



TECHNICAL UNIVERSITY OF MOMBASA

School of Business

Department of Accounting & Finance

BACHELOR OF COMMERCE

BACHELOR OF BUSINESS ADMINISTRATION

BAC 4306: AUDITING II

END OF SEMESTER EXAMINATION

SERIES: AUGUST 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

In forming an audit opinion, the auditor needs to examine all the information that is available to him. He can reach the conclusion about an account balance, class of transactions or a contract by way of judgmental or statistical sampling procedures.

Required

- a) Explain the reasons why the auditor needs to adopt a sampling approach in his work. (10 marks)
- b) Explain the situation where the auditor would be unlikely to use sampling techniques. (10 marks)
- c) Explain the factors which the auditor should consider when determining the size of the sample. (10 marks)

Question TWO

- a) Explain the reasons why an auditor needs to be concerned with post balance sheet events. (10 marks)
- b) Explain any examples of adjusting post balance sheet events. (10 marks)

Question THREE

Auditors usually refer standards, guidelines and procedures.

Required

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

Question FOUR

- a) Explain the importance of materiality. (10 marks)
- b) Explain the factors affecting materiality. (10 marks)

Question FIVE

- a) Explain the advantages of computerized system. (10 marks)
- b) Explain the disadvantage of computerized system. (10 marks)