



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS
ADMINISTRATION WITH I.T
3RD YEAR 1ST SEMESTER 2019/2020 ACADEMIC YEAR
MAIN

COURSE TITLE: AUDITING 1

COURSE CODE: ABA 305

DATE: 10/12/19

EXAM SESSION: 9.00 – 11.00am

TIME: 2 HOURS

Instructions

1. Answer question 1 (compulsory) and ANY other 2 questions.
2. Candidates are advised not to write on the question paper.
3. Candidates must hand in their answer booklets to the invigilator while in the examination room.

QUESTION ONE (Compulsory)

1. What is Auditing? State and explain the main objectives of auditing
(5 marks)
2. Highlight any five limitations of auditing (5 marks)
3. Critically discuss five importance of internal controls (10 marks)
4. Explain any five situations which may compromise auditors' independence
(10 marks)

QUESTION TWO

1. Explain with examples, the threats for non-compliance of fundamental principles as they relate to chartered accountants in practice. (10 marks)
2. Patrick Njoroge was recently appointed an auditor of Waterfield Ltd., a public company. He had communicated with the company's previous auditor before accepting the audit. Njoroge attended the company's shareholders meeting at which he was appointed but he has not yet visited the company's offices.

Required:

Discuss the matters that Njoroge should attend to between the time of his appointment and the commencement of his audit work in order to effectively plan the audit.

(10 marks)

QUESTION THREE

Write short notes on the following:-

- I. Materiality concept (5 marks)
- II. Independence of an Auditor (5 marks)
- III. Unqualified opinion (5 marks)
- IV. True and fair view (5 Marks)

QUESTION FOUR

1. "In reporting their findings, an auditor will take one of the four possible alternatives available for them". carefully identify the different opinions and make a detailed approach for each opinion (10 marks)
2. What are the Audit working papers? What are the usual contents of working papers? (10 Marks)

QUESTION FIVE

1. Define the term internal check. Discuss the internal checks as regards to wages (5 marks)
2. Outline the benefits that can be derived by an auditor from the successful employment of statistical sampling techniques as opposed to non- statistical sampling. (15 marks)