



TECHNICAL UNIVERSITY OF MOMBASA
UNIVERSITY EXAMINATION FOR:
DIPLOMA IN ACCOUNTANCY

BAC 2211: AUDITING :

END OF SEMESTER EXAMINATION

SERIES: APRIL 2025

TIME: 2 HOURS

DATE: April 2025

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of FIVE questions. Attempt Question ONE and any other TWO Questions.

Do not write on the question paper.

Question ONE

- | | | |
|----------|--|-----------------|
| a | List four objectives of an audit | 6 marks |
| b | Who may appoint the auditor to a company? | 3 marks |
| c | Which persons may not act as auditor to a company ? | 6 marks |
| d | What are the five matters with which an auditor will imply satisfaction in an unqualified audit report? | 15 marks |

Qestion TWO

- | | | |
|----------|--|-----------------|
| a | What matters must be considered before an auditor can accept appointment by a new client? | 12 marks |
| b | What are seen as the four main advantages to an auditor of adequate audit planning? | 8 marks |

Question THREE

An auditor must obtain relevant, reliable and sufficient audit evidence in order to draw reasonable conclusions therefrom. Discuss **20 marks**

Question FOUR

- a Define and explain what you understand by the term " INTERNAL CONTROL".** **4 marks**
- b What are the four main reasons why the management of an enterprise requires complete and accurate accounting and other records?** **8 marks**
- c Define Compliance test and Substantive test and explain how they are used by the auditor** **8 marks**

Question FIVE

List and describe the work you would perform to detect the fraudulent transactions and determine the extent of the fraud in relation to:

- I The purchases system** **7 marks**
- II The sales system** **7 marks**
- III The wages or payroll system.** **6 marks**

Your answer should describe the type of fraud which could take place in these systems and the audit checks you would perform to detect these frauds .