



*(Knowledge for Development)*

**KIBABII UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**2020/2021 ACADEMIC YEAR**

**THIRD YEAR FIRST SEMESTER  
MAIN EXAMS**

**FOR THE DEGREE OF BACHELOR OF EDUCATION**

**COURSE CODE:   BBM: 311**

**COURSE TITLE: PRINCIPLES OF AUDITING**

**DATE: 13<sup>TH</sup> JULY ,2021**

**TIME: 2.00PM - 4.00PM**

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**INSTRUCTIONS TO CANDIDATES**

**Answer Question One in Section A and Any other TWO (2) Questions in  
Section B**

**TIME: 2 Hours**

## **SECTION A (COMPULSORY)**

### **QUESTION ONE**

- (a) Briefly discuss four differences between auditing and accounting 8 Mks
- (b) State six sources of information for audit planning 6 Mks
- (c) State four objectives of internal control system. 4 Mks
- (d) What is the meaning of the following terms?

(i) Control environment (3mks)

(ii) Auditing through the computer (3mks)

(e) A reputable firm in Europe that deals with supply of Covid-19 vaccines has just opened a branch in Bungoma. The Headquarter is experiencing a lot of challenges ranging from unqualified staff, incorrect financial statements, loss of valuable items and this is because it has been relying on an accountant's information as true and fair. The management of the firm has just been informed that Kibabii university has financial knowledge and can offer professional advice. In relation to auditing you are required to provide practical advice to the firm to enable it regain its image to investors. (6mks)

## **SECTION B (CHOOSE ANY TWO QUESTIONS)**

### **QUESTION TWO**

- (a) Discuss five methods of obtaining audit evidence (10mks)
- (b) Define and briefly discuss four advantages of audit planning (10mks)

### **QUESTION THREE**

- (a) Discuss the process of an audit (10mks)
- (b) Discuss five users of audit report (10mks)

**QUESTION FOUR**

- (a) Briefly explain FIVE disadvantages of internal control system (10mks)
- (b) Discuss the requirements for one to be an auditor (10mks)

**QUESTION FIVE**

- (a) Discuss five controls that computer-based accounting system rely on for auditing(10mks)
- (b) Discuss circumstances that necessitate audit sampling (10mks)