

Course No: ACC431
Course Title: Auditing2
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Time: 2 hour
Using Calculator (No)

University of Palestine



Final term Exam
2014/2015
Total Grade:

Instructor Name: Prof.Dr.yousef Jarbou

Student No.: _____
Student Name: _____
College Name: Business & Finance
Dep. / Specialist: _____
Using Dictionary (No)

Question No.1

In order to put an end to auditing process,the external auditor must execute some of tests which has a general nature".

Wanted:

To explain these tests has a general nature showing its effect on the external auditor's report .

Question No.2:

The undermentioned is some balances of financial position of chemical Industrial corporation as on31.12.1998:

(sums in Jordan Dinar)

Assets

Liabilities

300.000	Lands&Buildings		
30.000	(-)Accumulated Depreciation		
270.000	Net value for lands&Buildings		
200.000	Debitors		
20.000	(-)provision for bad debits		
180.000	Net value of debitors		
150.000	Ending Inventory		

When you auditing 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 1.4.1998.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:

1. Type of balance	The value(J.D)	Account Nos
Debit	160.000	5
Debit	80.000	40
Credit	(40.000)	55
	200.000	

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

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

(A)The auditor has noticed that there is 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 these goods did not recorded in the inventory balance at the end of the year.

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

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

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

7.It is noticed that there is bills receivable under collection through Arab Bank,its value is J.D. 25.000 before the maturity date until 31.12.1998.the management did not disclose it.

Wanted:

1. The auditor's procedures to realize the debtors and ending inventory items.
2. Expressing your opinion on the method of presenting those items in the financial position.
3. Identifying your type of opinion on your report.

Question NO.3:

During your auditing the item of ending inventory for some companies, you found that through inventory lists, there is an obsolete (slow moving) goods since three years. Its cost was \$4,000. whereas its marketable value at the end of the period was 50% from its cost.

Wanted:

To express your opinion as the external auditor of the company, and to suggest the suitable accounting treatment to the management of the company and to explain its effect on income statement and the balance sheet.

End of question

Good Luck