

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE
AND BACHELOR OF AGRIBUSINESS**

BCOM 411: AUDITING I

STREAMS: BCOM AND AGBM Y4S1

TIME: 2 HOURS

DAY/DATE: TUESDAY 04/12/2018

2.30 P.M. – 4.30 P.M.

INSTRUCTIONS:

- **Answer question one and any other two only.**
- **Do not write on question paper.**

- (a) Describe the objectives of auditing in the control and management of organization resources. (12 marks)
 - (b) “An Auditor particularly the external is required to be independent in his work” Describe the provisions in audit practice and profession that gives him/her independence in his duties. (12 marks)
 - (c) Explain the importance of auditing working papers. (6 marks)
- (a) Describe the liabilities of auditor when he does not do his duties with reasonable care, skill and profession. (12 marks)
 - (b) Explain the methods an auditor can use gather valid evidence in his audit obligations. (8 marks)
- As an auditor of a purchasing and supplies company which supply goods and services both on credit and cash payment methods. Explain how you can vouch the following transactions of the company.
 - (a) Cash receipts from customers. (7 marks)

- (b) Interest and dividends received. (6 marks)
- (c) Payment made to suppliers. (7 marks)
4. (a) Mikinduri PLC directors have contacted you with serious challenges of poor internal control system in the company, where they have lost cash and resources in day-to-day operational process. Advise them by explaining effective features or characteristics they may be required to put in place operational process in the organization.
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(12 marks)
- (b) Explain the duties of an auditor of a public limited company. (8 marks)
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