

ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PRINCIPLES OF AUDITING PAPER FOR MARCH 2021 DIET
QUESTIONS AND MARKING SCHEME

Time Allowed: 3 hours

SECTION A: PART I MULTIPLE-CHOICE QUESTIONS

(30 Marks)

ATTEMPT ALL QUESTIONS

Write ONLY the alphabet (A, B, C, D or E) that corresponds to the correct option in each of the following questions/statements.

1. The subsequent appointment of external auditors of public companies is the responsibility of the
 - A. Finance Manager
 - B. Managing Director
 - C. Shareholders
 - D. Company Secretary
 - E. Company's solicitors

2. Which of the following is **NOT** meant to be a purpose for Letter of Engagement?
 - A. Defining clearly the extent of the auditors' and directors' responsibilities
 - B. Formalising the terms of engagement which helps to minimize the possibilities of any misunderstanding between the assurance team and client
 - C. A written representation by the client that it has fulfilled its responsibility for the preparation of financial statements
 - D. Providing written confirmation of the auditor's acceptance of the appointment
 - E. Confirming in writing verbal arrangements in respect of the scope of the scope of the audit and any non-audit service

3. The Partner in an audit firm who is responsible for the performance of the audit and the auditor's report that is issued on behalf of the firm is known as the
 - A. Quality Control Partner
 - B. Senior Partner
 - C. Sleeping Partner
 - D. Audit Partner
 - E. Engagement Partner

4. Which of the following is a type of audit conducted where the volume of testing to be undertaken is considerably large in order to reach an opinion on the reliability of the records?
- A. Complete audit
 - B. Internal audit
 - C. Comprehensive audit
 - D. Interim Audit
 - E. Continuous audit
5. Which of the following are examples of external audit?
- I. Statutory audits
 - II. Transaction audits
 - III. Private audits
 - IV. Internal audits
- A. I
 - B. I and II
 - C. III and IV
 - D. I and III
 - E. I, II, III and IV
6. The notice of removal of the company's external auditor at the Annual General Meeting is given to the Corporate Affairs Commission within days?
- A. 7
 - B. 10
 - C. 14
 - D. 28
 - E. 30
7. Which of the following is **NOT** an internal financial control policy and procedure adopted by management
- A. Ensuring the orderly and efficient conduct of its business including adherence to company's policies
 - B. The prevention and detection of frauds and errors
 - C. The safeguarding of assets
 - D. The facilitation of prompt preparation of its financial statements
 - E. Auditing of the organisation
8. **"Agency theory"** best describes the relationship between
- A. A company and its distribution agents
 - B. The various interested parties in the company

- C. Auditors and the company
 - D. The Audit Committee and the external auditors
 - E. Agents and principals
9. The key ethical requirement governing the acceptance of appointment is that the prospective auditor should
- A. Enquire from the company director reasons for removing the former auditor
 - B. Set out the plan and procedure for the audit
 - C. Obtain information on the key management personnel responsible for the audit
 - D. Assess the internal control procedures in place
 - E. communicate with the retiring auditor with the aim of discussing issues relating to the client
10. A series of instructions and questions which an auditor should follow and answer is called
- A. Internal control questionnaire
 - B. Flow chart
 - C. Internal control evaluation questionnaire
 - D. Narrative records
 - E. Check list
11. Confirmation that the responsibility for the preparation of the financial statements rests with the Directors is expressly stated in a letter of
- A. Consent
 - B. Weakness
 - C. Representation
 - D. Engagement
 - E. Comfort
12. Which of the following describes the activities that have to do with the review of the audit work before commencement?
- A. Compliance testing activities
 - B. Substantive testing activities
 - C. Test of controls
 - D. Pre-planning activities
 - E. Audit sampling

13. The measure of the quality of audit evidence is called
- A. Sufficiency
 - B. Completeness
 - C. Appropriateness
 - D. Neutrality
 - E. Suitability
14. Which of the following statements is **NOT** correct?
- A. The auditor shall express an opinion on financial statements
 - B. Auditor's opinion is not a guarantee to future viability of business
 - C. Auditor is responsible for prevention and detection of fraud and error in financial statements
 - D. Auditor should examine whether recognised accounting principles have been followed
 - E. Auditor should have access to all the clients accounting records
15. What is the term used to describe the list of audit procedures to be performed by the audit team?
- A. Audit requirements list
 - B. Audit plan
 - C. Audit guidelines
 - D. Management letter
 - E. Audit programme
16. In Audit planning, the time budget is used for
- A. Determining the extent of audit procedures required
 - B. Ascertaining the income of the audit firm
 - C. Controlling the time spent on that audit
 - D. Decision to accept the engagement
 - E. Limiting costs to be incurred on the audit
17. Which of the following should be considered in eliminating the challenges of poor audit planning?
- A. Commencing the audit before the year end of the client
 - B. Training of all staff in the firm, rather than being selective
 - C. Reviewing the internal audit report
 - D. Revising the letter of engagement
 - E. Review compliance with auditing standards

18. The stages involved in audit sampling listed below is in which order?
- I. Evaluating the results of the tests
 - II. Planning the sample
 - III. Applying compliance and substantive procedures to the items selected
 - IV. Selecting the items to be tested
- A. IV, I, II and III
 - B. II, IV, III and I
 - C. I, II, III and IV
 - D. IV, III, II, and I
 - E. IV, II, III and I
19. Which of the following is the reason for compiling audit working papers?
- A. Acts as a link between the clients' accounting systems and the audited accounts
 - B. A basis for fees charged
 - C. Acts as back up for client's books and records
 - D. Acts as evidences during court proceedings
 - E. Acts as evidence of similar work done presented to prospective clients
20. Which of the following affects the form and content of working papers?
- A. The level of errors and misstatements in the financial statements
 - B. Statutory and regulatory requirements of the engagement
 - C. The volume of transactions of the business entity
 - D. The fees charged for the engagement
 - E. The nature and complexity of the entity's business
21. Which of the following is the most advantageous of an independent examination?
- A. The credibility of financial statements is enhanced
 - B. It is helpful in settling tax liability
 - C. It acts as moral check on the employees from committing fraud
 - D. It is beneficial to the creditors
 - E. It will assist the potential investors

22. The procedure for obtaining audit evidence which includes examining records or documents, whether internal or external, in paper form, electronic form, or other media is known as
- A. Inquiry
 - B. Confirmation
 - C. Inspection
 - D. Recalculation
 - E. Analytical procedures
23. The following are examples of external confirmation, **EXCEPT**
- A. Accounts payable confirmation
 - B. Bank balances confirmation
 - C. Inventory count observation
 - D. Loans from lenders
 - E. Property title deeds held by lawyers or financiers for safe custody or as security
24. The need to use the work of an expert is determined by the following, **EXCEPT**
- A. Valuations of certain types of assets
 - B. Determination of amounts using specialised techniques
 - C. The internal policy of the entity
 - D. The measurement of work completed and to be completed on contracts in progress
 - E. Legal opinions concerning interpretations of agreements, statutes and regulations
25. The policies and procedures adopted by a firm designed to provide it with reasonable assurance that the firm and its personnel comply with professional and regulatory standards is known as
- A. Quality control
 - B. Audit strategy
 - C. Auditing standards
 - D. Auditing guidelines
 - E. Accounting standards
26. In conducting peer review, the reviewer is expected to report on which of the following?
- A. The structure of the audit firm management
 - B. Means of engaging, training, allocating and motivating staff
 - C. The emoluments paid to personnel involved in the audit
 - D. The primary contacts for the purpose of the audit

- E. The proportion of audit fees to total income of the auditor
27. Which of the following that arises from an isolated event that has not re-occurred other than on specifically identifiable occasions and is therefore not representative of errors in the population is error
- A. Anomalous
 - B. Detection
 - C. Population
 - D. Prevention
 - E. Sampling
28. Engagement letter is provided by
- A. Management to External auditor
 - B. External auditor to Management
 - C. Internal auditor to External auditor
 - D. External auditor to Shareholders
 - E. Shareholders to External auditor
29. A complete and exhaustive description of the system as found in operation by auditors is called
- A. Check List
 - B. Flow Chart
 - C. Narrative Records
 - D. Internal Control Questionnaire
 - E. Internal Control Evaluation Questionnaire
30. Which of the following is the digital content that is stored in electronic form within the computer system?
- A. Operating System
 - B. Data
 - C. Software
 - D. Application System
 - E. Information Technology

SECTION A: PART II SHORT-ANSWER QUESTIONS (20 MARKS)

ATTEMPT ALL QUESTIONS

Write the correct answer that best completes each of the following questions/statements:

1. An examination of financial statements with a view to expressing an independent opinion thereon is known as
2. The type of audit that is undertaken at the instance of an interested party (e.g. a sole trader) or parties (partners of a partnership), even though there is no legal obligation that an audit be carried out is called
3. With reference to the agency theory, the auditors are regarded as.....
4. The committee responsible for viewing the company's position in a detached and dispassionate manner and to liaise effectively between the main board and the external auditors is known as the.....
5. To ensure that the objectivity of the auditor is not threatened, the remuneration paid by one client or group of connected clients should not exceed of practice income for listed and other public interest companies.
6. The set of rules which requires auditors to display specific professional qualities is known as.....
7. The purpose of setting up the audit committee in public companies is to encourage familiarity between the external auditors and the directors of the Client Company. **True or false?**
8. The process of formalising audit arrangement ahead of time of carrying out the audit is called.....
9. Authoritative statements or pronouncements issued to guide accountants in the preparation of financial statements in order to narrow area of differences and varieties in accounting practices is known as

10. The risk that the conclusions drawn will be different from that which would have been drawn had the auditor examined all items is known as
11. The sampling technique which allows the auditor to bring his judgement and expertise to bear on the quality of the sample is known as
12. The system of audit that is used by auditors in order to concentrate on high risk clients and on high risks areas of a client's business rather than performing detailed audit tests on all areas of a client's business is known as
13. The materials the auditors prepare or obtain and retain in connection with the performance of the audit work is known as.....
14. A process which allows transactions to be followed stage by stage through a system to ensure accuracy of processing is called
15. The form of external confirmation that asks the respondent to reply only in the event of disagreement with the information provided in the request is known as
16. An audit which determines whether an entity is utilising its resources in the most economical and efficient manner is termed
17. The term that is applied to a condition which exists at the financial position date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events is known as
18. The condition where loan repayments are falling due in the near future, and refinancing facilities are not immediately available is an indication of
19. The opinion that is issued when the auditor is satisfied in all material respect with the matters dealt with when carrying out the review is known as

20. The paragraph that indicates the factual statement of what the auditor did in the audit exercise is called the.....paragraph

SECTION B: ATTEMPT ANY FOUR QUESTIONS

(50 Marks)

QUESTION 1

- a. Describe the key elements of an audit assurance. **(5 Marks)**
- b. Auditors perform a wide range of services other than auditing to existing and prospective clients. State and discuss **THREE** of such services. **(4½ Marks)**
- c. What is balance sheet audit? **(3 Marks)**

(Total 12½ Marks)

QUESTION 2

- a. Differentiate between external and internal audit. **(4 Marks)**
- b. List instances where the directors can appoint the external auditor. **(4 Marks)**
- c. List factors that could result in the disqualification of external auditor. **(2½ Marks)**
- d. What are the conditions required to render the auditors' written resignation effective? **(2 Marks)**

(Total 12½ Marks)

QUESTION 3

- a. What is an audit evidence? **(2 Marks)**
- b. State **FOUR** conditions that can make an audit evidence reliable. **(4 Marks)**
- c. Differentiate between sufficiency and appropriateness of audit evidence. **(1½ Marks)**

- d. List and explain **FOUR** sources of obtaining audit evidence. (5 Marks)
(Total 12½ Marks)

QUESTION 4

- a. What is audit documentation? (2½ Marks)
b. What are the benefits of audit working papers? (2 Marks)
c. What are the qualities of a good audit working paper file? (2 Marks)
d. List **SIX** contents in each of the following audit working paper files
i. Permanent files (3 Marks)
ii. Current files (3 Marks)
(Total 12½ Marks)

QUESTION 5

- a. List **SEVEN** characteristics of a good Internal Control System.
(7 Marks)
b. Define the term "Regularity Audit" (3 Marks)
c. The effectiveness of an internal control systems is subject to the limitation of management override of controls. Explain the term Management Override of Controls. (2½ Marks)
(Total 12½ Marks)

QUESTION 6

- a. Define the following Computer Assisted Audit Techniques (CAATS):
i. Test Data (2 Marks)
ii. Parallel Simulation Technique (2 Marks)
iii. Mapping (2 Marks)
b. What is an input control? (2½ Marks)
c. State **FOUR** uses of Computer Audit Programme (4 Marks)
(Total 12½ Marks)

SOLUTION TO QUESTIONS

SECTION A: PART 1 MULTIPLE-CHOICE

1. C
2. C
3. E
4. D
5. D
6. C
7. E
8. C
9. E
10. E
11. C
12. D
13. C
14. C
15. B
16. C
17. B
18. B
19. A
20. E
21. A
22. C
23. C
24. C
25. A
26. B
27. A
28. B
29. C
30. B

(1 Mark each totaling 30 Marks)

SECTION A: PART II SHORT-ANSWER QUESTIONS (SAQ)

1. Audit
2. Private Audit
3. Agents
4. Audit committee
5. 10%
6. Code of ethics
7. False
8. Audit Planning
9. Accounting standards
10. Sampling risk
11. Judgemental
12. Risk-based audit
13. Audit working papers
14. Audit trail
15. Negative Confirmation
16. Value for money audit
17. Contingency
18. Going Concern problem/issue
19. Unqualified audit opinion
20. Scope

(1 Mark each totaling 20 Marks)

SECTION B

QUESTION 1

- (a) The key elements of an audit assurance are as follows:
- i. A tripartite relationship consisting of the professional accountants that provided the services; the directors or responsible officers that prepared the financial statements; and the users of the assurance report e.g. shareholders, tax office and the researchers.
 - ii. The subject matter: This is the financial statements or cash flow forecast prepared by the responsible officer for the professional accountants to review.
 - iii. The suitable criteria: These are 'the rules' against which the subject matter is evaluated in order to reach an opinion e.g. CAMA, IFRS and IAS.
 - iv. The evidence: This refers to all material information used by the professional accountant to arrive at his/her opinion.
 - v. The assurance report: This is the written report containing the professional accountant's opinion presented to the users.

(1 Mark each for any 5 = Total 5 Marks)

- b. Other services provided by external auditors include the following:
- i. **Accounting services**
Providing assistance in maintenance of accounting records and preparation of financial statements for organizations especially for small firms, partnership, etc.
 - ii. **Taxation matters**
Assisting clients with the preparation and agreement of tax returns for the purpose of making claims for taxation relief and computations of capital allowances. They attend to queries raised by the tax office in respect of client's accounts and handle objections and appeals where an assessment is disputed. They also process and procure tax clearance certificates on behalf of clients.
 - iii. **Liquidation, receivership and trusts**
They assist companies to realize the best returns on their assets if the company is winding up and they act in fiduciary capacity as trustees in accordance with the terms of the trust deed.
 - iv. **Secretarial services**
They assist clients to perform other secretarial services like filing of annual returns, registration and incorporation of new business, etc. with the Corporate Affairs Commission (the Company Registry).
 - v. **Recruitment and training of staff**
Auditors help clients to recruit and train account staff.

vi. **Investigation**

This involves investigation into any areas of interest of management of the company. This may be fraud investigation or investigation into purchase of business.

vii. **Value for money audit**

This involves carrying out operational audit as to economy, efficiency and effectiveness of operations of the company.

viii. **Provision of internal audit function**

Internal audit function may be provided by the external auditor for their clients for a period of time so as to train in-house staff of the company.

(1½ Marks each for any 3 points = 4½ Marks)

c. **Balance sheet audit**

Balance sheet audit refers to the audit of the account balances. It is the type of audit that commences with the examination of the draft balance sheet as prepared by the client with the objective of verifying the assets and liabilities, and vouched with the underlying records and source documents.

(3 Marks)

(Total: 12 ½ Marks)

QUESTION 2

a. The following features differentiate between external and internal audit:

i. **Qualification:**

The person that carries out external audit must be a qualified Chartered Accountant, while the person that carries out internal audit is not necessarily a professionally qualified accountant.

ii. **Objective:**

The principal objective of external audit is to report on the truth and fairness presented by the financial statement, while the objective of internal audit is to report on the operations, internal controls and accounting system of the organisation.

iii. **Method of work:**

In external audit, the auditor makes use of audit sampling techniques to carry out his work, while in internal audit, all transactions and events are reviewed in details.

iv. **Reporting:**

In external audit, the report of work done goes to the shareholders i.e the owners of the company, while in internal audit, the report of work done goes to the management of the entity.

v. **Appointment:**

In external audit, the appointment of the auditor is done by the shareholders, while internal audit, the appointment of the auditors is done by the management.

vi. **Duties:**

In external audit, the duties of work done are as specified in Companies and Allied Matters Act (2004 as amended to date) while management specifies the duties of the internal auditor.

(Any 4 points of 1 Mark each = 4 Marks)

b. Instances where the directors can appoint the external auditor are:

- i. In case of first auditor of the company.
- ii. Where there is a casual vacancy in the office of the auditor.
- iii. Where the shareholders fail to appoint an auditor.

(Any 2 points of 2 Marks each = 4 Marks)

c. The following factors can result in the disqualification of the external auditor of a company.

- i. Where the external auditor is an employee/officer of the company.
- ii. Where the external auditor is a partner to the employee/ officer of the company.
- iii. Where the external auditor is a body corporate.
- iv. Where the external auditor has been disqualified to audit either the parent company or the subsidiary company.
- v. Where the external auditor is related by blood or marriage to the directors of the company.
- vi. A person found by a competent court to be of unsound mind.

(Any 5 points of 1/2 Mark each: 2½ Marks)

d. The conditions required to render auditor's written resignation effective are:

- i. The date of the resignation must be stated.
- ii. A statement of circumstances surrounding the resignation must be attached.
- iii. The resignation must be deposited at the registered office of the company.

(Any 2 points of 1 Mark each: 2 Marks)

(Total 12 1/2 Marks)

QUESTION 3

- a. Audit evidence is all the information and explanations obtained from various sources by the auditor during the course of his work which will enable him to draw conclusion on which his opinion is based on the financial statements. **(2 Marks)**

- b. Conditions that can make an audit evidence reliable are:

- i. Audit evidence is more reliable when it is obtained from independent sources outside the entity.
- ii. Audit evidence provided by original documents are more reliable than photocopies or facsimiles.
- iii. Audit evidence is more reliable when it exists in documentary form, whether paper, electronic, or other medium.
- iv. Audit evidence obtained directly by the auditor is more reliable than audit evidence obtained indirectly or by inference.
- v. Audit evidence that is generated internally is more reliable when the related controls imposed by the entity are effective

(1 Mark for any 4 = 4 Marks)

- c. **Sufficiency and Appropriateness** of audit evidence .

Sufficiency is the measure of quantity of audit evidence obtained on a particular item while **Appropriateness** is the measure of the quality of audit evidence that is relevant and reliable in providing support for the opinion of the auditor. **(1½ Marks)**

- d. Sources of obtaining audit evidence

- i. Inspection
- ii. Observation
- iii. Inquiry
- iv. Recalculation
- v. Analytical Procedures
- vi. Evidence obtained from third party.

(1 Mark for any 4 listed =1 Mark)

- i. **Inspection**

This consists of examining records or documents, whether internal or external, in paper form, electronic form, or other media.

- ii. **Observation**
This consists of looking at a process or procedure being performed by others.
- iii. **Inquiry**
This requires seeking information of knowledgeable persons, both financial and non-financial, internally or outside the entity.
- iv. **Recalculation**
This involves checking the mathematical accuracy of the relevant documents or records .
- v. **Analytical procedures**
This requires the evaluation of financial information made by a study of plausible relationships among both financial and non-financial data.
- vi. Evidence obtained directly from third party by the auditor.

(1 Mark each for any 4 = 4 Marks)

(Total 12 ½ Marks)

QUESTION 4

- a. Audit documentation refers to the records or documentation of procedures that auditors performed the audit evidence that they obtained and the conclusion made by them based on the evidence obtained. Audit documentation is sometimes called audit working paper. **(2½ marks)**
- b. Benefits of Audit Working Papers:
 - i. Serve as evidence of work in support of audit opinion and in case of litigation.
 - ii. Aid the supervision, monitoring and review of work done.
 - iii. Aid in the planning and performance of audit engagement.
 - iv. Facilitate in the delegation of work to other members of the team.
 - v. Enhance the control of current year's work.

(Any 4 points of ½ Mark each = 2 Marks)
- c. Qualities of a good audit working paper file are :
 - i. Working papers should be prepared in a standardized form, arranging the documents under various headings and sub-headings.
 - ii. Working papers should be complete, consistent and accurate as to the statistical or other information contained therein.
 - iii. It should exhibit clarity and comprehension with respect to presentation of factual and other information contained therein.

- iv. It should be legible and neat in terms of writing and materials presented in them, arranged in a logical order depending on its relevance and importance.

(Any 2 points of 1 Mark each = 2 Marks)

di). Contents of Permanent audit files:

- i. Information concerning legal and organizational structure of the entity such as the memorandum and articles of association and certificate of incorporation.
- ii. Extracts of important documents concerning significant matters like legal documents and minutes of meetings.
- iii. A record of study of internal and accounting control of the entity. This may be in the form of descriptive narrations, flow charts or questionnaires.
- iv. Copies of engagement letters
- v. Copy of communication with the retiring auditors.
- vi. Copies of audited financial statements of previous years.
- vii. Analyses of significant ratios and trends.
- viii. Note on significant accounting policies.
- ix. Significant audit observations of earlier years.

(Any 6 points of ½ Mark each = 3 Marks)

dii). Contents of Current audit files:

- i. Correspondence relating to acceptance of annual engagements.
- ii. Extracts of important matters in the minutes of board or general meeting which are relevant to the current year audit.
- iii. Audit programme.
- iv. Analysis of transactions and balances.
- v. Record of nature, timing and extent of audit procedures carried out and results thereof.
- vi. Evidence of the work of team members which have been supervised and reviewed.
- vii. Copies of communication with experts, other auditors or other third party.
- viii. Copies of letters or notes on audit matters communicated or discussed with the client.
- ix. Letters of representation/ confirmation received from the client.
- x. Copies of financial statements reported upon and audit reports issued on such information.

(Any 6 points of ½ Mark each = 3 Marks)

(Total 12½ Marks)

QUESTION 5

- a. A good internal control system must entail the following characteristics:
- Segregation of duties.
 - Authorization and approval.
 - Organization plan or structure.
 - Management controls.
 - Personnel controls.
 - Supervision controls.
 - Acknowledgement of performance controls
 - Arithmetical and accounting controls.
 - Budget and budgetary controls.
 - Physical controls.

(1 Mark each for any 7 = 7 Marks)

- b. Regularity audit

Regularity audit is the type of audit that verifies that expenditure has been incurred on approved services and in accordance with statutory and other regulations and authorities governing them. It is sometimes called Compliance audit.

(3 Marks)

- c. Management override of controls

Controls are put in place by the management of an entity so as to ensure that the operations of the organisation are working very well. However, senior level managers may direct subordinates to execute actions that are not consistent with the company's policies and procedures.

(2½ Marks)
(Total 12 ½ Marks)

QUESTION 6

- ai. **Test Data:**

Test data are selected items of transaction data with pre-determined output. During the audit testing, the auditor processes the test data using the client's accounting application program. The output produced by the client's application program is checked against predetermined test data output. Where the two outputs are consistent with each other, the auditor concludes that the client's application program can be relied upon to generate correct output.

(2 Marks)

- ii. **Parallel Simulation Technique (PST):**

PST involves the setting up of a small system parallel to the clients own, thereafter using specialised audit programme to monitor the consistency with the original clients processing system.

(2 Marks)

iii. **Mapping:**

This is common but purposely written audit software used by the auditor in determining which statements have or have not been executed during the programme execution. **(2 Marks)**

b **Input control :**

This is a control measure put in place in a computer environment which helps to ensure the integrity of data entries. It prevents unnecessary or unauthorised data from being entered into the computer system.

The following techniques are normally used to ensure control over input:

- i. All data entries must be approved by appropriate responsible persons.
- ii. At least two personnel should be responsible for the data entry as one is keying in, the other is checking.
- iii. Manual or programmed against agreement of control total.

(2 ½ Marks)

c. **Uses of Computer Audit Programme**

Computer audit program which is otherwise known as audit software or file interrogation software can be used for the following purposes:

- i. To review transactions and balances in computer files and select exceptional items for further audit work.
- ii. To stratify transactions and balances in computer file and select exceptional items for further audit work,
- iii. To select a sample of transactions and account balances from computer files on random basis for further audit testing.
- iv. To match the contents of two or more computer files and select unmatched items for further audit work.
- v. To print or display on screens the contents of computer files for audit purposes.
- vi. To sort transactions and account balances into desired sequence for audit purposes.

(4 points of 1 Mark each= 4 Marks)

(Total 12½ Marks)