



TECHNICAL UNIVERSITY OF MOMBASA

School of Business

Department of Accounting & Finance

BACHELOR OF COMMERCE

BACHELOR OF BUSINESS ADMINISTRATION

BAC 4306: AUDITING II

SPECIAL/SUPPLEMENTARY EXAMINATION

SERIES: DECEMBER 2024

TIME: 2 HOURS

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

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

- a) Explain the reasons why you would apply statistical sampling rather than complete check of transactions. (10 marks)
- b) Explain the advantages of statistical sampling. (10 marks)
- c) Explain the disadvantage of statistical sampling. (10 marks)

Question TWO

- a) Explain the factors which determine the size of sample selected by the auditors. (10 marks)
- b) Explain the problems an auditor is likely to encounter when auditing computerized system. (10 marks)

Question THREE

To be able to add credibility to published accounting information, the auditor must possess some key attributes.

Required

Explain each of the following.

- a) Integrity. (5 marks)
- b) Confidentiality. (5 marks)
- c) Independence. (5 marks)
- d) Technical standards. (5 marks)

Question FOUR

- a) Explain the advantage of judgmental sampling. (10 marks)
- b) Explain the disadvantages of judgmental sampling. (10 marks)

Question FIVE

Auditing sampling means drawing conclusion about an entire set of data by testing representative samples. There are different sampling techniques but statistical sampling is preferred to judgmental sampling. Discuss (20 marks)