

**W1-2-60-1-6**

**JOMO KENYATTA UNIVERSITY**

**OF**

**AGRICULTURE AND TECHNOLOGY**

**UNIVERSITY EXAMINATIONS 2014/2015**

**YEAR 2 SEMESTER I EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE**

**HBC 2207: PRINCIPLES OF AUDITING**

**DATE: AUGUST 2015 TIME: 2 HOURS**

**INSTRUCTIONS: Answer Question One (Compulsory) and Any Other Two Questions**

**QUESTION ONE (30 MARKS)**

1. An auditor can be dismissed/or removed from office. Elaborate. (10marks)
2. Outline the duties of an auditor. (10marks)
3. Describe the principal content and purposes of the letter of engagement/undertaking (ISA 210) (10marks)

**QUESTION TWO (20 Marks)**

1. Elaborate on the classification of audits.
2. Briefly explain frauds and errors.

**QUESTION THREE (20 Marks)**

1. State the essentials of good working papers (6marks)
2. Enumerate the contents of current audit file (CAF) and permanent audit file (PAF) (14marks)

**QUESTION FOUR (20 Marks)**

Risk material misstatement refers to the fact that financial statements maybe internally misstated prior to audit. Discuss (20marks)

**QUESTION FIVE**

Explain the following terms in principles of auditing:

1. Basic elements of auditor’s report (7marks)
2. Audit sampling (7marks)
3. Management letter (6marks)