**ACC311- Fall 2008
Quiz # 01**

1. Which one of the following cannot be considered as the essential feature of Auditing?
2. An auditor is involved in the examination of financial statements
3. **The auditor is responsible for the preparation of the financial statements**
4. The end result of an audit is an opinion to assist the user of the financial statements.
5. The auditor should be independent of the entity
6. Which one of the following best describes why an independent auditor is asked to express an opinion on the presentation of financial reports?
7. It is difficult to prepare financial reports that fairly present a company’s financial position without the expertise of an external auditor
8. It is management’s responsibility to seek available independent aid in the appraisal of financial information shown in its financial reports
9. **The opinion of an independent party is needed because a company may not be objective with respect to its own financial reports**
10. It is a customary courtesy that all shareholders of a company receive an

independent report on management’s stewardship of the affairs of the business

1. The audit which is a review of any part of an entity’s operating procedures and methods

is known as which one of the following?

1. Financial statement audits
2. **Operational audits**
3. Technical Audits
4. Compliance audits
5. Which one of the following is considered as the formal opinion, or disclaimer thereof, issued by an independent auditor as a result of audit or evaluation performed on a legal entity?
6. Financial report
7. Financial statement
8. Director’s report
9. **Auditor's report**

5. Which of the following statements is true?

1. The auditing profession is unregulated
2. **The auditing profession is regulated only by its own professional body**
3. Outside bodies sometimes become involved in the regulation of the audit profession
4. The auditing profession is regulated only by the government

6. Which one of the following primary assertions is satisfied when an auditor ensures that there are no unrecorded assets, liabilities, transactions or events or undisclosed items in the client’s financial records?

1. Valuation
2. **Completeness**
3. Existence
4. Rights and obligations

7. Internal control is primarily established within a company to do which of the following?

1. **To prevent fraud in the company affairs**
2. To provide reasonable assurance that the company's objectives will be achieved
3. To catch all errors that may occur in the company
4. To aid in the effective auditing of the company

8. Fixation of remuneration of auditors can be determined by the following authorities EXCEPT: *(Companies Ordinance, 1984)*

1. Directors
2. **Company secretary**
3. Commission
4. Members

9. A leather goods manufacturing company has started its operations in year 2001. After five years of conducting successful business, it has become a listed company recently. Now, the company is required to hire its first auditors, but neither the directors nor the members could appoint the auditors during the past 4 months since the incorporation of the company.

Select among the following authorities who can appoint the auditors in this situation? *(Companies Ordinance, 1984)*

1. Company secretary
2. **Company registrar**
3. Commission
4. Institute of Chartered Accountants of Pakistan (ICAP)

10. A company has hired auditors who have performed the audit process in accordance with the auditing standards, but they fail to present its report. According to the Company law, 1984, the auditors shall be liable for which one of the following liabilities?

1. Criminal liability
2. Liability for misfeasance
3. **Liability for negligence**
4. Accounting liability

**Fundamentals of Auditing (ACC311)
Quiz # 01**

1. Which one of the following cannot be considered as the essential feature of Auditing?
	1. An auditor is involved in the examination of financial statements
	2. **b.** **The auditor is responsible for the preparation of the financial statements**
		1. The end result of an audit is an opinion to assist the user of the financial statements.
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	2. It is management’s responsibility to seek available independent aid in the appraisal of financial information shown in its financial reports
	3. **c.** **The opinion of an independent party is needed because a company may not be objective with respect to its own financial reports**
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**Fundamentals of Auditing (ACC311)**

**Quiz # 02**

**01 #:** During audit of the financial statements, the auditors are concerned with the verification and determination of which one of the following items?

 Statements, accuracy, and feasibility

 **Date, accuracy, and reliability**

 Policies, value, and reliability

 Cycle, policies, and reliability

**02 #:** Which one of the following authorities shall fix the remuneration of the auditors, if auditors are appointed by the SECP? (Companies Ordinance, 1984)

 **Directors**

 Shareholders

 Company registrar

 SECP

**03 #:** The phrase (Scope of an Audit) refers to which one of the followings?

 Engagement letters

 **Audit procedures**

 Audit evidence

 Reasonable assurance

**04 #:** Following statements are true about the legal requirements of books accounts for the companies EXCEPT: (Companies Ordinance, 1984)

 Books of accounts should be preserved for 10 years

 Books of accounts are to be kept at the registered office of the company

 Directors can review the books of account during the business hours

 **If a company fails to maintain books of accounts according, it may leads to demolish the entity**

**05 #:** The factors that affect reasonable assurance include all of the following EXCEPT:

 Use of testing (Sampling)

 Interest limitations of accounting and internal control

 Remuneration of the auditor

 **Persuasive nature of audit evidence**

**06 #:** A well designed Internal Control Questionnaire (ICQ) should incorporate the following EXCEPT:

 Be a sufficient source of data for the evaluation of internal controls

 Identity the internal control system's strengths and weaknesses

 Be organized by individual functional organizations

 **Should include simple yes or no responses but no narrative responses**

**07 #:** Which one of the following is FALSE about Internal Control Evaluation Checklists (ICEC)?

 ICEC is developed to overcome the shortcomings of Internal Control Questionnaire

 The rules of constructing ICEC is different than construction of Internal Control Questionnaire

 It is designed to determine, whether desirable internal controls are present

 **It is normally employed where system's information has already been recorded**

**08 #:** An auditor's flow chart of an entity's information system is a diagrammatic representation. It depicts what kind of information?

 Program for tests of control

 Understanding of the system

 Understanding of the types of irregularity that are probable given by the present system

 **Documentation of the study and evaluation of the system**

**09 #:** Which one of the following is NOT a factor included in the control environment of an entity?

 Integrity and ethical values

 Risk assessment

 Commitment to competence

 **Organization structure**

**10 #:** The audit which is a review of any part of an entity's operating procedures and methods is known as:

 Financial statement audits

 **Operational audits**

 Technical Audits

 Compliance audits

**11 #:** While considering internal control system of an entity, the auditor is basically concerned that the system provides reasonable assurance about which one of the following?

 That the management can not override the system

 Operational efficiency has been achieved according to management plans

 Errors have been prevented or detected

 Controls have not been circumvented by collusion

**12 #:** Which one of the following is the source document for staff salaries?

 **Approved payrolls**

 Vouchers

 Accounting statements

 Cash memos

**13 #:** Analytical procedures used in planning an audit should focus on identifying which one of the followings?

 Areas that may represent specific risks relevant to the audit

 Material weaknesses in the internal control structure

 **The predictability of financial data form individual transactions**

 The various assertions that are embodied in the financial report

**14 #:** Which one of the following meetings is considered as a 'meeting of directors or management?

 General meeting

 Extra ordinary general meeting

 **Board meeting**

 Management meeting