



(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: 3rd August, 2020

TIME: 2.00 p.m -4.00 p.m

INSTRUCTIONS TO CANDIDATES

Answer Question One and any other THREE (3) Questions

TIME: 3 Hours

KIBU observes ZERO tolerance to examination cheating

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SECTION A (COMPULSORY)

QUESTION ONE

- a) Auditing is at times misconstrued to mean Accounting but in reality they are different. Distinguish between auditing and accounting and give the main objective of auditing (3 marks)
- b) What is the responsibility of the auditor regarding financial statements (3mks)
- c) Because accounting records alone do not provide sufficient audit evidence list other the audit evidence, the auditor may obtain (3mks)
- d) Highlight on the remuneration of the auditor (3mks)
- e) In what ways is the auditor criminally liable (4mks)
- f) What are the objectives of audit plan (4mks)
- g) Discuss the differences between internal audit and external audit (9mks)

(Total 25mks)

CHOOSE ANY THREE QUESTIONS)

QUESTION TWO

- a) Before commencement of audit an engagement letter is written. For what purpose is the engagement letter written. (6mks)
- b) What are the qualities of a good audit sample (6mks)
- c) Discuss the methodology used in auditing financial statements (8mks)

(Total 25mks)

QUESTION THREE

- a) Describe types of audit evidence (6mks)
- b) Highlight reasons for sampling (6mks)
- c) Auditors will use standardized forms and check lists to improve efficiency of the audit and will also incorporate schedules and analyses prepared by the business. In relation to this what are the contents of working papers (8mks)

(Total 25mks)

QUESTION FOUR

- a) What are the disadvantages of audit programme (5kms)
- b) Highlight on the situations when removal of auditor is desirable (8mks)
- c) What are the rights of an auditor (7mks)

(Total 25mks)

QUESTION FIVE

- a) Highlight the requirements of the companies Act regarding Audit report (14mks)
- b) Distinguish between qualified and unqualified reports (6mks)

(Total 25mks)