



**National University of
Science and Technology**
Think in Other Terms



**FACULTY OF COMMERCE
DEPARTMENT OF FINANCE**

**BACHELOR OF COMMERCE HONOURS DEGREE IN FISCAL STUDIES
PART IV – 1st SEMESTER SUPPLEMENTARY EXAMINATION – SEPTEMBER 2015
AUDIT PRACTICE AND INVESTIGATION I [CFS 4104]
TIME ALLOWED: 3 HOURS**

INSTRUCTIONS TO CANDIDATES

1. Answer any FIVE Questions only
2. Questions may be written in any order, but must be legibly numbered.
3. Write legibly.
4. Show ALL workings.

ADDITIONAL INFORMATION FOR CANDIDATES

- 1) The paper contains SIX (6) questions.
- 2) This paper consists of FOUR (4) printed pages, including cover page.
- 3) All questions carry equal marks [20 marks].

ADDITIONAL MATERIAL

- 1) None

QUESTION 1

Mr. Anand had the following scenario between 2012 and 2013.

Sales		\$200 000
Lottery winnings		<u>\$ 5 000</u>
TOTAL RECEIPTS		\$205 000
Less Cost of sales	\$140 000	
Mortgage & loan repayment	<u>\$ 24 000</u>	
		<u>\$160 000</u>
Net Profit		<u>\$ 45 000</u>

Housekeeping expenses	\$ 30 000
House electricity	\$ 1 000
School Fees for his children	\$ 9 000
Clothing	\$10 000
Other personal expenses	<u>\$ 5 000</u>
TOTAL EXPENDITURE	<u>\$55 000</u>

Balance Sheet

	31/12/2012	31/12/2013
<u>Assets on Hand</u>		
Motor Vehicle	\$20 000	\$16 000
Buildings	\$230 000	\$480 000
Cash at Bank	\$11 000	\$46 000
Cash on hand	<u>\$ 4 000</u>	<u>\$5 000</u>

TOTAL ASSETS	<u>\$265 000</u>	<u>\$531 000</u>
<u>Liabilities</u>		
Capital	\$100 000	\$145 000
Loan	\$65 000	\$56 000
Mortgage – Old Building	\$100 000	\$80 000
Mortgage- New Building	_____	<u>\$250 000</u>
TOTAL LIABILITIES	<u>\$265 000</u>	<u>\$531 000</u>

Required:

- a) Calculate Mr. Anand's income for 2013 using the Assets Accretion Method.
[10 marks]
- b) Now calculate his income using the Source and Dispositions Method.
[10 marks]

QUESTION 2

Explain the ethical requirements that an auditor is expected to adhere to in the conduct of an audit.
[20 marks]

QUESTION 3

Discuss the way in which internal auditors are expected to deal with risk in terms of the IIA 2120.
[20 marks]

QUESTION 4

Describe how you would go about an audit of trade payables.
[20 marks]

QUESTION 5

Critically discuss the engagement objectives of an internal auditor in line with IIA 2210.
[20 marks]

QUESTION 6

Draw up an audit programme for debtors to show how you would embark on such an audit. **[20 marks]**

END OF EXAMINATION PAPER