**ACC311 Fundamentals of Auditing Midterm Solved MCQS with ref**

1. Standard format of Auditor’s Report as per the Companies Ordinance 1984 is described in which one of the following Legal Forms?
A. Form31A
B. Form32A
C. Form30A
D. Form35A
**Form35A.**http://www.vuzs.info/

2. IFRS stands for which one of the following?
A. International Financial Reporting Standards
B. International Financial Recording Systems
C. International Financial Recording Statements
D. International Financial Reporting Systems

**International Financial Reporting Standards.**

3. Which of the following is NOT one of the five major components of internal control?
A. Risk assessment
B. Control activities
C. Information and communication system
D. Human resource background checks
**Human resource background checks**.

4. All of the following should be observed and inspected by the auditors during the risk assessment process of an entity EXCEPT:
A. Observations of Activities and operations
B. Inspection of Documents and records
C. Reading Management reports
D. Visit to other companies in the industry
**Visit to other companies in the industry.**

5. Which one of the following audit techniques ordinarily provides an auditor with the least assurance about the operating effectiveness of an internal control activity?
A. Inquiry of client personnel
B. Inspection of documents and reports
C. Observation of client personnel
D. Preparation of system flowcharts
**Inspection of documents and reports.**

6. Which one of the following opinions advocates that the auditor should form an opinion only after obtaining sufficient audit evidence instead of blindly accepting any information given by the management?
A. Auditor’s liability
B. Professional ethics
C. Professional Skepticism
D. Auditor’s opinion
**Professional ethics.**

7. Which one of the following is NOT required as part of the audit process?
A. Substantive procedures
B. Tests of control
C. Assessment of materiality
D. Procedures to obtain an understanding of the internal control structure
**Procedures to obtain an understanding of the internal control structure.**

8. SECP stands for which one of the following?
A. Securities and Exchange Collaboration of Pakistan
B. Securities and Exchange Consortium of Pakistan
C. Securities and Exchange Commission of Pakistan
D. Securities and Exchange Constitution of Pakistan
**Securities and Exchange Commission of Pakistan.**

9. One type of analytical procedure is the ‘Trend Analysis’. Which one of the following is the best example of trend analysis?
A. Comparison of company financial ratios to that of its competitors
B. Comparison of accounting records to budgeted amounts
C. Comparison of inventory levels over the past 3 years
D. Comparison of interest expenses to outstanding loan balances
**Comparison of inventory levels over the past 3 years.**

10. While conducting operational audit, which one of the following auditing procedures does the auditor primarily rely upon?
A. Inquiry and observation
B. Analytical procedures
C. Physical inspection
D. Tracing and vouching
**Analytical procedures.**

11. Which one of the following helps to achieve reasonable assurance about the fairness of financial statements during an audit process?
A. Audit report
B. Audit evidence
C. Audit engagement
D. Audit program
**Audit report.**