



KAIMOSI FRIENDS UNIVERSITY
THIRD YEAR SECOND SEMESTER UNIVERSITY EXAMINATIONS
2025/2026 ACADEMIC YEAR

SPECIAL EXAMINATION

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE TITLE: PRINCIPLES OF AUDITING

COURSE CODE: BCA 320

DAY/DATE: 24/06/26

TIME: 12-2P.M.

INSTRUCTIONS TO STUDENTS

- 1. ANSWER QUESTION ONE AND ANY OTHER TWO FROM THE CHOICES GIVEN.**
- 2. PHONES, SMART WATCHES, EAR PHONES OR ANY OTHER UNAUTHORIZED DIGITAL AND AI GADGETS AND APPLICATIONS ARE NOT ALLOWED IN THE EXAMINATION ROOM.**
- 3. ANSWER ALL QUESTIONS IN THE EXAM ANSWER BOOKLET PROVIDED.**
- 4. DO NOT WRITE ON THIS QUESTION PAPER.**
- 5. ALL KAFU EXAMINATION RULES AND REGULATIONS APPLY.**
- 6. DURATION OF EXAMINATION: TWO (2) HOURS**

KAFU observes ZERO tolerance to examination cheating.

This paper consists of FIVE printed pages. Please turn over.

QUESTION ONE (30 MARKS)

- a. Define "Auditing" and state its primary objective. **(4 Marks).**
- b. What is the distinction between the terms "True" and "Fair" in the context of financial statements? **(2 Marks).**
- c. Audit verification means seeking for sufficient audit evidence. Explain the meaning of audit evidence and give three examples that qualify for supporting evidence. **(5 Marks).**
- d. Auditors usually review internal control systems before embarking on the actual audit process. Explain importance of this review and how it may affect the audit findings. **(6 Marks)**
- e. Define Internal Control System and identify four types of internal controls. **(6 Marks).**
- f. Advancement in technology has enabled auditors to use computers during their audit process. Identify seven differences between manual and computerized systems of auditing. **(7 Marks).**

QUESTION TWO (20 MARKS)

- a. The use of modern technology has totally changed the general approach for auditors. All audits planned within a computerized environment are expected to meet known minimum requirements. Identify and discuss five of these requirements. **(10 Marks).**
- b. Approaches that can be adopted by the auditors in a computer environment includes auditing around the computer, auditing through the computer and auditing with the computer. Please give your detailed understanding in each one of them. **(10 Marks).**

QUESTION THREE (20 MARKS)

- a. Auditors are expected to expressly state three matters in their audit report, irrespective of the audit environment. Identify the three important statements and explain their effect on the overall audit findings. **(10 Marks).**
- b. External and internal auditors are concerned with some various roles some of which are similar while others are completely different. Identify five similarities in their duties and give five ways that internal auditors may assist external auditors during the audit process. **(10 Marks).**

QUESTION FOUR (20 MARKS)

- a. Internal controls are only as effective as the people responsible for their functioning. Please identify five of the common limitations that hinder effectiveness of internal control systems and explain their impact on the audit process. **(10 Marks).**
- b. Define internal control system and discuss four types of controls currently applicable to a business of your choice. **(10 Marks).**

QUESTION FIVE (20 MARKS)

- a. The audit process is broken into successive steps that have been summarized into eight stages. Identify the eight stages and briefly explain what happens at every stage. **(10 Marks).**
- b. Auditing is a vital element of accounting and therefore, auditors are expected to operate and respect the Code of Ethics. Please identify five of these rules and explain how they generally affect the audit environment. **(10 Mark)**

