



MURANG'A UNIVERSITY COLLEGE

(A Constituent College of Jomo Kenyatta University of Agriculture and Technology)

SCHOOL OF BUSINESS AND ECONOMICS

MAIN CAMPUS

DEPARTMENT OF COMMERCE

ORDINARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

YEAR ONE SEMESTER ONE EXAMINATIONS

**DIPLOMA IN BUSINESS MANAGEMENT & CERTIFICATE IN BUSINESS
MANAGEMENT (DBM & CBM)**

COURSE CODE: DAB1213

COURSE TITLE: PRINCIPLES OF AUDITING

DATE: 26TH APRIL 2016

TIME: 2 HOURS

INSTRUCTIONS TO THE CANDIDATES

Question one (1) is Compulsory

Answer Any Other Two (2) Questions
examination irregularities

MRUC observes ZERO tolerance to

SECTION A:

- a) As an auditor what would you include in an audit programme? (10Marks)
- (b) What steps can an auditor undertake to show the books of account represent a true and fair view? (10 marks)
- C) The internal control system has some inherent limitations explain what this limitations are? (10 marks)

(Total 30 marks)

SECTION B:

QUESTION TWO:

- a) Explain the following in brief:
- (a) Relationship between materiality and audit risk (10 marks)
- (b) Relationship between Statutory Auditor and internal Auditor. (10 marks)

QUESTION THREE:

- a) LIST and explain the methods of defalcation involving misappropriation of cash or goods? (10 marks)
- b) Under which circumstances can auditor suspect fraud? (10 marks)

QUESTION FOUR:

- a) As an auditor what issues would you ensure are in place while conducting verification of liabilities? (6 marks)
- b) How would you verify share capital if it's the first year of existence of the business? (10 marks)