



MURANGA UNIVERSITY COLLEGE
(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

MAIN CAMPUS

ORDINARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

FIRST YEAR FIRST SEMESTER EXAMINATIONS

**FOR THE DEGREE
OF
BACHELOR OF PURCHASING AND SUPPLIES MANAGEMENT**

COURSE CODE: HPS 2105:

COURSE TITLE: AUDITING PRINCIPLES AND PRACTICE

DATE: DECEMBER, 2015

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer THREE (3) questions

MRUC observes ZERO tolerance to examination irregularities

QUESTION ONE:

- a) Give FIVE distinctive features that differentiate auditing and accounting (10 marks)
- b) Give a brief description, and the essence of the following types of audits: (12 marks)
 - i. Statutory audits
 - ii. Balance sheet audits
 - iii. Management audits
 - iv. Procedural audits
 - v. Private audits
 - vi. Interim audits
- c) Highlight the areas of emphasis while designing controls in a computerized environment. (8 marks)

QUESTION TWO:

- a) With suitable illustrations, explain the meaning of an Internal Control system (4 marks)
Briefly explain any FIVE types of internal controls (10 marks)
- b) With examples, distinguish between errors and irregularities, and fraud in an auditing context. (6 marks)

QUESTION THREE:

- a) What is audit planning? (2 marks)
Give FOUR advantages of good audit planning (8 marks)
- b) Explain FIVE methods that can be used by the auditor to obtain sufficient appropriate evidence upon which to base his opinion (10 marks)

QUESTION FOUR:

- a) Give the Basic elements of the auditor's report (8 marks)
- b) Explain the rights of an auditor as laid out in the company's act (7 marks)
- c) In regard to the appointment of an auditor of a company, Provide;
 - (i) THREE persons disqualified from appointment (3 marks)
 - (ii) Two circumstances under which directors may appoint an auditor (2 marks)