

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

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EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 414: AUDITING II

STREAMS:

TIME: 2 HOURS

DAY/DATE: TUESDAY 30/03/2021

2.30 P.M – 4.30 P.M

INSTRUCTIONS:

Answer question one and any other two questions

Do not write on question paper

1. (a) As an auditor of a public limited company state and briefly explain any six matters you would like to take into account in the process of verification of the fixed assets of the company in determining whether they are properly stated in the financial statements. [12 marks]
- (b) Describe the scope of duties of the auditor general of the republic of Kenya as stipulated in the Kenya's constitution. [10 marks]
- (c) Explain any four distinctions between auditing and investigations. [8 marks]
2. (a) Describe the various circumstances that may arise and cause investigations in an organization. [12marks]
- (b) A bank has received an application for loan from a client. You have been hired by the bank to carry out the investigation. Describe how would you proceed on such matter.

[8

marks]

3. (a) Describe what constitutes the post balance sheet events, giving two examples in each case. [10 marks]

(b) You have been appointed as an auditor of Nakuru soda industries and you have come across the post balance sheet events of bankruptcy of a debtor and collection of debts previously written off. Describe the audit procedures you will adopt in auditing these matters. [10 marks]

4. (a) Explain the challenges an auditor may face auditing the computerized accounting system of a company. [6 marks]

(b) An auditor is required to check and advise his client on matters of internal controls including risks and measures of ensuring computerized accounting system works effectively for that purpose outline the risks computerized accounting system faces. [6

marks]

- (c) As an auditor explain how you can verify the patent right and trade marks stated in the statement of financial position of a company. [8 marks]
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