



**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.**
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**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) action an auditor will take in the event of non-compliance by a client company (10 marks)

- (b) What are the laws and regulation 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 out lets 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