



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91 Cadastral Zone Nnamdi Azikiwe Express Way, Jabi-Abuja
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2025_1 EXAMINATION

Course Code: ACC 411

Credit Unit: 3Units

Course Title: AUDITING II

Time Allowed: 2 ½ HOURS

Instructions:

1. Attempt Question 1 and any other three (3) Questions.
2. Question 1 is compulsory and carries 25 marks while the other 3 Questions carry 15 marks each.
3. Present all your points in a coherent and orderly manner.

Question one

- a) The table below shows that type of standards issued by (IAASB) International Auditing and Accounting Standards Board.
You are required to state when they are applied.

	Types of Standard	When Applied
i.	International Standards on Auditing (ISAs)	
ii.	International Standards on Review Engagements (ISREs)	
iii.	International Standards on Assurance Engagement (ISAEs)	
iv.	International Standards on Related Services (ISRSs)	
v.	International Standards on Quality Control (ISQCs)	

(10 marks)

- (b) What are the steps involved in assessing the risks associated with money laundering? (8 marks)
c) Explain the elements of value for money (VFM) audits and state the techniques of VFM audit (7 marks)

Total = 25 marks

Question two

- (a) State five (5) actions an auditor will take in the event of non-compliance by a client company (10 marks)
- (b) What are the laws and regulations an auditor should take into consideration in auditing a company's financial statement in the Nigerian environment. (5 marks)

Total = 15 marks

Question three

Eze business owns a chain of outlets in North-East Nigeria. Each outlet is operated by a separate subsidiary company. All subsidiaries buy from the parent company. The auditors of Luze shop, a subsidiary of Eze business, are reviewing the accounts for the year ending 31 December, 2023 before starting the audit and have computed some ratios in their analytical review exercise.

Explain the possible reasons for the following changes found at the planning stage of the audit:

- a. A decrease in gross profit percentage (3 marks)
- b. An increase in inventory holding period (3 marks)
- c. An increase in current ratio (3 marks)
- d. An increase in dividend cover (3 marks)
- e. An increase in capital gearing (3 marks)

Total = 15 marks

Question four

(a) Outline the areas to be critically considered by an auditor when assessing the quality of audit evidence? (5 marks)

(b) ISA 540 is on Audit of Accounting Estimates, State ten (10) examples of areas where accounting estimates are widely used. (10 marks)

Total = 15 marks

Question five

- a). What are the qualities of a forensic audit (7marks)
- b). State the objectives of forensic investigation (8 marks)

Total= 15 Marks