

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE
BCOM 414: AUDITING II**

STREAMS: BCOM Y4S2 (ODEL)

TIME: 2 HOURS

DAY/DATE: THURSDAY 07/08/2025

8.30A.M. –10.30 A.M

Instructions

- **Answer Question ONE and any other two Questions**
- **Do not write anything in the question paper**

QUESTION ONE

- a) West Pokot Cement PLC is a state-owned company by majority shares. The company has appointed you as an Auditor for the year 2024/2025. Describe how can you carry out the verification process of the fleets of motor vehicles stated in the statement of financial position. (12 marks)
- b) Describe the errors or fraud the auditor needs to be aware in verification of stock during the annual stock taking (9 marks)
- c) In relation to Kenya's Auditor General provisions and based on the Kenya's constitution explain the status of his independence in auditing functions of public funds (9 marks)

QUESTION TWO

- a) Explain with examples what are the post balance-sheet events (10 marks)
- b) Describe the audit review procedures for auditing post balance sheet events (10 marks)

QUESTION THREE

- a) An auditor is required to be present during the time of stock taking in an organization where he is appointed as an auditor. Otherwise in his absence he may be liable for negligence of duty. Explain the auditor's position and duty in the stock taking function (10 marks)
- b) Write the short notes on the following:
Auditing on the Computer and around the computer (10 marks)

QUESTION FOUR

- a) You have been hired as Investigator for Mr. Makarios Malarias a new investor intending to invest in a partnership firm as a new partner. Highlight the issues you may take into account for investigation purpose indicating the reasons why it is essential to be investigated for Mr. Makarios (12 marks)
- b) Explain the distinction between investigation and auditing (8 marks)
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