



# MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

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## University Examinations 2024/2025

SECOND YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR  
OF APPLIED ACCOUNTING

### BFH 3202: AUDITING AND PROFESSIONAL ACCOUNTING PRACTICE II

DATE: JANUARY 2025

TIME: 2 HOURS

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INSTRUCTIONS: Answer question *one* and any other *two* questions

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#### QUESTION ONE (30 MARKS)

- a) Describe the content and purpose of each of the financial statements published to be audited (6 marks)
- b) Describe the component that supplement the financial statements in an annual report (6 marks)
- c) Explain the basic assumption and principles underlying financial statement (5 marks)
- d) Define
  - i. Basic principal for auditing standard (2 marks)
  - ii. General standard in auditing (2 marks)
  - iii. Field standard (2 marks)
  - iv. Reporting standard (2 marks)
- e) Differentiate between special auditor and general auditor (3 marks)

**QUESTION TWO (20 MARKS)**

- a) Define and explain internal controls and the purpose within an organisation (7 marks)
- b) Discuss three controls applicable within a computerized environment (7 marks)
- c) Give three examples of controls to prevent unauthorised changes to data that you would expect to find in a new computer based accounting system (6 marks)

**QUESTION THREE (20 MARKS)**

- a) Outline the basic elements of an unqualified audit report (7 marks)
- b) Name four types of audit opinion which the auditor may express in this report indicating the circumstances under which each can be issued (6 marks)
- c) Discuss three requirements of the companies act with regard to auditors report (6 marks)

**QUESTION FOUR (20 MARKS)**

- a) Explain the following terminologies defined by ISSA 100. Fundamental principles of public sector auditing
  - i. Public sector auditing (4 marks)
  - ii. Objectives of public sector audit (4 marks)
  - iii. Types of public sector auditing (4 marks)
  - iv. Professional judgement due care and scepticism (4 marks)
  - v. Audit report (4 marks)

**QUESTION FIVE (20 MARKS)**

- a) Define the meaning of post balance sheet events (5 marks)
- b) Discuss the auditors responsibilities in relation to post balance sheet events (5 marks)
- c) Explain the following terms as used in audit sampling
  - i. Sampling risk (2 marks)
  - ii. Population (2 marks)

- iii. Sampling limit (2 marks)
- iv. Non-sampling risk (2 marks)
- v. Tolerable error (2 marks)