

**CORPORATE LAWS (MCQ TEST)**  
**CHAPTER X – AUDIT & AUDITORS**

**Total Marks: 25 Marks**  
**(25 Questions of 1 mark each)**

**Maximum Time: 30 Minutes**

1. Section \_\_\_\_\_ of the Companies Act, 2013 provides for qualification and disqualification of Statutory Auditors of the company.
2. The subsequent auditor for companies, other than government companies, is appointed for a period of \_\_\_\_\_.
3. As per Rule 4, the auditor appointed under rule 3 shall submit a certificate that –
  - (a) The individual or the firm, as the case may be, is eligible for appointment and is not disqualified for appointment under the Act
  - (b) The proposed appointment as per the term provided under the Act
  - (c) The proposed appointment is within the limits laid down by or under the authority of the Act
  - (d) All of above
4. The company shall give the notice of appointment of Auditor, in Form ADT-1, within \_\_\_\_\_ from the date of annual general meeting where he is appointed.
5. In case of Listed Company, an Individual Auditor shall be appointed for -
  - (a) Not more than one term of 5 consecutive years
  - (b) Not more than one term of 10 consecutive years
  - (c) For 5 years
  - (d) Minimum tenure of 5 years
6. As per Sec 139(2), an audit firm which has completed its term, shall not be eligible for re-appointment as auditor in same company for-
  - (a) 10 years from the completion of such term
  - (b) 2 years from the completion of such term
  - (c) 5 years from the completion of such term
  - (d) 3 years from the completion of such term
7. First Auditor of Non-Government company shall be appointed by-
  - (a) Board of directors within 30 days of the date of registration of the company
  - (b) Members within 30 days of the date of registration of the company
  - (c) Audit Committee within 30 days of the date of registration of the company
  - (d) Board of directors within 60 days of the date of registration of the company

8. If a partner, who is in charge of an audit firm and also certifies the financial statements of the company, retires from the said firm and joins another firm of chartered accountants, then-
- (a) Such other firm shall also be ineligible to be appointed for a period of five years, if such partner join as in charge of audit firm there also
  - (b) Such other firm shall also be ineligible to be appointed for a period of five years
  - (c) Such other firm shall be ineligible to be appointed forever
  - (d) No such disqualification
9. In case of death of existing auditor of a non-government company, any such casual vacancy shall be filled by-
- (a) Board within 30 days
  - (b) Members within 90 days
  - (c) Board within 60 days
  - (d) ROC within 30 days
10. Where any vacancy is caused by the resignation of an auditor in the case of a non-government company, such vacancy shall be filled by company at a general meeting convened within \_\_\_\_\_ of the recommendation of the Board.
11. In case of Government Company, the first auditor shall be appointed by the Comptroller and Auditor-General of India within \_\_\_\_\_ from the date of registration of the company.
12. In case the Comptroller and Auditor-General of India does not appoint first auditor, then such auditor shall be appointed by-
- (a) Board of Directors of the company shall appoint such auditor within the next 60 days
  - (b) Board of Directors of the company shall appoint such auditor within the next 30 days
  - (c) Members of the company shall appoint such auditor within the next 30 days
  - (d) Members of the company shall appoint such auditor within the next 60 days
13. As per Sec 139(9), retiring auditor shall be re-appointed at an AGM, 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 meeting appointing some other auditor or providing expressly that the shall not be re-appointed
  - (d) All of above
14. Where at any annual general meeting, no auditor is appointed or re-appointed, then-
- (a) Existing auditor shall continue to be the auditor of the company
  - (b) EGM shall be called to appoint new auditor immediately
  - (c) Company may approach Tribunal, which shall recommend a new auditor
  - (d) ROC may recommend a person as auditor

15. As per Sec 140(1), the auditor appointed under section 139 may be removed from his office before the expiry of his term-
- (a) By a special resolution of the company
  - (b) After obtaining the previous approval of the Central Government by making an application in form ADT-2
  - (c) Either (a) or (b)
  - (d) Both (a) and (b)
16. If the Auditor has resigned from the company, he shall file within a period of 30 days from the date of resignation, a statement in-
- (a) Form ADT-1
  - (b) Form ADT-2
  - (c) Form ADT-3
  - (d) Form ADT-4
17. Where a firm, including a LLP, is appointed as an auditor of a company, then-
- (a) Only the partners who are chartered accountants shall be authorized to act and sign on behalf of the firm
  - (b) Any partner shall be entitled to act on behalf of said firm
  - (c) Majority of partners shall be professionally qualified
  - (d) None of above
18. Who among the following may be appointed as Auditor of company-
- (a) A person whose relative is holding security interest in company of Rs. 2,50,000 in terms of face value
  - (b) A person whose relative is indebted to company for a sum of Rs. 3,00,000
  - (c) A person who has given a guarantee or provided any security in connection with the indebtedness of any third person to the company in of Rs. 2 Lac
  - (d) A person or a firm who has business relationship with the company, or its subsidiary, or its holding or associate company or subsidiary of such holding company or associate company
19. While computing the maximum number of Audit, following companies shall be considered-
- (a) One person company
  - (b) Dormant company
  - (c) Small company
  - (d) Private companies having paid-up capital of Rs 150 Cr
20. If an auditor of a company, has reasons to believe that an offence involving fraud is being or has been committed against the company by officers or employees of the company, he shall immediately report the matter to the Central Government in Form \_\_\_\_\_.

- 21.** As per Sec 143, the Comptroller and Auditor-General of India shall within sixty days from the date of receipt of the audit report have a right to
- (a) Conduct a supplementary audit of the financial statement of the company by such person or persons as he may authorize in this behalf
  - (b) Comment upon or supplement such audit report
  - (c) Test audit to be conducted
  - (d) Any of above
- 22.** While reporting fraud to central government, Auditor shall report the matter specifying the following:
- (a) Nature of Fraud with description
  - (b) Approximate amount involved
  - (c) Parties involved
  - (d) All of above
- 23.** When cost audit report is submitted by cost auditor?
- (a) Within 180 days from commencement of financial year
  - (b) Within 120 days from closure of financial year
  - (c) Within 180 days from closure of financial year
  - (d) Within 120 days from commencement of calendar year
- 24.** Cost Audit can be done by a
- (a) Cost Accountant
  - (b) Firm of cost accountants
  - (c) Either (a) or (b)
  - (d) Statutory Auditor
- 25.** The Board of Directors shall submit full information and explanation to every reservation or qualification in Cost Audit Report, within \_\_\_\_\_, in Form CRA4.