

**INTER COURSE: GROUP II**  
**PAPER-5: AUDITING AND ETHICS**

**(MTP 6: Ch. 6 – Audit Documentation)**

**Time Allowed- 20 Minutes**

**Maximum Marks-10**

***Write the most appropriate answer to each of the following multiple-choice questions by choosing one of the four options given. All MCQs are compulsory and carry 2 Marks each.***

1. During the audit of Coral Optics Pvt. Ltd., the auditor noticed that the finance team updated several fixed-asset entries on the last day of the year. When questioned, the accountant verbally explained that these were corrections of earlier data-entry errors and provided screenshots showing the revised figures. However, the auditor did not document the conversation, the screenshots reviewed, or the basis on which he accepted the explanation, assuming it was “self-explanatory.”

What should the auditor have done?

- (a) He should have documented the explanation received, the evidence reviewed and how he concluded that the corrections were appropriate.
- (b) Documentation was not required because the corrections merely aligned the records with actual values and did not impact depreciation.
- (c) Since screenshots were reviewed on screen and not printed, documentation was unnecessary unless management provided a written note.
- (d) Documentation was optional because the matter related to internal corrections and did not materially affect the financial statements.

**Case Scenario [MCQ 2-5]**

Nova Household Products Pvt. Ltd. manufactures mixers, pressure cookers and induction appliances. Your firm, DKM & Associates, has been appointed statutory auditor for FY 2024-25. The partner, Kabir, instructed the team that all audit work must be recorded clearly, including dates of procedures performed, discussions with management, and conclusions reached.

During interim audit, Tanvi discussed mismatches in vendor statements with the purchase manager and resolved the issue based on explanations received. She assumed these discussions “need not be written” since nothing remained pending. Yash was assigned to attend physical inventory verification. Although he performed test counts, he failed to record the exact date and time he attended and did not note the sections of inventory tested.

The audit report was issued on 20 June 2025. The team was expected to complete assembly of the audit file within the permitted time. However, Tanvi inserted new working papers into the file on 5 September 2025, believing such improvements would be acceptable even though considerable time had passed.

Later, the client requested deletion of certain working papers from the FY 2019-20 audit, stating they were now outdated. Kabir asked the team to verify whether such deletion was permissible considering the required minimum retention period for audit documentation.

**Based on the above facts, answer the following:**

2. Tanvi verbally resolved the vendor-related discrepancies but did not record the discussion. What is the appropriate requirement?
  - (a) She should document the discussion because it influences audit conclusions and relates to evidence obtained.
  - (b) No documentation is needed if matters are resolved orally and have no financial impact.
  - (c) Such documentation is optional unless specifically requested by the partner.
  - (d) Only unresolved matters must be documented.
3. The audit report was issued on 20 June 2025. Which of the following dates would fall within the permitted period for completing the assembly of the final audit file?
  - (a) 10 August 2025
  - (b) 5 September 2025
  - (c) 12 October 2025
  - (d) 20 November 2025
4. Audit working papers for FY 2019-20 were completed on 30 June 2020. What is the earliest date on which these papers may be deleted after satisfying the minimum retention requirement?
  - (a) 30 June 2024
  - (b) 30 June 2025
  - (c) 30 June 2026
  - (d) 30 June 2027
5. Which statement best reflects what audit documentation should allow an experienced auditor to understand?
  - (a) Only the conclusions reached, as long as the audit opinion is clearly stated.
  - (b) Broad reasons why management explanations were accepted.
  - (c) The nature, timing and extent of work performed and significant judgements made, without requiring prior involvement.
  - (d) Mainly the partner's final conclusions without needing detailed supporting work.

# CA Inter – Auditing and Ethics

## MCQ – Mock Test Series 1: Nov. 2025

### Detailed Schedule of MCQ Test Series – Nov. 2025

Date	Day	Topic	MCQ Style	Marks
6 Nov.	Wed.	Ch. 1 - Nature, Objective and Scope of Audit	1 Case Study with 4 MCQ + 1 General MCQ	10
7 Nov.	Thu.	Ch. 11 - Ethics and Terms of Audit Engagements		10
8 Nov.	Fri.	Ch. 2 - Audit Strategy, Planning & Programme		10
10 Nov.	Mon.	Ch. 3 - Risk Assessment and Internal Control		10
12 Nov.	Wed	Ch. 4 - Audit Evidence		10
14 Nov.	Fri.	Ch. 6 - Audit Documentation		10
17 Nov.	Mon.	Ch. 5 - Audit of Items of Financial Statements		10
19 Nov.	Wed	Ch. 7 - Completion and Review		10
24 Nov.	Mon.	Ch. 8 - Reporting		10
26 Nov.	Wed	Ch. 9 - Audit of Different Types of Entities		10
28 Nov.	Fri.	Ch. 10 - Audit of Banks		10

**Note: Test Papers and Answer Key will be uploaded  
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MTP No.	Chapter No. and Name	Date of Test
1	Ch. 1 - Nature, Objective and Scope of Audit	26 Nov. 2025
	Ch. 11 - Ethics and Terms of Audit Engagements	
2	Ch. 2 - Audit strategy, Planning and Programme	29 Nov. 2025
	Ch. 3 - Risk Assessment and Internal Control	
3	Ch. 4 - Audit evidence	03 Dec. 2025
	Ch. 6 - Audit Documentation	
4	Ch. 5 - Audit of Items of Financial Statements	06 Dec. 2025
5	Ch. 7 - Completion and Review	10 Dec. 2025
	Ch. 8 - Audit Report	
6	Ch. 9 - Sp. features of Audit of Different Entities	13 Dec. 2025
	Ch. 10 - Audit of Banks	
7	Full Syllabus Test	17 Dec. 2025
8	Full Syllabus Test	24 Dec. 2025

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