

TECHNICAL UNIVERSITY OF MOMBASA
SCHOOL OF BUSINESS
DEPARTMENT OF ACCOUNTING AND FINANCE
DIPLOMA IN ACCOUNTANCY
BAC 2211: AUDITING
END SEMESTER EXAMINATIONS
SERIES: JANUARY/APRIL 2016
TIME: 2HOURS

INSTRUCTIONS:

- **This paper consists of Five questions**
- **Answer question one (compulsory) and any other two questions**
- **Do not write on the question paper**
- **Marks will be awarded for correct, clear and logical answers**

QUESTION ONE

Explain what you understand by the term **TECHNICAL UNIVERSITY OF MOMBASA**

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QUESTION ONE

- a) Define the term 'auditing' and explain its purpose (12marks)
- b) Distinguish between the following types of audit
 - i. Pre-audit and post audit (4marks)
 - ii. Special audit and limited audit (4marks)
- c) Explain any five situations that may lead to a loss or impairment of the auditor's independence (10marks)

QUESTION TWO

- a) Explain three circumstances under which the auditor may disclose confidential information of the client's business (6marks)
- b) Discuss the objectives of back ground research in the audit cycle (14marks)

QUESTION THREE

- a) Discuss the contents of the permanent file (20marks)

QUESTION FOUR

- a) Outline the main sections of an auditor's report (10marks)
- b) Describe the contents of the audit working papers (10marks)

QUESTION FIVE

- a) Distinguish between the following types audit opinions
 - i. Unqualified and qualified opinions (4marks)
 - ii. Disclaimer and adverse opinions (4marks)
- b) Outline the importance of audit planning (4marks)
- c) State and explain four benefits of computerized accounting information system (8marks)