

PAPER ONE

BBA YEAR 3 SEMESTER 2

AUDITING II

TIME: 2 HOURS

Instructions:

This paper contains 5 (five) questions. Answer only 3 (three) questions.

- Q. 1. Explain the factors that may cast a doubt on the going concern of a firm to an auditor.
- Q. 2. Many of the companies in Kenya are multinationals who have subsidiaries or branches in Kenya. They, therefore adhere to the International Accounting standards. What are the benefits of adhering to these standards?
- Q. 3. Discuss the advantages and disadvantages of using Computer Assisted Audit Techniques (CAATs).
- Q. 4. (a) What is audit sampling?
(b) Distinguish between audit risk and sampling risk.
(c) What conditions are necessary to carry out sampling?
(d) What should the auditor consider before relying on the work of an expert?
- Q. 5. At the end of the financial year all companies are required to prepare final accounts. It is mandatory that these final accounts are distributed to the shareholders of the company in a manner that they can be able to read and understand. Explain the mandatory disclosures that the company must show in the statements?