ACCA Certificate in Audit
(RQF Level 4)

FAU

Foundations in Audit

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Section 1

MULTIPLE-CHOICE QUESTIONS – SECTION A

PURPOSE AND SCOPE OF AUDIT AND REGULATORY FRAMEWORK

1 Which of the following is NOT an objective of external audit?

A To enable the auditor to given an opinion on whether the financial statements give a true and fair view of the financial position and performance of the company

B To enable the auditor to given an opinion on whether the financial statements are presented fairly in all material aspects

C To enable the auditor to give an opinion on whether the financial statements are prepared in all material respects, in accordance with an applicable financial reporting framework

D To enable the auditor to give an opinion on whether the financial statements are prepared in all material or immaterial respects, in accordance with an applicable financial reporting framework

2 Which of the following statements are correct regarding external audit?

1 All companies are required by law to have their annual financial statements audited by an external auditor.

2 The financial reporting framework to be applied for external audit varies from country to country.

3 The external auditor reports on whether the published financial statements are correct or not.

A 2 only

B 3 only

C 1 only

D 1 and 2

3 In deciding whether a particular accounting policy produces figures that give a true and fair view, with which of the following sources of information might the policy be compared?

1 Relevant accounting standards (e.g. IFRS® Accounting Standards).

2 The accounting standards of specific countries if there is no international standard that deals with the topic.

3 Relevant company law.

A 1 only

B 1 and 2 only

C 2 and 3 only

D 1, 2 and 3

4 Which of the following may NOT act as an external auditor?

1 The members of a professional body authorised by the state.

2 Those who are unable to comply with ethics rules with respect to independence, objectivity and competence to act as auditor for any particular client.

3 Those who are prohibited by law from acting as auditor for particular clients.

A 1 only

B 2 only

C 2 and 3 only

D 1, 2 and 3

5 Which of the following are NOT responsibilities of the external auditors?

1 Preparing the financial statements.

2 Choosing accounting policies.

3 Establishing the mechanisms for ensuring that good standards of corporate governance are maintained.

A 2 and 3 only

B 1 and 2 only

C 1 and 3 only

D 1, 2 and 3