

Course No: ACC4317
Course Title: Auditing(2)
Date: 27/12/2011
No. of Questions: (3)
Time: 2hours
Using Calculator (No)

University of Palestine



Final Exam
First Semester
2012-2011
Total Grade:(60)

Instructor Name: prof. yousef Jarbou
Student No.: _____
Student Name: _____
College Name: _____
Dep. / Specialist: _____
Using Dictionary (No)

Question one:

(10marks)

Put a circle inside the correct answer from the multiple choice cases of the following:

1. the date of the CPAS opinion on the financial statements of the client should be the date of the:

- a. closing of client books.
- B .Receipt of the clients letter of representation.
- c. completion of all important audit procedures.
- d. submission of the report to the client.

2. If a principle auditor decides to refer in his report to the audit of another auditor, he is required to disclose:

- a. the name of the other auditor.
- b. portion of the financial statements audited by other auditor.
- C .Reasons for being unwilling to assume responsibility for the other auditors work.
- d. All mentioned above are correct.

3. The audit step most likely to reveal the existence of contingent liabilities:

- a. A review of vouchers paid during the month following the year-end.
- b. Accounts payable confirmations.
- c. An inquiry directed to the legal counsel.
- d. Mortgage –note confirmation.

4. An auditor would most likely disclaim an opinion because of:

- a. the client’s failure to present supplementary information required by the financial accounting standards board.
- b .In adequate disclosure of material information .
- c .A scope of limitations imposed by the client on the auditor’s work
- d. The qualification of an opinion by the other auditor of a subsidiary. when responsibility has been divided.

5. In case there is a disagreement form point –of- view between the management and the external auditor to accept accounting policy the external auditor must :

- a. Issue on qualified opinion.
- b. Issue an qualified opinion (or) a disclaimers opinion.
- c. Issue an qualified opinion (or) an adverse opinion.
- d. Issue an adverse opinion

Question two:

(20marks)

“Confirmations are considered a stronger of audit evidence, but insufficient as an evidence to realize the balances of debtors ”

You are required to answer the following:

- 1. To comment on this phrase.
- 2. To mention the types of confirmations the auditor can use.
- 3. The conditions required in the confirmations in order to depend on its results.

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Question three: (30marks)

The under mentioned is some balances of the financial position of chemical Industrial corporation as on 31.12.1995

Assets			liabilities	
Lands Buildings	300.000			
(-)Accumulated Deprec	30.000			
	_____	270.000		
Debitors	200.000			
(-) provision of bad debits	20.000			
	_____	180.000		
Ending Inventory		150.000		

When you audited the above mentioned items, you obtained the following information:

1. The value of land is(J.D.40.000)whereas its marketable value is (J.D.250.000)
2. A building is purchased on 1.4.1995 ,its value is(J.D,50.000)the depreciation of this asset is(2%)yearly .this transaction did not recorded in books.
3. When auditing the balances of debtors, the following information appeared :

A. Type of Balance	The value	Accounts numbers
Debit	J.D.160.000	05
Debit	J.D.80.000	40
Credit	J.D.40.000	55
	J.D.200.000	

(B) The policy of Management for calculating the provision of bad debits is(10%) from debtors yearly.

4.when auditing the ending inventory, the following information appeared;

(A.)The auditor has noticed that there is a goods sent to consignment agent, its value is(J.D.60.000) according to proforma invoice (the profit portion is 20%).Also it is noticed that this goods did not recorded in the inventory balances at the end of the year.

(B)The marketable value of inventory is 75% from the cost.

5.It is noticed that there is a decrease in the amounts of creditors in comparison with the preceding year.

6.Appeared at the income statement 10.000.J.D,which represents capitalized profits

7.It is noticed that there are bills receivable under collection through Arab Bank ,its amount is 25.000 J.D.before the maturity date until 31.12.1995. the management did not disclose it.

Wanted:

- 1.The auditor procedures to realize the ending inventory.
- 2.Expressing your opinion on the method of presentation those items in the balance sheet.
- 3.Identifying your type of opinion in your report.

End of question

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Good luck