



# TECHNICAL UNIVERSITY OF MOMBASA

---

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING & FINANCE

**UNIVERSITY EXAMINATION FOR:**

BAC 4306: AUDITING 11

END OF SEMESTER EXAMINATIONS

**SERIES:** APRIL 2022

**TIME:**2HOURS

**DATE:**Pick Date

## **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 question ONE (Compulsory) and any other TWO questions.

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

---

## **Question ONE**

- (a) Define the term sampling. **(4 marks)**
- (b) Why does the auditor need to adopt a sampling approach in the conduct of his audit? **(6 marks)**
- (c) Explain the situations where sampling approach would not be appropriate. **(10 marks)**
- (d) Explain **FIVE** advantages of using statistical sampling when collecting audit evidence. **(10 marks)**

## Question TWO

- (a) Explain the meaning of the following: -
- i. Audit evidence
  - ii. Post balance sheet events
  - iii. Compliance tests Audit
  - iv. Contingent liabilities
  - v. Walk through tests

## Question THREE

You have been appointed as an auditor of Peka limited company which has a large volume of transactions.

- (a) Explain **FIVE** reasons why you would apply statistical sampling rather than complete check of the transactions. **(10 marks)**
- (b) Explain **FIVE** disadvantages of statistical sampling. **(10 marks)**

## Question FOUR

- (a) Explain **FIVE** factors which affect materiality. **(10 marks)**
- (b) Explain **FIVE** examples of adjusting post balance sheet events. **(10 marks)**

## Question FIVE

- (a) Explain the scope and purpose of auditing "standards", "guidelines" and procedures. **(10 marks)**
- (b) Explain why professional accounting body issues accounting standards. **(10 marks)**