

**College of Administrative and Financial Sciences**

**Assignment (2)**

**Deadline: Week (9) 21/03/2020 @ 23:59**

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| Course Name:Auditing Principles and Procedures | Student’s Name: |
| Course Code:ACCT401 | Student’s ID Number: |
| Semester: 2nd  | CRN: |
| Academic Year: 1440/1441 H |

**For Instructor’s Use only**

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| --- |
| Instructor’s Name: |
| Students’ Grade: #/5 | Level of Marks: High/Middle/Low |

**Instructions – PLEASE READ THEM CAREFULLY**

* The Assignment must be submitted on Blackboard (**WORD format only**) via allocated folder.
* Assignments submitted through email will not be accepted.
* Students are advised to make their work clear and well presented, marks may be reduced for poor presentation. **This includes filling your information on the cover page.**
* Students must mention question number clearly in their answer.
* Late submission will **NOT** be accepted.
* Avoid plagiarism, **the work should be in your own words**, copying from students or other resources without proper referencing will result in **ZERO** marks. No exceptions.
* All answers must be typed using**Times New Roman (size 12, double-spaced)** font. No pictures containing text will be accepted and will be considered plagiarism.
* Submissions without this cover page will NOT be accepted.

**Assignment Question(s): (Marks 5)**

**IMPORTANT NOTE: Answer in your own words, DO NOT COPY from slides, fellow student, or internet.**

Q1.What is the difference between the substantive analytical procedures and the substantive test of details? Explain in detail and provide an example of each one. **(1.5 Marks).**

Q2.For each of the following, state whether it is a test of details of account balances or a test of details of disclosures. Then note for which assertion the test provides evidence.**(2.5 Marks).**

1. Inspect loan agreements under which an entity's inventories are pledged.

2. Review inventory compilation for proper classification among raw materials, work in process, and finished goods.

3. Observe the count of physical inventory.

4. Trace test counts and tag control information to the inventory compilation.

5. Inquire of management about issues related to LIFO liquidations.

6. Review book-to-physical adjustments for possible misstatements.

**Below is the answer of the first one to explain how to answer the question:**

1. Disclosures - Occurrence, Rights and obligations

Q3.Explain the importance of observing physical inventory during an audit. **(1 Mark)**