

**CHUKA**



**UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE  
(ACCOUNTING)**

**BCOM 412/414: AUDITING II**

**STREAMS: BCOM (ACCOUNTING) Y4S2**

**TIME: 2 HOURS**

**DAY/DATE: THURSDAY 12/04/2018**

**2.30 P.M. – 4.30 P.M.**

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**INSTRUCTIONS:**

- **Answer question ONE and any other two questions only.**
- **Do not write anything on the question paper.**

1. (a) Describe the audit procedure relating to the following items.
  - (i) Good will appearing in the final accounts. (8 marks)
  - (ii) Disputed pricing of tendered and already constructed building of a public university. (10 marks)
- (b) Describe the scope of duties of Auditor General in relation to auditing and reporting of financial matters as stipulated in article 229 of the constitution and the government financial regulations. (12 marks)
2. As a newly appointed auditor of a public company:
  - (a) Explain the fundamental steps of measures needed to be taken before attending the function of stock-taking of the company. (8 marks)
  - (b) Describe how you will verify patent rights recorded in the financial statements. (12 marks)
3. (a) Distinguish between audit and investigation. (8 marks)
- (b) Describe the special points that should be borne in mind in carrying out an investigation on behalf of person who wants to purchase a business as a going concern. (12 marks)

4. (a) Explain the types of events classified as post-balance sheet events and in each case list any four examples. (8 marks)
- (b) Briefly explain what is meant by auditing around the computer. (4 marks)
- (c) An auditor has responsibilities to advice on matters relating to the security of computerized accounting systems. Explain the physical security controls. That need to be instituted in an organization for effective operations of computerized system. (8 marks)
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