



**TECHNICAL UNIVERSITY OF MOMBASA**

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SCHOOL OF BUSINESS  
DEPARTMENT OF ACCOUNTING & FINANCE  
**UNIVERSITY EXAMINATION FOR:**  
DEGREE  
BA4306: AUDITING 11  
END OF SEMESTER EXAMINATION  
**SERIES: DECEMBER 2016**  
**TIME: 2 HOURS**  
**DATE: Pick Date Dec 2016**

**Instructions to Candidates**

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of **FIVE** questions. Attempt any **THREE** questions.

**Do not write on the question paper.**

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**Question ONE**

- a) Briefly describe eight main determinants of the size of a sample that an auditor may use for audit testing.
- b) List four details that should be contained in the working papers of a statistical audit sample.

**(20 MARKS)**

**Question TWO**

- a) Describe the essential elements of the planning process when auditing computerized systems.
- b) Explain the meaning of the following terms in relation to computer auditing
  - General controls
  - Application controls.
- c) Explain the benefits that an auditor would derive from the adoption of Computer Assisted Audit Techniques (CAATs).

**(20 MARKS)**

**Question THREE**

- a) Explain the nature of the following types of analytical review procedures:
  - i. trend analysis
  - ii. ratio analysis
  - iii. Reasonableness tests

- b) Describe how you would test the adequacy of the depreciation charge on fixed assets using the reasonableness tests approach
- c) Explain the methods adopted by auditors in obtaining sufficient and appropriate audit evidence regarding accounting estimates.

**(20MARKS)**

**Question FOUR**

The independence of the auditors is always threatened.

- a) Explain the significance of the concept of auditor's independence?
- b) Discuss the issues that jeopardize the auditor's independence?

**(20MARKS)**

**Question FIVE**

International Accounting Standards (IAS) are used the world over by many countries to write their accounting records. Explain of what benefit these IAS to the companies in Kenya?

**(20MARKS)**