



(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2020/2021 ACADEMIC YEAR

**SECOND YEAR FIRST SEMESTER
MAIN EXAMS**

**FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION**

COURSE CODE: MBA 820

COURSE TITLE: PRINCIPLES OF AUDITING

DATE: 23RD FEBRUARY, 2021

TIME: 9.00AM - 12NOON

INSTRUCTIONS TO CANDIDATES

Answer Question One and any other THREE (3) Questions

TIME: 3 Hours

KIBU observes ZERO tolerance to examination cheating

This Paper Consists of 2 Printed Pages. Please Turn Over. ▶

QUESTION ONE (25 MRKS)

- a) The major objective of auditing is to produce a report on whether financial statements give a true and fair view of the financial positions state the other objectives.(4mrks)
- b) What is the responsibility of the director regarding the financial statements.(4mrks)
- c) Distinguish between audit engagement and review engagement. (2mrks)
- d) Because accounting records alone do not provide sufficient audit evidence, list other evidence the auditor may obtain (4mks)
- e) Highlight on the remuneration of auditors (3mks)
- f) In what ways is the auditor criminally liable (4mks)
- g) Distinguish between internal auditor and external auditor (4mks)

QUESTION TWO (25 MRKS)

- a) Discuss the advantages and disadvantages of auditing accounts of an entity(8mks)
- b) Highlight the purposes of working papers (6mks)
- c) The form of content of an engagement letter may vary highlight the generally acceptable contents (6mks)

QUESTION THREE (25 MRKS)

- a) Describe the stages of an audit (6mks)
- b) Reliability of audit evidence is influence by the nature and it's independent on individual circumstances.
- c) Discuss the types of various audit evidence (6mks)
- d) Highlight on the methods of audit sampling (6mks)

QUESTION FOUR (25 MRKS)

- a) What are the advantages of using audit programme (6mks)
- b) Discuss the qualification and disqualification of an auditor (14mks)

QUESTION FIVE (25 MRKS)

- a) Discuss types of audit report (7mks)
- b) Discuss the appointment of the auditor (6mks)
- c) Highlight the differences between the internal and external audit (7mks)