



KIBABII UNIVERSITY COLLEGE

(A Constituent College of Masinde Muliro University of Science Technology)

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UNIVERSITY REGULAR EXAMINATIONS

2013 /2014 ACADEMIC YEAR

1ST YEAR 2ND SEMESTER EXAMINATIONS

(MAIN EXAMINATION) - REGULAR

EPARTMENT OF BUSINESS MANAGEMENT OF ECONOMICS

COURSE CODE: DAB 103

COURSE TITLE: PRINCIPLES OF AUDITING

DATE: 16TH APRIL, 2014

TIME: 2.00 P.M – 4.00 P.M

INSTRUCTION TO CANDIDATES

Answer question **ONE** and any other **TWO** questions

QUESTION ONE

- (a) List and briefly explain the uses of audited financial statements clearly indicating their interests (6mks)
- (b) Define auditing and briefly explain the main objectives (7mks)
- (c) Briefly explain the assertions used by the auditor while auditing the assets and liabilities of a company. (5mks)
- (d) What is meant by audit evidence? List the methods used in gathering audit evidence. (12mks)

QUESTION TWO

- (a) Define internal control systems (1mk)
- (b) Mumias Sugar Company Ltd experiences inefficiencies, disorderliness, and mismanagement of assets. As an auditor you have been requested to suggest suitable types of internal controls (14mks)

QUESTION THREE

Kibabii Diploma College has scheduled a meeting with your audit firm, Nikole and Associates (CPA) with regard to the types of audit. The items listed for discussions include:-

- (i) Balance sheet audit (5mks)
- (ii) Final audits (5mks)
- (iii) Statutory audits (5mks)

QUESTION FOUR

Briefly explain the ethical guidelines which the auditor must adhere to in order to maintain his independence while performing his duties. (15mks)

QUESTION FIVE

In the context of the companies act cap.486. Outline procedure for vacation of an auditor (15mks)