

Subject Code **0313**

# AUDITING AND CORPORATE GOVERNANCE(DSC-11)

Question Booklet No.

Signature of Invigilator .....	<b>To be filled in by candidate by ball-point pen only</b>	OMR Sl. No. _____
	Roll No. _____	_____
Time of Examination .....	<b>Declaration : I have read and understood the instructions given below.</b>	
Date of Examination .....	Full Signature of Candidate .....	<b>Full Marks : 80/50</b>
	Name of Candidate .....	

Number of Questions in the Booklet } **50/40**



## UU 6th Semester Examination, 2020

### INSTRUCTIONS TO CANDIDATES

- Immediately after getting the booklet read instructions carefully mentioned on the front and back page of the Question Booklet. Do not open the seals unless asked by the Invigilator.
- Write your Roll No., OMR Response Sheet No., in the specified places given above and put your signature.
- Write the subject code of the booklet in your OMR Sheet.
- Make all entries in the OMR Response Sheet as per the given instructions; otherwise OMR Response Sheet will not be evaluated.
- After opening the seals, ensure that the Question Booklet contains total no. of pages as mentioned above and printing of all the **50 / 40** questions are proper. If any discrepancy is found, inform the invigilator within **15** minutes and get the correct Question Booklet.
- For each question in the Question Booklet choose the correct option from the given four alternatives and darken the same circle in the OMR Response Sheet with Black or Blue ball-point pen.
- Darken the circle of correct answer properly; otherwise answers will not be evaluated. The candidate will be fully responsible for it.
- If more than one option is darkened for a particular question, then it will be treated as wrong answer.
- After completion of the examination, only OMR Response Sheet is to be handed over to the invigilator.

**THERE IS NO NEGATIVE MARKING FOR WRONG ANSWER**

## Rough Work

# AUDITING AND CORPORATE GOVERNANCE (DSC 11)

(Answer any 40 questions)

- 1 A stockholder orientation includes all of the following activities except:
  - (A) Generating data about stakeholder groups
  - (B) Assessing the firm's effects on stakeholder groups
  - (C) Distributing stakeholder information throughout the firm
  - (D) Minimizing the influence of stakeholder information on the firm
- 2 Stakeholders are considered more important to an organization when:
  - (A) They can make use of their power on the organization
  - (B) They do not emphasize the urgency of their issues
  - (C) Their issues are not legitimate
  - (D) They can express themselves articulately
- 3 A(n) \_\_\_\_\_ is a problem, situation, or opportunity requiring an individual, group, or organization to choose among several actions that must be evaluated as right or wrong.
  - (A) Crisis
  - (B) Ethical issue
  - (C) Indictment
  - (D) Fraud
- 4 What type of justice exists if employees are being open, honest, and truthful in their communications at work?
  - (A) Procedural
  - (B) Distributive
  - (C) Ethical
  - (D) Interactional
- 5 A high-commitment approach to environmental issues may include all of the following except:
  - (A) Risk analysis
  - (B) Stakeholder analysis
  - (C) Green washing
  - (D) Strategic sustainability auditing
- 6 Better access to certain markets, differentiation of products, and the sale of pollution-control technology are ways in which better environmental performance can:
  - (A) Increase revenue
  - (B) Increase costs
  - (C) Decrease revenue
  - (D) Decrease costs
- 7 Atmospheric issues include all of the following except:
  - (A) Acid rain
  - (B) Global warming
  - (C) Air pollution
  - (D) Water quantity
- 8 To be successful, business ethics training programs need to:
  - (A) Focus on personal opinions of employees.
  - (B) Be limited to upper executives.
  - (C) Educate employees on formal ethical frameworks and models of ethical decision making.
  - (D) Promote the use emotions in making tough ethical decisions.

- 9 Most companies begin the process of establishing organizational ethics programs by developing:
- (A) Ethics training program
  - (B) Codes of conduct
  - (C) ethics enforcement mechanisms
  - (D) Hidden agendas
- 10 For referent to be effective, what must exist between individuals in the relationship?
- (A) Antipathy
  - (B) Rivalry
  - (C) History
  - (D) Empathy
- 11 When a firm charges different prices to different groups of customers, it may be accused of:
- (A) Cultural relativism
  - (B) Money laundering
  - (C) Facilitating payments
  - (D) Price discrimination
- 12 The ability to interpret and adapt successfully to different national, organizational, and professional cultures is called:
- (A) National competitiveness
  - (B) Global development
  - (C) Cultural intelligence
  - (D) Stakeholder sensitivity
- 13 Successful global initiatives addressing standards for business must begin and end with:
- (A) The role of corporate governance and shareholder power in corporate decision making.
  - (B) Social activism
  - (C) The implementation of standardized ethics programs.
  - (D) The consolidation of economic and environmental efforts
- 14 The social economy partnership philosophy emphasizes:
- (A) Cooperation and assistance
  - (B) Profit maximization
  - (C) Competition
  - (D) Restricting resources and support
- 15 Which of the following is not a driver of responsible competitiveness?
- (A) Policy drivers
  - (B) Development drivers
  - (C) Business action
  - (D) Social enablers
- 16 Which of the following is a problem presented by ethics audits?
- (A) They may be used to reallocate resources.
  - (B) They identify practices that need improvement.
  - (C) Selecting auditors may be difficult.
  - (D) They may pinpoint problems with stakeholder relationships
- 17 The first step in the auditing process should be to secure the commitment of:
- (A) Employees
  - (B) Top executives and directors
  - (C) Stockholders
  - (D) Customers
- 18 Codes of conduct and codes of ethics
- (A) Are formal statements that describe what an organization expects of its employees.
  - (B) Become necessary only after a company has been in legal trouble.
  - (C) Are designed for top executives and managers, not regular employees.
  - (D) Rarely become an effective component of the ethics and compliance program.

- 19 Which of the following is NOT one of the primary elements of a strong organizational compliance program?
- (A) A written code of conduct
  - (B) An ethics officer
  - (C) Significant financial expenditures
  - (D) A formal ethics training program
- 20 The hand-of-government refers to the
- (A) Ability of the government to interfere in business negotiations
  - (B) Role of corporations to be profitable within the law
  - (C) Effect of national politics on business decisions
  - (D) Impact of changing government regulations
- 21 An organization's obligation to act to protect and improve society's welfare as well as its own intersects is referred to as
- (A) Organizational social responsibility
  - (B) Organizational social responsiveness
  - (C) Corporate obligation
  - (D) Business ethics
- 22 The view that business exists at society's pleasure and businesses should meet public expectations of social responsibility is the
- (A) Iron law of responsibility argument
  - (B) Enlightened self-interest argument
  - (C) Capacity argument
  - (D) Anti- freeloader argument
- 23 Managerial ethics can be characterized by all of the following levels except
- (A) Immoral management
  - (B) Amoral management
  - (C) De-Moral management
  - (D) Moral management
- 24 Which of the following is not one the underlying principles of the corporate governance Combined Code of Practice?
- (A) Openness
  - (B) Integrity
  - (C) Accountability
  - (D) Acceptability
- 25 External audit of the accounts of a limited company is required
- (A) Because it is demanded by the company's bankers
  - (B) By the Companies Act 2006
  - (C) At the discretion of the shareholders
  - (D) To detect fraud
- 26 Which of the following is not a kind of audit?
- (A) Statutory and private
  - (B) Government and continuous audit
  - (C) Interim audit
  - (D) None of these
- 27 This kind of audit is conducted generally between two annual audits.
- (A) Internal audit
  - (B) Interim audit
  - (C) Final audit
  - (D) Continuous audit
- 28 Voucher relates to\_\_\_\_\_.
- (A) Cash receipt
  - (B) Cash payment
  - (C) Credit transactions
  - (D) All of the above
- 29 Auditing begins where\_\_\_\_\_ ends.
- (A) Selling
  - (B) Inventory valuation
  - (C) Accounting
  - (D) Purchases

- 30 In the case of a company in which not less than \_\_\_\_\_ % of the subscribed share capital is held whether singly or in combination by certain special institutions and bodies, the appointment or re-appointment of auditors shall be made at each annual general meeting by a special resolution.
- (A) 25%  
 (B) 30%  
 (C) 20%  
 (D) 15%
- 31 Which of the following persons is qualified to be a company auditor?
- (A) An employee of the company  
 (B) A body corporate  
 (C) A person who is indebted to the company for an amount exceeding Rs. 1000  
 (D) A practicing-chartered accountant
- 32 When the auditor is an employee of the organization being audited, the audit is classified as
- (A) Internal  
 (B) External  
 (C) Compliance  
 (D) Both A & B
- 33 A company auditor can be removed before expiry of his term by
- (A) Shareholders  
 (B) Board of Directors  
 (C) Central Government  
 (D) State Government
- 34 If there is capital loss, the auditor should
- (A) Not allow payment of dividend  
 (B) Allow payment of dividends  
 (C) Allow payment of dividends after making such losses good  
 (D) None of the above
- 35 Auditor should see that amount received for premium on issue of shares should be shown in \_\_\_\_\_
- (A) Subscribed capital  
 (B) Capital Reserve Account  
 (C) Share Premium account  
 (D) Paid-up capital account
- 36 Sec.143 of Companies Act 2013 deals with \_\_\_\_\_
- (A) Powers and rights of an auditor  
 (B) Removal of an auditor  
 (C) Appointment of an auditor  
 (D) Remuneration of an auditor
- 37 Internal auditor is appointed by \_\_\_\_\_.
- (A) Management  
 (B) Shareholders  
 (C) Government  
 (D) Statutory body
- 38 Share premium account should be shown in the Balance sheet under
- (A) Paid-up capital  
 (B) Subscribed capital  
 (C) Reserves & surplus  
 (D) Reserved capital
- 39 \_\_\_\_\_ is the medium through which an auditor expresses his opinion on the state of affairs of the Client's business.
- (A) Audit report  
 (B) Audit certificate  
 (C) Audit programme  
 (D) Audit planning

- 40 \_\_\_\_\_ Is the specific guidelines and directions for efficient and effective completion of the audit Work on timely and daily basis, so as to minimize audit risk.
- (A) Audit planning  
 (B) Audit report  
 (C) Audit programme  
 (D) Audit certificate
- 41 \_\_\_\_\_ Is a method of organizing the accounting system of a business concern or a factory by Which the duties of various clerks are arranged in such a way that the work of one person is automatically checked by another.
- (A) Internal control  
 (B) Internal check  
 (C) Internal audit  
 (D) All of the above
- 42 Internal check is a part of
- (A) Internal audit  
 (B) Internal accounting  
 (C) External audit  
 (D) Internal control
- 43 Civil liability of an auditor implies liability for
- (A) Misappropriation of cash  
 (B) Misappropriation of goods  
 (C) Fraud  
 (D) Misfeasance
- 44 If an auditor is not appointed at annual general meeting, he is appointed by the
- (A) The Central Government  
 (B) Board of Directors  
 (C) Shareholders  
 (D) Company Law board
- 45 The audit that is made compulsory under statute is called\_\_\_\_\_.
- (A) Statutory audit  
 (B) Partial audit  
 (C) Complete audit  
 (D) Continuous audit
- 46 Audit means\_\_\_\_\_.
- (A) Recording business transactions  
 (B) Preparing final accounts  
 (C) Examination of books, accounts or vouchers  
 (D) Decision making
- 47 When a transaction has not been recorded in the books of account either wholly or partially such errors are called\_\_\_\_\_
- (A) Error of commission  
 (B) Error of omission  
 (C) Compensating error  
 (D) None of the above
- 48 The liabilities of an auditor can be\_\_\_\_\_.
- (A) Civil  
 (B) Criminal  
 (C) Civil & Criminal  
 (D) Financial
- 49 Duties of an auditor is\_\_\_\_\_.
- (A) Statutory duties imposed by the Companies Act  
 (B) Duties imposed by legal or court decisions  
 (C) Duties arising out of professional etiquette  
 (D) All of the above
- 50 Internal auditor of a company must be\_\_\_\_\_.
- (A) Cost accountant  
 (B) Chartered accountant  
 (C) ICWA  
 (D) Need not possess any professional qualification

