



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE  
AND TECHNOLOGY**

**UNIVERSITY EXAMINATION FOR THE DEGREE IN BUSINESS**

**ADMINISTRATION (ACCOUNTING OPTION)**

**YEAR4 SEMESTER 1 2018/2019 ACADEMIC YEAR**

**MAIN CAMPUS REGULAR**

**COURSE CODE: ABA 401**

**COURSE TITLE: AUDITING AND INVESTIGATION**

**EXAM VENUE:**

**DATE:**

**DURATION: 2 Hours**

**INSTRUCTIONS**

- 1. Answer QUESTION ONE and any other TWO questions**
- 2. Show all your workings.**
- 3. Do not write anything on the question paper**

### **QUESTION ONE**

- a) Distinguish between Auditing and investigation **(5 marks)**
- b) State the procedure you would carry out when verifying the following end of year balances which appear in draft accounts of an export and import business
  - i. Trade creditors- Sh 3,500,000 (( **2.5 marks**)
  - ii. Accruals-Sh 900,000 ( **2.5 marks**)
  - iii. Provisions -legal costs-200,000 ( **2.5 marks**)
  - iv. Prepayment to a foreign supplier in US dollars -\$10,000 ( **2.5 marks**)
- c) Explain the meaning of the following terms in an audit report
  - i. The member **(5marks)**
  - ii. In our opinion **(5marks)**
  - iii. State of financial affairs **(5marks)**

### **QUESTION TWO**

- a) Discuss the audit procedure of post balance sheet events **(10 marks)**
- b) Discuss the importance of professional independence of an auditor **(10 marks)**

### **QUESTION THREE**

- a. Explain Any FIVE business situations in which an investigation into the affairs of business would be required **(10 marks)**
- b. XYZ company your client has instructed you to investigate into books of a business which has been offered for sale to her. Assume your own details and write a report to your client advising her to reject the offer, giving detailed reasons in support of your advice **(10 marks)**

### **QUESTION FOUR**

- a) Discuss the main purposes of auditing of financial statements of a company **(10 marks)**
- b) Describe the salient features of the audit of group accounts **(10 marks)**

### **QUESTION FIVE**

- a) Explain the legal requirement of an audit report (**10 marks**)
- b) Explain the following
- v. Unqualified opinion ( **2.5 marks**)
  - vi. Qualified opinion ( **2.5 marks**)
  - vii. Adverse opinion ( **2.5 marks**)
  - viii. Disclaimer opinion ( **2.5 marks**)