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KIRIRI WOMEN'S UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2024/2025 ACADEMIC YEAR
FIRST YEAR, SECOND SEMESTER EXAMINATION
FOR THE DIPLOMA IN ACCOUNTING

Date: 8th August, 2024
Time: 2.30pm –4.30pm

DAC 1504 AUDITING

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) P&K Associates have been appointed to audit the accounts of Baraka Limited. Explain six steps that the firm should consider before accepting the appointment. (6 Marks)
- b) Explain six advantages of using computer assisted audit techniques (CAATs) during auditing. (6 Marks)
- c) Outline the elements of an unqualified audit report. (6 Marks)
- d) Highlight **six** advantages of statistical sampling (6 Marks)
- e) List and explain three qualities of an auditor (6 Marks)

QUESTION TWO (20 MARKS)

- a) Highlight five benefits of internal audit (8 Marks)
- b) Outline six advantages of auditing (6 Marks)
- c) Describe six types of internal controls applicable in an organization (6 Marks)

QUESTION THREE (20 MARKS)

- a) Explain four reasons that make auditors independence important in an audit. (8 Marks)
- b) Highlight six problems that an auditor may face in gathering audit evidence. (6 Marks)
- c) Define private audit and explain the reasons why stakeholders are interested in this type of audit (6 Marks)

QUESTION FOUR (20 MARKS)

- a) Management assertions are claims made by members of management regarding certain aspects of a business. Outline the three classifications of management assertions (9 Marks)
- b) Enumerate seven qualities of a good audit report (7 Marks)
- c) Distinguish between circumstantial audit evidence and secondary audit evidence (4 Marks)

QUESTION FIVE (20 MARKS)

- a) Explain six rights of an auditor as stipulated in the companies Act Cap 486 (6 Marks)
- b) Highlight six objectives of audit sampling (6 Marks)
- c) Discuss the importance of internal control systems (8 Marks)