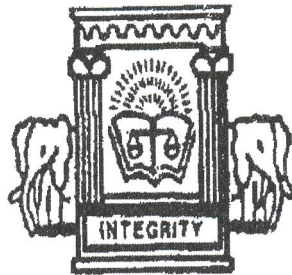


INSTITUTE OF CHARTERED ACCOUNTANTS (GHANA)



MAY 2011 EXAMINATIONS
(PROFESSIONAL)

PART 2

AUDIT AND INTERNAL REVIEW
(Paper 2.2)

Attempt ALL Questions

TIME ALLOWED:

Reading & Planning - 15 Minutes
Workings - 3 Hours

QUESTION 1

Mr. Asante, who is the Chief Executive Officer (CEO) of CCF Company Limited, does not understand why his institution should be audited. He was very furious when the Accountant of the company raised the issue of an audit. According to Mr. Asante, in modern business concerns auditing is not necessary.

Required:

- (a) (i) As a potential auditor of CCF Company, you are to state in detail **three (3)** objectives of having an audit to the CEO. **(6 marks)**
- (ii) In achieving those objectives what possible disadvantages can be suffered by the company? **(6 marks)**
- (b) State with reasons **four (4)** persons that are not qualified to act as an auditor of a company registered under the Companies Code, 1963, Act 179 **(8 marks)**

(Total: 20 marks)

QUESTION 2

- (a) You are the auditor of KOFIGAH COMPANY LTD whose financial statements are before you for audit. You found in the statement of financial position of the company a debtors balance of GHS100 million. Management has made a provision for bad and doubtful debts of 10% which you considered too high.

Required:

What consideration would you note before deciding on the appropriateness of the provision for doubtful debts as disclosed by management of your client?

(10 marks)

- (b) State **five (5)** points to note when examining a voucher during the course of an audit. **(10 marks)**

(Total: 20 marks)

