



Kasarani Campus
Off Thika Road
Tel. 2042692 / 3
P. O. Box 49274, 00100
NAIROBI
Westlands Campus
Pamstech House
Woodvale Grove
Tel. 4442212
Fax: 4444175

KIRIRI WOMEN'S UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR
FIRST YEAR, SECOND SEMESTER EXAMINATION
FOR THE DIPLOMA IN ACCOUNTING
DAC 1504: AUDITING

Date: 14TH APRIL 2023
Time: 11:30AM-1:30PM

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) Discuss the Role of IFRS and IASs in preparation of financial statements. (6 Marks)
- b) For listed companies, the board should have at least a third of independent non executive directors. Describe the role of an independent director. (6 Marks)
- c) An audit is the independent examination of and expression of an opinion on the financial statements of an economic entity by appointed auditor in pursuance of that appointment and incompliance with any relevant statutory obligation. The objective of an audit is to enable the auditor express an opinion whether financial statements show a true and fair view of the company state of affairs in accordance with an identified financial reporting framework.

Required;

- i. Explain the concept of true and fair view and highlight circumstances where financial statements will be said to present a true and fair view. (6 Marks)
- ii. Discuss Three advantages of auditing (6 Marks)
- iii. Discuss the Sources of information on client's nature of business (6 Marks)

QUESTION TWO (20 MARKS)

- a) Discuss the duties of the internal audit personnel are (8 Marks)
- b) Enumerate Ways of minimizing potential liability for professional negligence (6 Marks)
- c) Outline the contents of an audit permanent file. (6 Marks)

QUESTION THREE (20 MARKS).

- a) The firm's general quality control policies and procedures should be communicated to its personnel in a manner that provides reasonable assurance. Describe Quality control policies and procedures at individual audit level. (8 Marks)
- b) Discuss the objectives of an internal control system. (6 Marks)
- c) Internal control system cannot by itself guarantee efficient administration and completion as well as accuracy of the recorded. It cannot be proof against fraud. In light of the above statement discuss the limitations of internal control system. (6 Marks)

QUESTION FOUR (20 MARKS)

ISA 500 covers audit evidence. The auditor should obtain sufficient audit evidence to be able to draw reasonable conclusions on which to base the audit opinion.

- i. Define audit evidence. (4 Marks)
- ii. Describe Sufficiency, relevance and reliability of audit evidence. (7 Marks)
- iii. Evaluate THREE methods of obtaining audit evidence. (9 Marks)

QUESTION FIVE (20 MARKS)

An auditor only has general knowledge on matters outside his profession and is not expected to have the skills of a person trained or qualified to work in another profession .Consequently, the auditor may need the advice of another expert.

Required;

- a) Outline the scope of communication with the expert. (8 Marks)
- b) Describe Situations where the auditor may require work of an expert. (6 Marks)
- c) Discuss Factors considered before relying on the work of the expert. (6 Marks)