

The Co-operative University of Kenya
END OF SEMESTER EXAMINATION AUGUST-2018
EXAMINATION FOR THE CERTIFICATE IN CO-OPERATIVE MANAGEMENT
(YR I SEM II)

UNIT CODE: CCM 1111

UNIT TITLE: PRINCIPLES OF AUDITING

DATE: 23RD AUGUST, 2018

TIME: 2:00 PM – 4:00 PM

INSTRUCTIONS:

- Answer question **ONE (compulsory)** and any other **TWO** questions

QUESTION ONE

- (a) “Auditing begins where accountancy ends. “Explain how dose accountancy differ from auditing (8 marks)
- (b) Write short notes on:
- i. Internal check (3 marks)
 - ii. Internal control (3 marks)
 - iii. Internal audit (3 marks)
 - iv. External audit (3 marks)
- (c) Discuss the special points to which you would pay attention at the time of auditing the accounts of a cooperative society or an educational institution (10 marks)

QUESTION TWO

- (a) Describe the provision of the companies Act, with regard to the following
- i. Rights and duties of auditors (8 marks)
 - ii. Remuneration of auditors (5 marks)
- (b) Discuss the concepts of ”true and fair view” as used in the auditor’ reports (7 marks)

QUESTION THREE

- (a) Describe the qualities desired of a successful auditor (10 marks)
- (b) Discuss the auditors’ responsibility with regard to prevention of errors and fraud (10 marks)

QUESTION FOUR

- (a) Discuss the advantages of a good audit plan (10 marks)
- (b) Discuss advantages of internal audit functions to a business (10 marks)

QUESTION FIVE

- (a) Discuss the importance of the international control systems in any organization (12 marks)
- (b) Write short notes of the following (2 marks)
- i. Unqualified opinion (2 marks)
 - ii. Qualified opinion (2 marks)
 - iii. Disclaimer of opinion (2 marks)
 - iv. Adverse opinion (2 marks)