Chartered Accountants was required to be appointed as Auditor of YW Limited. In this scenario, which appropriate authority would consider the qualifications and experiences of Partnership Firm of Chartered Accountants for being appointed as an auditor of YW Limited considering the size and requirements of YW Limited:</p> <p>a. Members of YW Limited. b. Audit Committee of YW Limited. c. Board of Directors of YW Limited. d. Independent Directors of YW Limited.</p>
210.	<p>A private limited company by the name of WS Private Limited had a paid up share capital of Rupees 65 crore for the financial year 2018-19.</p> <p>Which one of the following statement is correct relating to Rotation of Auditor of WS Private Limited:</p> <p>a. Rotation of Auditor is applicable on WS Private Limited as WS Private Limited had a paid up share capital of more than Rupees 40 crore. b. Rotation of Auditor is applicable on WS Private Limited as WS Private Limited had a paid up share capital of more than Rupees 50 crore. c. Rotation of Auditor is not applicable on WS Private Limited as WS Private Limited had a paid up share capital of less than Rupees 100 crore. d. Rotation of Auditor is not applicable on WS Private Limited as WS Private Limited had a paid up share capital of less than Rupees 75 crore.</p>
211.	<p>ABC & Firm is a firm of chartered accountant having three partners, out of them Mr. A one of the partner is also full time employee elsewhere, moreover Mr. B is having 7 audit in his personal capacity decide with reference to provisions of section 141(3)(g) How many new audit assignment can be taken in the name of the firm?</p> <p>a. 60 Audit b. 40 Audit c. 33 Audit d. None of the above</p>
212.	<p>A statutory auditor has a right to access to which of the following documents at all times:</p> <p>a. Books, Vouchers and accounts of the company b. Books, Vouchers and accounts of the Company's subsidiary c. Books and account's of the Company's associate company d. All of the above</p>
213.	<p>Under which of the following section does the auditor have a duty to enquire into six specified matters and report by exception</p> <p>a. 141(1) b. 143(1) c. 146 d. 145</p>
214.	<p>Under Sec. 143(1), the auditor has to enquire into different aspects related to shares allotted for cash for the purpose of the auditor to include</p> <p>a. Shares against whose allotment cash has actually been received b. Shares allotted for consideration other than cash c. Shares allotted against a debt payable d. All of the above</p>
215.	<p>Which section gives an auditor right to attend AGM</p> <p>a. 142 b. 143 c. 146 d. 145</p>

209.	b	210.	b	211.	c	212.	d	213.	b	214.	d	215.	c
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216.	<p>For the purpose of Sec 141(3)(g), the number of partners of a firm which shall be taken into account would be as on the date of _____</p> <p>a. Completion of Audit b. Auditor's Report c. Acceptance of Audit d. Starting the audit work</p>
217.	<p>Mr. Narayan, a Chartered Accountant, has nineteen audits. Out of following audits, which audits should he accept to ensure he doesn't violate provisions of section 141(3)(g)</p> <p>a. Raj Ltd. A Private Company having Paid Up Share Capital of 57 Crores b. Audit of a branch of Capitol Ltd., a foreign Company c. Ganesh Ltd., a small company d. All of the above</p>
218.	<p>Mr. Y is statutory auditor of "Always on Air Limited" under Companies Act, 2013 for year 2021-22. He has to travel a lot in connection with professional audit work to different locations in India. While travelling, he prefers tickets of "Always on Air Limited". The tickets are booked by him through portal of the company at prevailing market prices. He has purchased tickets of `5,05,000/- during year 2021-22 in above manner.</p> <p>Which of the following statements is most appropriate in this regard?</p> <p style="text-align: right;"><i>(MTP Audit Inter October 2022)</i></p> <p>a. Mr. Y has become disqualified to be appointed as auditor of company by virtue of business relationship with the company. b. Such a situation has no express disqualification under Companies Act. However, there is threat to independence of Mr. Y by virtue of self-interest threats. Therefore, he should withdraw from engagement. c. Mr. Y has not incurred disqualification under Companies Act. d. Such a situation has no express disqualification under Companies Act. However, there is threat to independence of Mr. Y by virtue of advocacy threats. Therefore, he should withdraw from engagement</p>
219.	<p>During the course of audit of a listed company, CA P finds that solar power generating plant capitalized in books for `5.00 crore during the year does not exist. It became known that only bills were arranged and no assets were actually procured. Besides, financial statements also reflect depreciation of `1.50 crore on above. The bills of capitalized asset were approved by procurement head. The matter was reported to audit committee by CA P. However, no response was received. Considering above, choose the most appropriate option: -</p> <p style="text-align: right;"><i>(MTP Audit Inter Oct. 2022)</i></p> <p>a. The matter needs to be reported to MCA in ADT-4. It also requires reporting under CARO, 2020. b. The matter needs to be reported to MCA in ADT-4. It does not require reporting under CARO, 2020. c. The matter need not be reported to MCA. However, it requires reporting under CARO, 2020. d. The matter needs neither reporting to MCA nor under CARO, 2020</p>

216.	c	217.	d	218.	c	219.	a
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CARO

220.	State the correct one: a. CARO shall apply to every company except a foreign company. b. CARO shall apply to every company including a foreign company. c. CARO shall apply to every company including a foreign company who has completed 5 years in India. d. None of the above.
221.	State the correct one: CARO shall apply to every company including a foreign company except: - a. a banking companies b. an insurance companies c. a company licensed to operate under section 8 of the Companies Act, 2013 d. All of the above
222.	State the correct one: CARO shall apply to every company including a foreign company except: - a. a banking companies b. an insurance companies c. One Person Company d. All of the above
223.	State the correct one: CARO shall apply to every private company except: - a. in which paid up capital and reserves and surplus are not more than rupees one crore as on the balance sheet date. b. in which paid up capital are not more than rupees one crore as on the balance sheet date. c. in which paid up capital and reserves and surplus are not more than rupees one crore as at any point of time during the financial year d. in which paid up capital are not more than rupees one crore as at any point of time during the financial year
224.	State the correct one: CARO shall apply to every private company; however, such applicability has certain exemptions also. One of the exemptions is: a. which does not have total borrowings exceeding rupees one crore from any bank or financial institution at any point of time during the financial year b. which does not have total borrowings exceeding rupees one crore from any bank or financial institution as on the balance sheet date. c. which does not have total borrowings exceeding rupees two crore from any bank or financial institution at any point of time during the financial year d. which does not have total borrowings exceeding rupees two crore from any bank or financial institution as on the balance sheet date.
225.	State the correct one: CARO shall apply to every private company; however, such applicability has certain exemptions also. One of the exemptions is: a. which does not have a total revenue as disclosed in Schedule III to the Companies Act, 2013 (including revenue from discontinuing operations) exceeding rupees one crore during the financial year as per the financial statements. b. which does not have a total revenue as disclosed in Schedule III to the Companies Act, 2013 (including revenue from discontinuing operations) exceeding rupees five crore during the financial year as per the financial statements. c. which does not have a total revenue as disclosed in Schedule III to the Companies Act, 2013 (including revenue from discontinuing operations) exceeding rupees ten crore during the financial year as per the financial statements. d. which does not have a total revenue as disclosed in Schedule III to the Companies Act, 2013 (including revenue from discontinuing operations) exceeding rupees fifteen crore during the financial year as per the financial statements.
226.	State the correct one: CARO shall apply to every company, except small company however such exemptions has certain exceptions also. Threshold limit of capital is: - a. CARO shall be applicable to small company having paid up share capital exceeding 50 lakhs. b. CARO shall be applicable to company having paid up share capital exceeding 25 lakhs. c. CARO shall be applicable to company having paid up share capital exceeding 90 lakhs. d. CARO shall be applicable to company having paid up share capital exceeding 1 crore

220.	b	221.	d	222.	d	223.	a	224.	a	225.	a	226.	a
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227.	<p>State the correct one: CARO shall apply to every company, except small company however such exemptions has certain exceptions also. Threshold limit of capital is:</p> <p>a. CARO shall be applicable to small company whose turnover exceeds 2 crores b. CARO shall be applicable to small company whose turnover does not exceeds 3 crores c. CARO shall be applicable to small company whose turnover does not exceeds 5 crores d. CARO shall be applicable to small company whose turnover exceeds 1 crore</p>
228.	<p>State the correct statement</p> <p>1. Company Audit Report Order shall not apply to the auditor's report on consolidated financial statements. 2. Company Audit Report Order shall also apply to the auditor's report on consolidated financial statements 3. Company Audit Report Order shall also apply to the auditor's report of branch financial statements 4. Company Audit Report Order shall not apply to the auditor's report of branch financial statements</p> <p>a. 1&3 b. 1&4 c. 2 &4 d. 2 &3</p>
229.	<p>State the incorrect statement:</p> <p>a. Debit balance of statement of profit and loss shall be shown as a negative figure under the head "Surplus" b. Debit balance of statement of profit and loss shall be shown as a negative figure under the head "Deficit" c. Credit balance of statement of profit and loss shall be shown as a positive figure under the head "Surplus" d. None of the above</p>
230.	<p>State the correct statement:</p> <p>a. Balance of "Reserves and Surplus", after adjusting negative balance of surplus, if any, shall be shown under the head "Reserves and Surplus" even if the resulting figure is in the negative. b. Balance of "Reserves and Surplus", after adjusting negative balance of surplus, if any, shall be shown under the head "Reserves and Deficits" even if the resulting figure is in the negative c. Balance of "Reserves and Surplus", after adjusting positive balance of surplus, if any, shall be shown under the head "Reserves and Deficits". d. None of the above</p>
231.	<p>Reserves and surplus for the purpose of applicability of CARO shall include:</p> <p>a. free reserves b. capital reserve c. revenue reserve d. all of the above</p>
232.	<p>Identify the correct one:</p> <p>a. Reserves and surplus figure as per balance sheet would have to be reckoned for calculating 'paid up capital and reserves and surplus' even if the figure is a negative figure b. Reserves and surplus figure as per balance sheet would have to be reckoned for calculating 'paid up capital and reserves and surplus' only if the figure is a positive figure c. Reserves and surplus figure as per balance sheet would have to be reckoned for calculating 'paid up capital and reserves and surplus' unless if the figure is a negative figure. d. None of the above</p>

227.	a	228.	a	229.	b	230.	a	231.	d	232.	a
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233.	Identify the correct one: a. A private limited company is an OPC; CARO will not be applicable if it satisfies the conditions specified for exemption. b. A private limited company is an OPC; CARO will be applicable if it does not satisfy the conditions specified for exemption. c. A private limited company is an OPC; CARO will not be applicable even if it does not satisfy the conditions specified for exemption. d. None of the above
234.	Identify the correct one: a. A private limited company is a small company, CARO will not be applicable if it satisfies the conditions specified for exemption. b. A private limited company is a small company, CARO will be applicable if it does not satisfy the conditions specified for exemption. c. A private limited company is a small company, CARO will not be applicable even if it does not satisfy the conditions specified for exemption. d. None of the above
235.	Identify the correct one: a. A private limited company is a section 8 company, CARO will not be applicable if it satisfies the conditions specified for exemption. b. A private limited company is a section 8 company, CARO will be applicable if it does not satisfy the conditions specified for exemption. c. A private limited company is a section 8 company, CARO will not be applicable even if it does not satisfy the conditions specified for exemption. d. None of the above
236.	Is Caro applicable to Private Unlimited Companies? a. Yes, if it does not fulfill the conditions of exemption applicable to Private Companies. b. No, even if it does fulfill the conditions of exemption applicable to Private Companies. c. Yes, CARO is applicable to Private Unlimited Companies unconditionally as exemption is only applicable to Private Companies and notto Private Unlimited Companies. d. None of the above
237.	Identify the incorrect one: a. For the purpose of applicability of CARO,2016 loan even if repaid shall be counted in borrowing. b. For the purpose of applicability of CARO,2016 borrowing shall include not only from banks and financial institutions but also from private parties. c. For the purpose of applicability of CARO,2016 credit card shall also be counted in borrowing. d. For the purpose of applicability of CARO, with2016 only fund-based facilities shall be counted in borrowing and not the non-fund-based borrowing
238.	Identify the correct one: a. For the purpose of applicability of CARO,2016 the term revenue has been defined by the order as total revenue disclosed in Schedule III of the act. b. Revenue Includes Turnover and Other Income. c. Revenue will also include revenue for Discontinuing Operations. d. All of the above
239.	Which of the clause of CARO,16 deals with reporting of fixed assets? a. Clause 2 b. Clause 3 c. Clause 4 d. Clause 1
240.	Which of the clause of CARO,16 deals with reporting of inventory? a. Clause 2 b. Clause 3 c. Clause 4 d. Clause 1

233.	c	234.	c	235.	c	236.	a	237.	b	238.	d	239.	d	240.	a
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241.	Which of the clause of CARO,16 deals with reporting of loans and advances to parties covered under section 189 of the Companies Act 2013:
	a. Clause 2 b. Clause 3 c. Clause 4 d. Clause 1
242.	Which of the clause of CARO,16 deals with reporting of Investment, guarantees and securities under section 185/186?
	a. Clause 8 b. Clause 4 c. Clause 6 d. Clause 7
243.	Which of the clause of CARO,16 deals reporting of acceptance of deposits?
	a. Clause 8 b. Clause 5 c. Clause 6 d. Clause 7
244.	Which of the clause of CARO,16 deals with reporting on cost records?
	a. Clause 8 b. Clause 5 c. Clause 6 d. Clause 7
245.	Which of the clause of CARO,16 deals with reporting on Statutory dues?
	a. Clause 8 b. Clause 5 c. Clause 6 d. Clause 7
246.	Which of the clause of CARO,16 deals with reporting on raising of money via IPO/FPO or term loan:
	a. Clause 8 b. Clause 9 c. Clause 6 d. Clause 7
247.	Which of the clause of CARO,16 deals with reporting on Fraud?
	a. Clause 10 b. Clause 9 c. Clause 11 d. Clause 12
248.	Which of the clause of CARO,16 deals with reporting on Managerial Remuneration?
	a. Clause 10 b. Clause 9 c. Clause 11 d. Clause 12
249.	Which of the clause of CARO,16 deals with reporting on Nidhi Company?
	a. Clause 10 b. Clause 9 c. Clause 11 d. Clause 12
250.	Which of the clause of CARO,16 deals with reporting on Related Party Transaction?
	a. Clause 10 b. Clause 13 c. Clause 11 d. Clause 12

241.	b	242.	b	243.	b	244.	c	245.	d	246.	b	247.	a	248.	c	249.	d	250.	b
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251.	Which of the clause of CARO,16 deals with reporting on Private Placement?
	a. Clause 13 b. Clause 14 c. Clause 15 d. Clause 16
252.	Which of the clause of CARO,16 deals with reporting on Non-Cash Transactions?
	a. Clause 13 b. Clause 14 c. Clause 15 d. Clause 16
253.	Which of the clause of CARO,16 deals with reporting on Registration requirement with RBI regulation under section 45- IA?
	a. Clause 13 b. Clause 14 c. Clause 15 d. Clause 16
254.	As per Clause _____ of CARO, 2016, the auditor is required to report whether physical verification of Fixed Asset Is conducted at reasonable interval or not. Reasonable Interval means _____ Years
	a. 1;2 b. 2;2 c. 3;1 d. 4;4
255.	As per Clause _____ of CARO, 2016, the auditor is required to report whether physical verification of inventory Is conducted at reasonable interval or not. Reasonable Interval means _____ Years
	a. 1;2 b. 3;2 c. 2;1 d. 4;4
256.	As per Clause _____ of CARO, 2016, the auditor is required to report whether the provisions of Section _____ has been complied with
	a. 1; 185 & 186 b. 3; 186 & 187 c. 2; 186 & 187 d. 4; 185 & 186
257.	As per Clause _____ of CARO, 2016, the auditor is required to report whether physical verification of inventory Is conducted at reasonable interval or not. Reasonable Interval means _____ Years
	a. 1;73 & 76 b. 2; 73 & 76 c. 3; 73 & 76 d. 4; 73 & 76
258.	As per Clause 7 of CARO, 2016, the auditor is required to report:
	a. Whether the company is regular in payment of periodic statutory dues. b. Details of undisputed dues which are outstanding for more than 6 months at the balance sheet date. c. Details of dues which are disputed and are not paid. d. All of the above
259.	A company took a loan from bank and financial institution, repaid the principle amount but failed to pay the interest amount. Whether the samewill be reported by auditor under clause 8 of CARO, 16?
	a. Yes, as the company defaulted in repayment of loan. b. No, as the company only defaulted in payment of interest and not in repayment of principle, payment of interest does not fall within repayment of loan. c. Yes, as the company defaulted in payment of interest which falls within the definition failure in repayment of loan. d. No, as loan does not includes interest amount

251.	b	252.	c	253.	d	254.	a	255.	c	256.	d	257.		258.	d	259.	c
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260.	A company raised money from debenture holders, repaid the principle amount but failed to pay the interest amount. Whether the same will be reported by auditor under clause 8 of CARO, 16?
	<ul style="list-style-type: none"> a. Yes, as the company defaulted in repayment of dues. b. No, as the company only defaulted in payment of interest and not in repayment of principle. c. Yes, as the company defaulted in payment of interest which falls within the definition failure in repayment of dues. d. No, as dues does not includes interest amount
261.	A company took a term loan from bank for the construction of company shed, however used it for purchase of vehicles for the company. Whether the same will be reported by auditor under clause 9 of CARO, 16?
	<ul style="list-style-type: none"> a. Yes, as per clause 9 the auditor is required to report whether the term loan was applied for the purpose it was raised. b. No, since the amount is utilized for the purpose of the company. c. Yes, as the directors have mis-utilized the funds for their personal purpose. d. No, such reporting is required under clause 9.
262.	Directors of the company used the funds of the company for their personal purpose. Whether the same will be reported by auditor under CARO, 16? If yes, then under which clause?
	<ul style="list-style-type: none"> a. No, it will not be reported by auditor under CARO, 16 b. Yes, it will be reported by auditor under Clause 10 of CARO, 16 c. No as Clause 10 of CARO, 16 requires only reporting of fraud done by the company only d. Yes, it will be reported by auditor under Clause 9 of CARO, 16
263.	Company used the funds of the CSR fund for its own benefit. Whether the same will be reported by auditor under CARO, 16? If yes, then under which clause?
	<ul style="list-style-type: none"> a. No, it will not be reported by auditor under CARO, 16 b. Yes, it will be reported by auditor under Clause 10 of CARO, 16 c. No as Clause 10 of CARO, 16 requires only reporting of fraud done on the company by its officer and employees. d. Yes, it will be reported by auditor under Clause 9 of CARO, 16
264.	Reeti is a "Nidhi Company". Its net owned funds are 5 lakh and deposit accepted are 80 lakhs. Whether the same will be reported by auditor under CARO, 16? If yes, then under which clause?
	<ul style="list-style-type: none"> a. No, it will not be reported by auditor under CARO, 16. b. Yes, as Clause 12 of CARO, 16 requires reporting if the ratio of net owned funds to deposits in case of a Nidhi company fall below 1:20. c. No, as Clause 12 of CARO, 16 requires reporting if the ratio of net owned funds to deposits in case of a Nidhi company fall below should be 1:10. d. Yes, it will be reported by auditor under Clause 9 of CARO, 16
265.	A company at the time of issue of share capital also made a preferential allotment of shares to some private parties. Whether the same will be reported by auditor under CARO, 16? If yes, then under which clause?
	<ul style="list-style-type: none"> a. No, it will not be reported by auditor under CARO, 16. b. Yes, as Clause 14 of CARO, 16 requires reporting if there has been a preferential allotment. c. No, as Clause 14 of CARO, 16 requires reporting if there has been a preferential allotment at premium. d. Yes, it will be reported by auditor under Clause 13 of CARO, 16
266.	A company entered into a non-cash transaction with a party. Whether the same will be reported by auditor under CARO, 16? If yes, then under which clause?
	<ul style="list-style-type: none"> a. No, it will not be reported by auditor under CARO, 16. b. Yes, Clause 15 of CARO, 16 requires reporting of non-cash transactions entered by the company with anyone. c. No, Clause 15 of CARO, 16 requires reporting of non-cash transactions entered by the company with directors or person concerned with directors only. d. Yes, it will be reported by auditor under Clause 14 of CARO, 16
267.	A company entered into a non-cash transaction with directors. Whether the same will be reported by auditor under CARO, 16? If yes, then under which clause?
	<ul style="list-style-type: none"> a. No, it will not be reported by auditor under CARO, 16. b. Yes, Clause 15 of CARO, 16 requires reporting of non-cash transactions entered by the company with anyone. c. Yes, Clause 15 of CARO, 16 requires reporting of non-cash transactions entered by the company with directors or person concerned with directors only. d. Yes, it will be reported by auditor under Clause 14 of CARO, 16

260.	c	261.	a	262.	b	263.	b	264.	b	265.	b	266.	c	267.	c
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268.	Some fixed assets owned by company are installed at homes of employees. What should be written in location column of Fixed Asset Register? a. Registered address of company b. Actual address of home of employee c. Name & Designation of employee d. Simply not applicable
269.	Loan – 100 Cr. Interest Accrued but not Due – 20 Cr. Interest Accrued and Due – 10 Cr. Principal Due Within 3 Months – 30 Cr. What should appear under other current liability in balance sheet? a. 40 Cr. b. 160 Cr. c. 60 Cr. d. 30 Cr.
270.	CARO shall apply to every private company except those – a. Which does not have total borrowings exceeding rupees one crore from any bank or financial institution as on balance sheet date. b. Which does not have total borrowings exceeding rupees two crore from any bank or financial institution as on balance sheet date. c. Which does not have total borrowings exceeding rupees two crore from any bank or financial institution as at any point of time during the financial year. d. Which does not have total borrowings exceeding rupees one crore from any bank or financial institution as at any point of time during the financial year.
271.	CARO shall apply to every private company. However, there are certain exception which includes private companies. a. Which do not have a total revenue as disclosed in Schedule III to the Companies Act, 2013 (including revenue from discontinuing operations) exceeding Rs.10 crores during the financial year as per the financial statements. b. Which do not have a total revenue as disclosed in Schedule III to the Companies Act, 2013 (including revenue from discontinuing operations) exceeding Rs.1 crore during the financial year as per the financial statements. c. Which do not have a total revenue as disclosed in Schedule III to the Companies Act, 2013 (including revenue from discontinuing operations) exceeding Rs.5 crores during the financial year as per the financial statements. d. Which do not have a total revenue as disclosed in Schedule III to the Companies Act, 2013 (including revenue from discontinuing operations) exceeding Rs.50 lakhs during the financial year as per the financial statements.
272.	Every small company shall be exempt from the applicability of CARO, except those whose turnover - a. Doesn't exceed Rs.5 crores. b. Doesn't exceed Rs.1 crore. c. Exceeds Rs.3 crores. d. Exceeds Rs.2 crores.
273.	Identify the incorrect one. 1. CARO 2016 is applicable to NBFC which converts itself into a banking company and is a banking company as at balance sheet date. 2. CARO 2016 is applicable to a private limited company which converts itself into a limited liability partnership and is a LLP as on balance sheet date. 3. CARO 2016 is not applicable to NBFC which converts itself into a banking company and is a banking company as at balance sheet date. 4. CARO 2016 is not applicable to a private limited company which converts itself into a limited liability partnership and is a LLP as on balance sheet date. a. 1 & 2. b. 3 & 4 c. 2 & 3. d. 1 & 3.

268.	c	269.	b	270.	d	271.	a	272.	d	273.	a
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274.	Choose the correct one.
	<ul style="list-style-type: none"> a. A private limited company which is a small company, will not be eligible for exemption for CARO, even if it satisfies the given conditions. b. A private limited company which is a small company, will be eligible for exemption for CARO, even if it doesn't satisfy the given conditions for exemptions. c. Private limited company is not exempt from CARO in any case. d. None of the above
275.	CARO (2016) is applicable on which of the following companies
	<ul style="list-style-type: none"> a. One Person Company b. Small Company c. Public Company d. Banking Company
276.	A Private Limited Company is exempted from applicability of CARO (2016) if which of following conditions is satisfied
	<ul style="list-style-type: none"> a. Paid up Share Capital and Reserve & Surplus is not more than Rs. 1 Crore b. Borrowing from Bank/FI is not more than Rs. 1 Crore at any point of time during FY c. Revenue as per Schedule III is not more than Rs. 10 Crore during FY d. All of these
277.	CARO (2016) is applicable from FY
	<ul style="list-style-type: none"> a. FY 2014-15 b. FY 2015-16 c. FY 2016-17 d. FY 2017-18
278.	Which of the following statement is incorrect
	<ul style="list-style-type: none"> a. CARO is applicable on reporting of consolidated financial statements b. One Person Companies and Small Companies are exempted from applicability of CARO c. If CARO is applicable of the company, it will also be applicable on audit of branch offices of the company d. Insurance Companies are exempted from applicability of CARO.
279.	Which of the following is not reporting requirement w.r.t fixed assets under CARO (2016)
	<ul style="list-style-type: none"> a. Purchase and sale of fixed assets made during the FY b. Maintenance of proper records c. Physical verification by management at reasonable intervals d. Title deeds of immovable properties
280.	Which of the following is reporting requirement w.r.t inventories under CARO (2016)
	<ul style="list-style-type: none"> a. Purchase and sale of inventories made during the FY b. Maintenance of proper records c. Physical verification by management at reasonable intervals d. All of these
281.	Outstanding statutory dues as at last day of financial year concerned for a period of more than _____ months from the day they became payable, shall be indicated by the auditor.
	<ul style="list-style-type: none"> a. 1 b. 2 c. 5 d. 6
282.	In respect of loans, investments, guarantees and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide details thereof. This matter is to be reported under which clause of para 3 of the CARO (2016)
	<ul style="list-style-type: none"> a. Clause (i) b. Clause (ii) c. Clause (iii) d. Clause (iv)

274.	b	275.	c	276.	d	277.	b	278.	a	279.	a	280.	c	281.	d	282.	d
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283.	With respect of cost records, what is the reporting requirement under CARO (2016)
	<ul style="list-style-type: none"> a. Whether such accounts and record are properly auditor b. Whether such accounts and records have been made and maintained c. Both (a) and (b) d. None of these
284.	Any default in the repayment of loans or borrowings to _____ are reported by auditor under CARO (2016)
	<ul style="list-style-type: none"> a. Bank, Financial Institution b. Government c. Debenture holders d. All of above
285.	Application of money raised by way of public offer is reported under which clause of CARO (2016)
	<ul style="list-style-type: none"> a. Clause (vii) b. Clause (viii) c. Clause (ix) d. Clause (x)
286.	Application of money raised by way of preferential allotment or private placement is reported under which clause of CARO (2016)
	<ul style="list-style-type: none"> a. Clause (xi) b. Clause (xii) c. Clause (xiii) d. Clause (xiv)
287.	For the purpose of applicability of CARO (2016), status of company is considered
	<ul style="list-style-type: none"> a. As on 1st day of FY b. Though out the FY c. As on Balance Sheet date of FY d. As on Balance Sheet date of immediately preceding FY
288.	How many matters are specified under CARO (2016) for reporting by Co's auditor
	<ul style="list-style-type: none"> a. 12 b. 13 c. 15 d. 16
289.	Under relevant clause of CARO, 2016, XYZ & Associates is required to report the extent of arrears of Employees Provident Fund as at the balance sheet date: -
	<ul style="list-style-type: none"> a. Exceeding 9 months b. Exceeding 3 months c. Exceeding 6 months d. Exceeding 12 months

283.	c	284.	d	285.	c	286.	d	287.		288.	d	289.	c
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290. Eeyore Pvt. Ltd. is incorporated on 1st July, 2017. During the Financial Year ending on 31st March, 2018, the company did not opt for any borrowing at any point of time and have a total revenue of ` 60 Lakh. At the year end, it provides the following information regarding its paid-up capital and reserve & surplus-

Particulars	Amount (in `)
Paid-up Capital	
- Consideration received in cash for equity shares (including unpaid calls of ` 5,00,000)	40,00,000
- Consideration received in cash for preference shares	25,00,000
- Bonus shares allotted	7,00,000
- Share application money received pending allotment	10,00,000
Sub-Total	82,00,000
Reserve & Surplus	
- Balance in Statement of Profit and Loss	15,00,000
- Capital Reserves	10,00,000
Sub-Total	25,00,000
GRAND TOTAL	1,07,00,000

You are provided with the provisions regarding applicability of Companies (Auditor's Report) Order, 2016, (CARO, 2016) issued under section 143(11) of the Companies Act, 2013 to a private limited company that it specifically exempts a private limited company having a paid up capital and reserves and surplus not more than ` 1 crore as on the Balance Sheet date and which does not have total borrowings exceeding ` 1 crore from any bank at any point of time during the financial year and which does not have a total revenue as disclosed in Scheduled III to the Companies Act, 2013 exceeding ` 10 crore during the financial year.

Considering the information given above, which of the following shall be considered as a reason regarding applicability or non-applicability of CARO, 2016?

- Reporting under CARO, 2016 shall be applicable as the company is having a paid up capital and reserves and surplus of ` 1.07 crore i.e. more than ` 1 crore as on the Balance Sheet date.
- Reporting under CARO, 2016 shall be applicable as the company is having a paid up capital and reserves and surplus of ` 1.02 crore i.e. more than ` 1 crore as on the Balance Sheet date.
- Reporting under CARO, 2016 shall not be applicable as the company is having a paid up capital and reserves and surplus of ` 0.92 crore i.e. not more than ` 1 crore as on the Balance Sheet date.
- Reporting under CARO, 2016 shall not be applicable as the company is having a paid up capital and reserves and surplus of ` 0.82 crore i.e. not more than ` 1 crore as on the Balance Sheet date.

291. is the threat which occurs when auditors are deterred from acting objectively with an adequate degree of professional skepticism.

- Familiarity threat
- Advocacy threat
- Self Review threat
- Intimidation threat

292. M/s PQR & Associates is appointed as the new auditors of M/s Prince Ltd. On conducting the audit, the firm found that the accountant has entered fake invoices of credit purchases in the books of accounts aggregated of ₹ 75 Lakhs and cleared all the payments to the fake creditor. The auditor M/s PQR & Associates should report such fraud to

- Central Government
- Reserve Bank of India
- Board of Directors/Audit Committee
- Comptroller & Auditor General

290.	c	291.	d	292.	c
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Case Studies

1.	<p><i>ABC Ltd. is a company dealing in products namely chocolate and coffee. ABC Ltd. approached audit firm XYZ & Associates for the statutory audit of its financial statements for the year ended 31.03.2021. The Gross turnover of the company is ` 105 crores, out of which turnover from one of its products namely coffee is of ` 95 crores during the immediate preceding Financial Year. During the course of Audit, XYZ & Associates found certain delay in the payment of the Employees Provident Fund by ABC Ltd. They understand that the same needs to be reported under the relevant provisions of Companies (Auditors Report) Order 2020. During the FY 2020-2021, Mrs. X, wife of CA Mr. X who is partner in XYZ & Associates acquires certain shares of ABC Ltd. The audit firm is of the opinion that this may call for a disqualification for the firm for being working as the auditor of the company under the relevant provisions of the Companies Act 2013. Further, ABC Ltd. also approached the auditors to provide them the Investment Banking service to which the auditors denied as per the provisions of Companies Act 2013. During the course of audit, XYZ & Associates has reason to believe that an offence of fraud involving some amount has been committed in the ABC Ltd. by its General Manager. The auditors understand that there is a requirement for reporting of fraud by the auditors under the Companies Act and the relevant rules. Based on the above facts, answer the following:-</i></p>
1.1.	<p>After the appointment of XYZ & Associates, ABC Ltd. should inform the auditor and file a notice of such appointment with registrar within:-</p> <p>a. 60 days b. 30 days c. 15 days d. 20 days</p>
1.2.	<p>If Mrs. X acquires security exceeding the prescribed limit in the ABC Ltd., then XYZ & Associates shall take corrective actions within.....days. What is the prescribed limit:-</p> <p>a. 100 days, Market Value Rs 1,00,000 b. 60 days, Face value Rs 1,00,000 c. 90 days, Face value Rs 1,00,000 d. 15 days, Market Value Rs 1,00,000</p>
1.3.	<p>Under which section reporting of fraud by auditor to the Central Government is required and what is the amount of fraud:-</p> <p>a. Section 143(12), 1 crore & above b. Section 139(12), 1 crore & above c. Section 143(12), 2 crore & above d. None of the above</p>
1.4.	<p>What is the requirement for ABC Ltd as per the relevant provisions regarding maintenance of cost records:-</p> <p>a. Maintenance of cost records is mandatory, in form CRA 1. b. Maintenance of cost records is mandatory, in form CRA 2. c. Maintenance of cost records is mandatory, in any general format. d. No requirement of maintenance of cost records.</p>
1.5.	<p>Under relevant clause of CARO,2020, XYZ & Associates is required to report the extent of arrears of Employees Provident Fund as at the balance sheet date:-</p> <p>a. Exceeding 9 months b. Exceeding 3 months c. Exceeding 6 months d. Exceeding 12 months</p>

1.1.	c	1.2.	b	1.3.	a	1.4.	a	1.5.	c
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2.

One of your friends is preparing for auditing & assurance exams of CA (Intermediate new) course. You are already well versed with provisions of Companies Act, 2013. He seeks your help in better understanding of provisions of section 139 of companies act, 2013 in light of certain practical issues and concomitant matters as contained in Companies Act, 2013 regarding auditor's appointment. Further, he also provides you with text of Section 139 of companies Act, 2013 for ready reference and better understanding as below: -

"139. (1) Subject to the provisions of this Chapter, every company shall, at the first annual general meeting, appoint an individual or a firm as an auditor who shall hold office from the conclusion of that meeting till the conclusion of its sixth annual general meeting and thereafter till the conclusion of every sixth meeting and the manner and procedure of selection of auditors by the members of the company at such meeting shall be such as may be prescribed:

Provided further that before such appointment is made, the written consent of the auditor to such appointment, and a certificate from him or it that the appointment, if made, shall be in accordance with the conditions as may be prescribed, shall be obtained from the auditor:

Provided also that the certificate shall also indicate whether the auditor satisfies the criteria provided in section 141:

[Provided also that the company shall inform the auditor concerned of his or its appointment, and also file a notice of such appointment with the Registrar within fifteen days of the meeting in which the auditor is appointed.]

Explanation. —For the purposes of this Chapter, "appointment" includes reappointment.

(2) No listed company or a company belonging to such class or classes of companies as may be prescribed, shall appoint or re-appoint—

- a. an individual as auditor for more than one term of five consecutive years; and
- b. an audit firm as auditor for more than two terms of five consecutive years:

[Provided that—(i) an individual auditor who has completed his term under clause (a) shall not be eligible for re-appointment as auditor in the same company for five years from the completion of his term;

(ii) an audit firm which has completed its term under clause (b), shall not be eligible for re-appointment as auditor in the same company for five years from the completion of such term: Provided further that as on the date of appointment no audit firm having a common partner or partners to the other audit firm, whose tenure has expired in a company immediately preceding the financial year, shall be appointed as auditor of the same company for a period of five years:

[Provided also that every company, existing on or before the commencement of this Act which is required to comply with the provisions of this sub-section, shall comply with requirements of this sub-section within a period which shall not be later than the date of the first annual general meeting of the company held, within the period specified under sub-section (1) of section 96, after three years from the date of commencement of this Act.]

Provided also that, nothing contained in this sub-section shall prejudice the right of the company to remove an auditor or the right of the auditor to resign from such office of the company.]

(3) Subject to the provisions of this Act, members of a company may resolve to provide that—

- (a) in the audit firm appointed by it, the auditing partner and his team shall be rotated at such intervals as may be resolved by members; or
- (b) the audit shall be conducted by more than one auditor.

(4) The Central Government may, by rules, prescribe the manner in which the companies shall rotate their auditors in pursuance of sub-section (2).

Explanation. —For the purposes of this Chapter, the word "firm" shall include a limited liability partnership incorporated under the Limited Liability Partnership Act, 2008.

(5) Notwithstanding anything contained in sub-section (1), in the case of a Government company or any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, the Comptroller and Auditor-General of India shall, in respect of a financial year, appoint an auditor duly qualified to be appointed as an auditor of companies under this Act, within a period of one hundred and eighty days from the commencement of the financial year, who shall hold office till the conclusion of the annual general meeting.

(6) Notwithstanding anything contained in sub-section (1), the first auditor of a company, other than a Government company, shall be appointed by the Board of Directors within thirty days from the date of registration of the company and in the case of failure of the Board to appoint such auditor, it shall inform the members of the company, who shall within ninety days at an extraordinary general meeting appoint such auditor and such auditor shall hold office till the conclusion of the first annual general meeting.



	<p>(7) Notwithstanding anything contained in sub-section (1) or sub-section (5), in the case of a Government company or any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government, or Governments, or partly by the Central Government and partly by one or more State Governments, *the first auditor shall be appointed by the Comptroller and Auditor-General of India within sixty days from the date of registration of the company and in case the Comptroller and Auditor-General of India does not appoint such auditor within the said period, the Board of Directors of the company shall appoint such auditor within the next thirty days; and in the case of failure of the Board to appoint such auditor within the next thirty days, it shall inform the members of the company who shall appoint such auditor within the sixty days at an extraordinary general meeting, who shall hold office till the conclusion of the first annual general meeting.</p> <p>(8) Any casual vacancy in the office of an auditor shall—</p> <p>i. in the case of a company other than a company whose accounts are subject to audit by an auditor appointed by the Comptroller and Auditor-General of India, be filled by the Board of Directors within thirty days, but if such casual vacancy is as a result of the resignation of an auditor, such appointment shall also be approved by the company at a general meeting convened within three months of the recommendation of the Board and he shall hold the office till the conclusion of the next annual general meeting;</p> <p>ii. in the case of a company whose accounts are subject to audit by an auditor appointed by the Comptroller and Auditor-General of India, be filled by the Comptroller and Auditor-General of India within thirty days:</p> <p>Provided that in case the Comptroller and Auditor-General of India does not fill the vacancy within the said period, the Board of Directors shall fill the vacancy within next thirty days.</p> <p>(9) Subject to the provisions of sub-section (1) and the rules made thereunder, a retiring auditor may be re-appointed at an annual general meeting, if—</p> <p>(a) he is not disqualified for re-appointment;</p> <p>(b) he has not given the company a notice in writing of his unwillingness to be re-appointed; and</p> <p>(c) a special resolution has not been passed at that meeting appointing some other auditor or providing expressly that he shall not be re-appointed.</p> <p>(10) Where at any annual general meeting, no auditor is appointed or re-appointed, the existing auditor shall continue to be the auditor of the company.</p> <p>(11) Where a company is required to constitute an Audit Committee under section 177, all appointments, including the filling of a casual vacancy of an auditor under this section shall be made after taking into account the recommendations of such committee.”</p> <p>* Responsibility to Inform C&AG: In light of above information, guide your friend and remove his dilemmas by answering the following questions correctly:</p>
2.1.	<p>Section 139 prescribes that before appointment of an auditor, certificate is to be obtained from auditor that appointment, if made, shall be in accordance with certain conditions. Which of the following is not such condition in case of a listed public company?</p> <p>a. the individual or the firm, as the case may be, is eligible for appointment and is not disqualified for appointment under the Act, the Chartered Accountants Act, 1949 and the rules or regulations made thereunder;</p> <p>b. the proposed appointment is as per the term provided under the Act;</p> <p>c. the proposed appointment is within the limits laid down by or under the authority of the Act;</p> <p>d. the proposed appointment is as per regulations of SEBI</p>
2.2.	<p>The provisions of rotation of auditors are not applicable to certain class of companies. Which of the following is not a correct option?</p> <p>a. all unlisted public companies having paid up share capital up to a certain limit</p> <p>b. all private limited companies having paid up share capital up to a certain limit</p> <p>c. all unlisted public companies having paid up share capital and reserves up to a certain limit</p> <p>d. all companies having public borrowings from banks up to a certain limit</p>
2.3.	<p>In case of a government company, the statutory auditor under companies Act is appointed by: -</p> <p>a. Shareholders in annual general meeting</p> <p>b. Board of directors in annual general meeting</p> <p>c. CAG which is a constitutional authority</p> <p>d. CAG which is a constitutional authority in consultation with Central Government</p>

2.1.	d	2.2.	c	2.3.	c
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2.4.	<p>Which of the following is incorrect regarding scope of actions of audit committee constituted under section 177 of Companies Act, 2013?</p> <p>a. The audit committee can make recommendation regarding appointment and terms of appointment of auditors. b. The audit committee cannot make recommendations regarding remuneration of auditors. c. The audit committee can review and monitor auditor's independence and performance. d. The audit committee can undertake monitoring of effectiveness of audit process.</p>
2.5.	<p>Which of the following is correct regarding formation of audit committee under section 177 of Companies Act, 2013?</p> <p>a. The audit committee is to be constituted by every public company. b. The audit committee is to be constituted by every public company and private company having paid up capital and reserves of more than ` 100 crore. c. The audit committee is to be constituted by every listed public company. d. The audit committee is to be constituted by every listed company and private company having paid up capital and reserves of more than ` 100 crore.</p>

2.4.	b	2.5.	c
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3.	<ul style="list-style-type: none"> ▪ Venus Ltd. is a public limited company having turnover of ` 150 crores during the current financial year i.e. FY 2019-20 which is the first financial year for the company after its registration. ▪ M/s AMR & Associates are appointed as the first auditors of Venus Ltd. ▪ M/s AMR & Associates is having partners Mr. A, Mr. M, Mr. R all Chartered Accountants. ▪ Mr. A, Mr. M, Mr. R are holding appointment as auditors in 10, 15, 20 companies respectively. The above numbers are after taking into account appointment of M/s AMR & Associates as auditors in Venus Limited. ▪ During the course of audit, the auditors understand that since Venus Ltd is a public limited company, their duty is to also report on the adequacy of internal financial control of Venus Ltd . ▪ Further, Venus Ltd holds 20% equity share capital of Mercury Ltd which has approached M/s AMR & Associates for certain assignments namely Tax audit, Actuarial Science, Outsourced Financial services. <p>Based on the above facts, answer the following:-</p>
3.1.	<p>M/s AMR & Associates shall hold the office as auditor of Venus Ltd.:-</p> <p>a. For one term of five consecutive years b. Till the conclusion of first Annual General Meeting c. For two terms of five consecutive years. d. None of the above.</p>
3.2.	<p>What are the relevant provisions of the Companies Act 2013 related to the audit committee. Whether Venus Ltd. is required to constitute an Audit Committee?</p> <p>a. Section 167, No b. Section 117, Yes c. Section 177, Yes d. Section 176, No</p>
3.3.	<p>What is the maximum number of audits remaining in the name of M/s AMR & Associates:-</p> <p>a. 60 b. 25 c. 10 d. 15</p>
3.4.	<p>In case of a private company, under section 143(3)(i), the auditor has no duty to report on the internal financial control of the Company if turnover and aggregate borrowings are less than certain amount. What is the limit of Turnover and aggregate borrowings from bank or financial institutions or any body corporate. :-</p> <p>a. ` 50 crore and ` 25 crore b. ` 150 crore and ` 25 crore c. ` 50 crore and ` 125 crore d. ` 25 crore and ` 50 crore</p>



3-5.	<p>Had Venus Ltd. been a government company, who would have appointed the first auditors of the company. Also state the relevant provisions of the Companies Act 2013 :-</p> <p>a. Board of Directors, within 10 days of registration. Section 139(7)</p> <p>b. Comptroller & Auditor General of India, within 60 days of registration, section 139(7)</p> <p>c. Central Government, within 60 days of registration of company, Section 139(5)</p> <p>d. Central Government, within 30 days of registration of company, Section 139(5)</p>
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3.1.	b	3.2.	c	3.3.	d	3.4.	a	3.5.	b
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4.	<p>M/s FCA & Co ("The Firm"), Chartered Accountants is a Partnership Firm of Miss F, Miss C and Mr A based at Delhi. Partners are also engaged in the Investing Activities - that is they Purchase and Sale Shares of various firms and companies in their routine course of action.</p> <p><i>In past week, few Companies have approached the Firm to become their Auditors. Before accepting the Audits, Partners want to ensure that they are not disqualified according to the Provisions of the Companies Act. So they are looking into this matter - Company wise - which is given below. You are requested to go through following and answer ensuing questions.</i></p> <p>Company ABC P L - Miss C owns share of ` 1000 in the Company and her Brother owns shares of Rs 50000 in the Company</p> <p>Company XYZ P L - Mr A's father owns shares of Rs 90000 in the Company. Mr A owes the Company in his personal capacity for the goods purchased by him to the tune of Rs 20000</p> <p>Company PQR P L - Miss F has been advising the company for its Investment for past couple of years. Miss C is indebted to the Company to the tune of Rs 1 Lakh.</p>
4.1.	<p>Which of the following Statement is correct in respect of ABC P L ("Company")</p> <p>a. The Firm is eligible to be appointed as an Auditor of the Company</p> <p>b. The Firm is not eligible to be appointed as an Auditor due to Shareholding of Miss C's Brother in the Company</p> <p>c. The Firm is not eligible to be appointed as an Auditor due to Shareholding of Miss C in the Company</p> <p>d. The Firm is eligible to be appointed as an Auditor of the Company but they will have to disclose about Shareholding in Auditor's Report.</p>
4.2.	<p>Which of the following Statement is correct in respect of XYZ P L ("Company")</p> <p>a. The Firm is not eligible to be appointed as an Auditor due to the indebtedness of Mr A</p> <p>b. The Firm is eligible to be appointed as an Auditor of the Company</p> <p>c. The Firm is not eligible to be appointed as an Auditor due to the Shareholding of Mr A's Father in the Company</p> <p>d. The Firm is eligible to be appointed as an Auditor of the Company only after Mr A pays the amount due to the Company.</p>
4.3.	<p>Which of the following Statement is correct in respect of PQR P L ("Company")</p> <p>a. The Firm is eligible to be appointed as an Auditor of the Company</p> <p>b. The firm is not eligible to be appointed as an Auditor due to Miss C's Indebtedness towards the Company</p> <p>c. The firm is not eligible to be appointed as an Auditor due to Miss F's involvement as an Advisor to the Company</p> <p>d. The firm is eligible to be appointed as an Auditor of the Company but it will have to disclose its indebtedness of Miss C in the Auditor's Report</p>
4.4.	<p>While considering the threshold limit for holding any interest or security in the company for the Qualification for becoming an Auditor, which value is to be considered?</p> <p>a. Market Value</p> <p>b. Face Value</p> <p>c. Book Value</p> <p>d. Higher of the above</p>
4.5.	<p>In case, Shareholding by a relative exceeds the threshold then in how many days Auditor is required to take corrective Action?</p> <p>a. 15 Days</p> <p>b. 30 Days</p> <p>c. 45 Days</p> <p>d. 60 Days</p>

4.1.	c	4.2.	b	4.3.	c	4.4.	b	4.5.	d
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5-	<p>Sections 139 to 148 of the Companies Act, 2013 relating to audit of companies which broadly deal with who can be appointed as an auditor under the Act, i.e., qualifications and disqualifications, the manner of appointment, removal of an auditor and rights and duties of an auditor.</p> <p><i>Keeping above mentioned sections in mind, what guidelines/procedures need to be followed by M/s ABC Ltd and Mr. Samuel when M/s ABC Ltd appointed Mr. Samuel as statutory auditor of the company for the Financial Year 2019-2020.</i></p> <p><i>Samuel's father holds security of Rs 7 lakh face value in ABC Ltd. Would this throw any challenges to Samuel's appointment as statutory auditor of M/s ABC Ltd.</i></p> <p><i>Also, Mr. Samuel's remuneration was fixed by Board of Directors which was subsequently challenged by a shareholder in the company's Annual General Meeting.</i></p> <p><i>Based on the above facts and procedures, answer the following questions.</i></p>
5.1.	<p>Mr. Samuel needs to furnish his written consent and a certificate to the company</p> <p>a. Before his appointment b. Within 15 days of his appointment c. Within 30 days of his appointment d. None of the above</p>
5.2.	<p>Mr. Samuel (the auditor of the company) subsequently submitted his resignation. He is required to intimate about his resignation to-</p> <p>a. The Company b. The Registrar of Companies c. Both a and b. d. Board of Directors, Registrar of Companies and Central Government</p>
5.3.	<p>Mr. Samuel needs to file a statement in the prescribed Form _____ (as per Rule 8 of CAAR) within _____ days of resignation with the company and the registrar.</p> <p>a. ADT- 1, 10 b. ADT- 2, 7 c. ADT - 3, 30 d. ADT - 4, 15</p>
5.4.	<p>If Mr. Samuel had been removed as auditor of the company under section 140(5) by order of Tribunal, he could not be appointed as auditor of any company for a period of _____ from the date of order of Tribunal.</p> <p>a. 10 years b. 8 years c. 5 years d. 3 years</p>
5.5.	<p>Mr. Samuel's remuneration as auditor of M/S ABC Ltd will be fixed by</p> <p>a. By Board of Directors of the company b. By Company in general meeting c. By Central Government d. By Comptroller & Auditor General of India</p>

5.1.	a	5.2.	c	5.3.	c	5.4.	c	5.5.	b
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6.	<ul style="list-style-type: none"> ▪ <i>Mars Ltd is a public company having a turnover exceeding Rs 50 crores in the last 3 financial years including the current financial year which is FY 2019-20</i> ▪ <i>The company comes under the class of companies specified under item (A) Regulated Sectors.</i> ▪ <i>M/s XYZ & Associates have been appointed as the auditors of Mars Ltd for FY 2019-20.</i> ▪ <i>Mars Ltd has a branch office in Dubai for which a separate auditor has been appointed.</i> ▪ <i>M/s XYZ & Associates understand that they need to communicate with another auditor appointed for the branch office in Dubai.</i> ▪ <i>Further Mars Ltd has taken a loan from a nationalized bank in 2015 amounting to Rs 1 crore payable in 8 equal instalments of Rs. 12.50 lakhs each starting from 31st March 2016 onwards. It has repaid its 4 instalments; however the company has defaulted in the current financial year. Mars Ltd has sought rescheduling of loan from the bank.</i> ▪ <i>The auditors, XYZ & Associates understand that they have certain reporting requirements under Companies (Auditor's Report) Order, 2016.</i> ▪ <i>Further, the auditors also attended the physical verification of inventory conducted by the management at the year end.</i> <p><i>Based on the above facts, answer the following.</i></p> <p style="text-align: right;"><i>(MTP Audit Inter/ New April 2021) (10 Marks)</i></p>
6.1.	<p><i>With respect to the forms specified by companies (Cost Records & Audit) Rule 2014, which of the following is incorrect combination.</i></p> <ul style="list-style-type: none"> a. Form CRA 1- Maintenance of cost records by the Company. b. Form CRA 2- Intimation of appointment of another cost auditor to Central Government. c. Form CRA 3- Submission of Cost Audit Report to the Board of Directors of the company. d. Form CRA 4- Submission of Cost Audit Report by the company to the Registrar.
6.2.	<p><i>Within how many days of the receipt of the copy of Cost Audit Report. Mars Ltd is required to forward the report to the Central Government-</i></p> <ul style="list-style-type: none"> a. 30 days b. 60 days c. 15 days d. 90 days
6.3.	<p><i>Whether reporting about maintenance of cost records required by Companies (Auditors Report) Order, 2016. If yes, then under which clause and which is the relevant section under the Companies Act 2013: -.</i></p> <ul style="list-style-type: none"> a. Yes, Clause vi, Section 148(1) b. No, -, Section 148(1) c. Yes, clause v, Section 143(1) d. No, -, section 143(1).
6.4.	<p><i>With respect to the branch office of Mars Ltd In Dubai, what is the duty of M/s XYZ & Associates.</i></p> <ul style="list-style-type: none"> a. M/s XYZ & Associates might discuss with the branch auditor the audit procedures applied by the branch auditor. b. M/s XYZ & Associates may also visit the branch auditor. c. M/s XYZ & Associates cannot advise the other auditor of accounting, auditing/ reporting requirement as the other auditor is well versed with such provisions. d. Both a & b
6.5.	<p><i>Which of the following is incorrect.</i></p> <ul style="list-style-type: none"> a. SA 200- Overall objectives of Independent Auditor b. SA 230- Audit Documentation c. SA 299- Joint Audit of Financial Statements d. SA 600- Subsequent Events.

6.1.	d	6.2.	a	6.3.	a	6.4.	d	6.5.	d
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