

MKG

Roll No814592.....

Total No. of Printed Pages: 7

Total No. of Questions – 30

Time allowed: 3 hours

Maximum Marks: 30

GENERAL INSTRUCTIONS TO CANDIDATES

1. The question paper comprises two parts, Part I and Part II.
2. Part I comprises Multiple Choice Questions (MCQs).
3. Part II comprises questions which require descriptive type answers.
4. Ensure that you receive the question paper relating to both the parts. If you have not received both, bring it to the notice of the invigilator.
5. Answers to MCQs in Part I are to be marked on the OMR answer sheet as given on the cover page of descriptive answer book only. Answers to questions in Part II are to be written in the same descriptive answer book. Answers to MCQs, if written inside the descriptive answer book or on Part-I Question paper will not be evaluated.
6. OMR answer sheet given on the cover page of descriptive answer book will be in English only for all candidates, including for Hindi medium candidates.
7. The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive answer book.
8. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
9. Duration of the examination is 3 hours. You will be required to submit (a) Part I of the question paper containing MCQs, and (b) the answer book in respect of descriptive answer book with OMR cover page to the invigilator before leaving the exam hall, after the conclusion of the exam.
10. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the above-mentioned items.
11. Candidate found copying or receiving or giving any help or defying instructions of the invigilators will be expelled from the examination and will also be liable for further punitive action.

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TEST-2

CA INTERMEDIATE AUDITING AND ETHICS

Topics Covered:

1. Nature, Objective and Scope of Audit
2. Audit Strategy, Audit Planning and Audit Programme
3. Audit Documentation
4. Audit Evidence
5. Ethics and Terms of Audit
6. Audit Report

QUESTION PAPER BOOKLET NO. 2102024

(27-10-2024 7:30 A.M. TO 10:45 A.M.)

Part I**30 Marks****MULTIPLE CHOICE QUESTIONS****Each question consists of 1 mark**

1. Which of the following statement is false?
 - (a) Reliability of audit evidence is increased when it is obtained from independent sources outside the entity
 - (b) Audit evidence obtained indirectly are more reliable than audit evidence obtained directly by the auditor
 - (c) Audit evidence in documentary form, whether paper, electronic, or other medium, is more reliable than evidence obtained orally
 - (d) Audit evidence provided by original documents are more reliable than audit evidence provided by photocopies
2. Audit evidence is necessary to support the auditor's opinion and report. It is _____ in nature and is primarily obtained from audit procedures performed during the course of the audit
 - (a) Cumulative
 - (b) Regressive
 - (c) Selective
 - (d) Objective
3. "If inventory is material to the financial statements, the auditor shall obtain sufficient appropriate audit evidence regarding the existence of inventory by attending the physical inventory counting unless impracticable." Purpose of attending inventory count is to:
 1. Evaluate management's instructions and procedures for recording and controlling the results of the entity's physical inventory counting
 2. Observe the performance of management's count procedures;
 3. Inspect the inventory;
 4. Perform test counts
 5. Valuation of the inventory
 6. Identify the weaknesses to be informed to those charged with governance as per requirement of SA 260
 7. Determine the key audit matters so as to be incorporated in the audit report as per requirements of SA 701Select the main purpose:
 - (a) 1, 2, 6 and 7
 - (b) 1, 2, 3 and 4
 - (c) 1, 2, 5, 6 and 7
 - (d) 5, 6 and 7
4. ABC Ltd. is dealing in trading of electronic goods. Huge inventory (60% approximately) of the company is lying on consignment (i.e. under the custody of third party). CA. Mohit, the auditor of the company, wants to obtain sufficient appropriate audit evidence regarding the existence and condition of the inventory lying on consignment. Thus, he requested & obtained confirmation from the third party as to the quantities and condition of inventory held on behalf of the entity, however, it raised doubts about the integrity and objectivity of the third party. Which of the following other audit procedures may be performed by CA. Mohit to obtain sufficient appropriate audit evidence regarding the existence and condition of the inventory under the custody of third party?
 - (a) Attend third party's physical counting of inventory

- (b) Arrange for another auditor to attend third party's physical counting of inventory
 - (c) Inspect warehouse receipts regarding inventory held by third parties
 - (d) All of the above
5. A request that the confirming party respond directly to the auditor indicating whether the confirming party agrees or disagrees with the information in the request, or providing the requested information is known as:
- (a) Positive Confirmation request
 - (b) Negative Confirmation request
 - (c) Third party confirmation
 - (d) Request for Written representation
6. While designing external confirmation request, which of the following factors need to be considered:
- (a) Method of communication
 - (b) Management authorisation/encouragement to Confirming Party to respond to auditor
 - (c) Ability of Confirming Party to provide/confirm requested info
 - (d) All of the Above
7. As per SA 505, if management refuses to allow the auditor to send a confirmation request, the auditor.
- (a) need not to inquire the reasons from management and may modify the opinion directly
 - (b) need not to inquire the reasons from management & perform alternate procedures
 - (c) need to inquire the reasons and perform alternate audit procedures
 - (d) None of the above
8. As per SA 505 "External Confirmations", if management refuses the auditor to send a confirmation request, the auditor shall:
- (a) Determine the implications for the audit and auditor's opinion in accordance with SA 705
 - (b) Evaluate the implications of the assessment of the relevant risk of material misstatements, including the risk of fraud
 - (c) Consider the matter as Key Audit matter and report as per SA 701
 - (d) None of the above
9. Initial Audit Engagement is an engagement in which prior period financial statements are:
- (a) not audited
 - (b) audited by the predecessor auditor
 - (c) audited by same auditor
 - (d) either (a) or (b)
10. Audit evidence is necessary to support the auditor's opinion and report. It is _____ in nature and is primarily obtained from audit procedures performed during the course of the audit.
- (a) cumulative
 - (b) regressive
 - (c) selective
 - (d) objective
11. _____ refer to the audit procedures performed to obtain an understanding of the entity and its environment, including the entity's internal control, to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels.

- (a) Audit assessment procedures
 - (b) Substantive procedures
 - (c) Test of control
 - (d) Risk assessment procedures
12. If the auditor is unable to obtain sufficient appropriate audit evidence regarding the opening balances, the auditor shall express:
- (a) a disclaimer opinion
 - (b) a qualified opinion
 - (c) a qualified opinion or a disclaimer of opinion, as appropriate, in accordance with SA 705.
 - (d) unmodified opinion
13. A failure of the confirming party to respond, or fully respond, to a positive confirmation request, or a confirmation request returned undelivered is called-
- (a) Negative confirmation request
 - (b) Non-response
 - (c) Exception
 - (d) Positive confirmation request
14. Which of the following is correct:
- (a) The auditor shall assemble the audit documentation in an audit file and complete the administrative process of assembling the final audit file on a timely basis after the date of the auditor's report.
 - (b) The auditor shall assemble the audit documentation in an audit file and shall not complete the administrative process of assembling the final audit file.
 - (c) The auditor shall assemble the audit documentation in an audit file and complete the administrative process of assembling the final audit file on a timely basis before the date of the auditor's report.
 - (d) The auditor shall not assemble the audit documentation in an audit file.
15. Audit evidence includes
- (a) information contained in the accounting records underlying the financial statements
 - (b) both information contained in the accounting records underlying the financial statements and other information.
 - (c) other information.
 - (d) information contained in the accounting records underlying the financial statements or other information.
16. Most of the auditor's work in forming the auditor's opinion consists of:
- (a) obtaining audit evidence.
 - (b) evaluating audit evidence.
 - (c) obtaining or evaluating audit evidence.
 - (d) obtaining and evaluating audit evidence.
17. A difference between the amount, classification, presentation, or disclosure of a reported financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial
- (a) Misstatement
 - (b) Error
 - (c) Fraud

- (d) Any of the above
18. If the prior period financial statements were not audited, the auditor shall state in _____ in the auditor's report that the corresponding figures are unaudited
- (a) Key Audit Matter
 - (b) Emphasis of Matter paragraph
 - (c) Other Matter Paragraph
 - (d) Basis for Opinion Section
19. 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-
- (a) a qualified opinion
 - (b) an adverse opinion
 - (c) a disclaimer of opinion
 - (d) emphasis of matter paragraph.
20. An Audit report is:
- (a) an opinion drawn on the entity's financial statements to make sure that the records are true and correct representation of the transactions they claim to represent.
 - (b) an opinion drawn on the entity's books of account to make sure that the records are true and fair representation of the transactions they claim to represent.
 - (c) an opinion drawn on the entity's financial statements to make sure that the records are true and fair representation of the transactions they claim to represent.
 - (d) an opinion drawn on the entity's books of account to make sure that the records are true and correct representation of the transactions they claim to represent.
21. Which of the following is not a Specific Evaluations by the Auditor?
- (a) The financial statements adequately disclose the significant accounting policies selected and applied.
 - (b) The accounting policies selected and applied are consistent with the applicable financial reporting framework and are appropriate.
 - (c) The accounting estimates made by management are reasonable.
 - (d) The sufficient appropriate audit evidence has been obtained.
22. Which of the following is correct?
- (a) The auditor shall express a qualified opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.
 - (b) The auditor shall express a disclaimer opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.
 - (c) The auditor shall express an adverse opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.
 - (d) The auditor shall express an adverse opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements.
23. When planning the audit,
- (a) the auditor considers what would make the financial information materially misstated.
 - (b) the auditor need not consider what would make the financial information materially misstated.

(c) the auditor need not consider what would make the financial information materially misstated at planning stage.

(d) the auditor needs to consider what would make the financial information materially misstated while conducting audit only.

24. With reference to SA 300, the auditor shall document:

(a) The overall audit strategy

(b) The audit plan

(c) Any significant changes made during the audit engagement to the overall audit strategy or the audit plan, and the reasons for such changes.

(d) All of the above

25. Judging the significance of a matter requires _____ analysis of the facts and circumstances.

(a) objective

(b) subjective

(c) both subjective and objective

(d) qualitative

26. An important factor in determining the form, content and extent of audit documentation of significant matters is the extent of _____ exercised in performing the work and evaluating the results.

(a) professional skepticism

(b) professional integrity

(c) professional judgment

(d) professional sincerity

27. Standard on Quality Control (SQC) 1 provides that, unless otherwise specified by law or regulation, audit documentation is the property of _____.

(a) Management.

(b) Those charged with governance.

(c) Management or Those charged with governance.

(d) Auditor.

28. Professional skepticism is necessary to the critical assessment of

(a) audit documentation

(b) audit evidence

(c) audit procedures and techniques

(d) none of the above

29. As per SA 210 “Agreeing the Terms of Audit Engagements”, the auditor shall agree the terms of the audit engagement with:

(a) Management

(b) Those charged with governance

(c) Management or those charged with governance, as appropriate.

(d) Engagement team members

30. The matter of difficulty, time, or cost involved is:

(a) not in itself a valid basis for the auditor to omit an audit procedure for which there is no alternative.

(b) in itself a valid basis for the auditor to omit an audit procedure for which there is no alternative.

(c) not in itself a valid basis for the auditor to omit an audit procedure for which alternative exists.

(d) not in itself a valid basis for the auditor to omit an audit procedure.