



# **GRETSA UNIVERSITY – THIKA**

## **UNIVERSITY EXAMINATIONS MAY - AUGUST 2023 SEMESTER**

### **BACHELOR OF COMMERCE**

**COURSE CODE: BCAC 404**

**COURSE TITLE: AUDITING AND INVESTIGATION**

**DATE: 1 AUGUST 2023**

**TIME: 8:00 AM – 11:00 AM**

#### **INSTRUCTIONS TO CANDIDATES**

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **THREE** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

**CAUTION:** *All exam rooms are under CCTV surveillance during the examination period.*

## SECTION A: COMPULSORY

Describe the audit procedure you would use to verify each of the following items and demonstrate how the procedure would be applied in each specific situation:

- a) Value of office supplies on hand at year end [5 Marks]
- b) Value of trade debtors (Receivables) balance outstanding at year end [10 Marks]
- c) Fire insurance expenses for the year under audit [5 Marks]
- d) Value of raw materials purchased for the year under audit [10 Marks]
- e) Value of trade creditors (payables) balance outstanding at year end [10 Marks]

## SECTION B: ANSWER ANY THREE QUESTIONS

### Question Two

Clearly describe the nature, purpose, frequency, and the recipients of the report and who conducts each of these audits?

- a) Financial statements audits [10 Marks]
- b) Compliance audits [5 Marks]
- c) Operational audits [5 Marks]

### Question Three

The audit process involves four major steps, identify and describe the audit objective and audit procedures the auditor performs in each step?

- Step 1 [5 Marks]
- a) Step 2 [5 Marks]
- b) Step 3 [5 Marks]
- c) Step 4 [5 Marks]

### Question Four

Give a brief but concise overview of the development of auditing practice in the following periods, highlighting key milestones in each period and its impact on the profession?

- a) Pre1844 [4 Marks]
- b) 1844 [4 Marks]
- c) 1856 [4 Marks]
- d) 1960-1990 [4 Marks]
- e) 1990 to date [4 Marks]

### Question Five

In reference to the investigation of financial statements answer the following questions:

- a) What is an investigation? [2 Marks]
- b) Distinguish between auditing and investigation? [5 Marks]
- c) What features characterizes an investigation? [3 Marks]
- d) Investigations can be grouped into two major categories, identify these categories and give examples of specific types of investigations under each? [5 Marks]
- e) Describe the instances where an investigation can be sanctioned by a Kenyan court under Companies Act 17 of 2015? [5 Marks]