TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING & FINANCE

UNIVERSITY EXAMINATION FOR:

DEGREE

BAC4306: AUDITING 11

END OF SEMESTER EXAMINATION

SERIES:DECEMBER2016

TIME:2HOURS

DATE: Pick DateDec2016

Instructions to Candidates
You should have the following for this examination
-*Answer Booklet, examination pass and student ID*
This paper consists of **FIVE** questions. Attemptany THREE questions.
Do not write on the question paper.

Question ONE

Kenyan Auditing Guideline 7 on Review of Financial Statements states "The auditor should consider whether his review has disclosed any new factors which affect the presentation or accounting policies adopted. For example, it may became apparent as a result of his review of the financial statement as a whole, that the entity has liquidity problems and the auditor should consider whether or not the financial statements should have been prepared on a going concern basis".

a) Explain the meaning of 'going concern' concept.
b) List eight factors which might cast doubt on the going concern status of a company
c) Describe the audit procedures necessary in order to obtain sufficient audit evidence to be able to form an opinion on the going concern status of a company.

Question TWO

a) Outline the benefits that can be derived by an auditor from the successful employment of statistical sampling techniques as opposed to non-statistical sampling.
b) Under what conditions is statistical sampling likely to prove most successful in an audit.

Question THREE

Discuss the advantages and disadvantages of using Computer Assisted Audit Techniques (CAATs).

Question FOUR

a) Briefly explain the meaning of the following phrases and terms in relation to the audit of computerized accounting systems:

i. Lack of visible evidence
ii. systematic errors
iii. computer audit software
iv. Test Data

b) Describe four controls that auditors need to institute when using portable laptop computers during audit assignments.

Question FIVE

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?