

# CA Inter – Paper 2 (Law) – MCQ

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**(Covering ICAI SM, MTPs & RTPs till May 2022 applicable for May 2023 Exams)**

## Chapter – 10: Audit and Auditors

**1. The auditor of a Government Company shall be appointed or reappointed by:**

- (a) The Central Government.
- (b) Comptroller and Auditor General of India (CAG).
- (c) Central Government on the advise of Comptroller and Auditor General of India.
- (d) None of the above.

**QUESTIONS FROM RTPs, MTPs AND PAST EXAMS (MEMORY BASED) OF ICAI**

**2. Advise whether the auditor appointed by a private limited company with paid-up capital of ₹ 30 crore, in the following cases are valid for the financial year 2021-22:**

**[MTP-March 19]**

- (a) Amanpreet (an individual auditor) who has been the auditor since the Financial Year 2015-16.
- (b) Firm MGA & Associates, was appointed as auditor in the Financial Year 2015-16.
- (c) Firm MGA & Associates, who completed 10 years continuously as auditor in company. Now company wants to appoint VGA & Associates wherein Mr. V is a partner who is also partner in MGA & Associates.
- (d) The provisions of rotation of auditor are not applicable on private companies.

**3. Which of the following is a prohibited services to be rendered by the auditor of the Company.**

**[MTP-March 19, MTP-Oct. 21]**

- (a) Design and implementation of any financial information system.
- (b) Making report to the members of the company on the accounts examined by him.
- (c) Compliance with the auditing standards.
- (d) Reporting of fraud against the company by officers or employees to the Central Government.

**4. For appointing an auditor other than the retiring auditor\_\_\_\_\_.**

**[MTP-March 19, May 20, Oct. 21]**

- (a) Special notice is required.
- (b) Ordinary notice is required.
- (c) Neither ordinary nor special notice is required.
- (d) Approval of Central Government is required.

**5. BSP Ltd. appointed XPP & Co. LLP as their statutory auditors for the year ended on 31 March, 2022 on 18 June, 2022, as per Sec. 139(8) of the Companies Act, 2013, to fill the casual vacancy caused by resignation of previous statutory auditors to hold office till the conclusion of next Annual General Meeting (AGM) of BSP Ltd. BSP Ltd. is listed with Bombay Stock Exchange and National Stock Exchange. BSP Ltd. is covered under auditors rotation requirements and wants to**

**reappoint XPP & Co. LLP at their next AGM. Please advise. [MTP-Oct. 19]**

- (a) XPP & Co. LLP can be reappointed for a term of five consecutive years at the AGM and after that can be considered for re-appointment for another five consecutive years.
- (b) XPP & Co. LLP can be reappointed for a term of four consecutive years at the AGM and after that can be considered for re-appointment for another five consecutive years.
- (c) XPP & Co. LLP can be reappointed for a term of five consecutive years at the AGM.
- (d) XPP & Co. LLP cannot be reappointed at the AGM.

**6. NTW Ltd. is listed on National Stock Exchange and has a turnover of ₹ 4,500 crores. NTW Ltd. has 12 subsidiaries, 3 associate companies and 5 joint venture companies (collectively referred to as NTW Group). AKW & Co. LLP is the statutory auditor of NTW Ltd. NTW Ltd. wants to appoint AKW as the statutory auditors for entire NTW Group. In respect of this, please advise the management of NTW Group. [MTP-Oct. 19]**

- (a) AKW & Co. LLP can be appointed as statutory auditors for only 10 companies of NTW Group.
- (b) AKW & Co. LLP can be appointed as statutory auditors for only 20 companies of NTW Group.
- (c) AKW & Co. LLP can be appointed as statutory auditors for all the companies of NTW Group.

- (d) AKW & Co. LLP can be appointed as statutory auditors for all the companies of NTW Group provided they meet the limits requirements as per the Companies Act, 2013.

**7. Which of the non-financial matter, Statutory auditor is required to report in his report: [MTP-Oct. 20]**

- (a) Whether employees appointed during the period covered by audit meet the requisite educational/professional qualification at the time of appointment.
- (b) Whether every page of minute book of General meetings bears full signature of Chairman as per provisions of Companies Act, 2013.
- (c) Whether the incorporation documents are managed properly.
- (d) Whether any director is disqualified from being appointed as a director u/s. 164(2).

**8. The word 'firm' for the purpose of Sec. 139 shall include: [MTP-Nov. 21]**

- (a) An individual auditor
- (b) A LLP
- (c) An individual auditor and LLP both
- (d) A company

**9. Birthday Card Limited, a listed company can appoint or reappoint, Mishra & Associates (a firm of Chartered Accountants), as their statutory auditors for: [MTP-March 22]**

- (a) One year only.
- (b) One term of 3 consecutive years only.
- (c) One term of 4 consecutive years only.
- (d) Two terms of 5 consecutive years.

Answers									
1	(b)	2	(b)	3	(a)	4	(a)	5	(a)
6	(d)	7	(d)	8	(b)	9	(d)		