

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 410: AUDITING 1

STREAMS: Y4S1

TIME: 2 HOURS

DAY/DATE: MONDAY 4/12/2017

2.30 P.M – 4.30 P.M

INSTRUCTIONS:

- **Answer question one and any other two questions**
- **Do not write on the question paper**

1. (a) Auditing is not just a usual activity to be done by public companies but necessary for future business prosperity. Discuss. [12marks]

(b) Describe under what circumstances can you recommend the following types of Audit for business.
 - (i) Continuous Auditing [6marks]
 - (ii) Interim Auditing [6marks]
 - (iii) Internal Auditing [6marks]
2. (a) List the considerations that auditor should take into account in developing an audit program for a new client. [10marks]

(b) In reference to various study and audit standards, critically examine who should own audit working papers between auditor and his client. [10marks]
3. As an auditor of a public limited company called Nairobi manufacturing limited. Explain how you shall carry out the verification function of the following items. In the financial statement.
 - (a) Debtors [6marks]

(b) New leased building for the company business. [6marks]

(c) Issued shares and subordinated. [8marks]

4. (a) An auditor is required to ensure that he has ascertained facts that are valid as evidence for reporting purpose and that can justify his views in court of law. Explain ways and processes that can be adopted by the auditor to discover and get such evidence in process of his Audit. [12marks]

(b) Highlight the standard contents of audit report as stipulated in the companies act cap 486. [8marks]
