

Name _____ Index No. _____

2804/304
AUDITING
November 2014
Time: 3 hours

Candidate's Signature _____

Date _____



THE KENYA NATIONAL EXAMINATIONS COUNCIL

DIPLOMA IN ACCOUNTANCY

AUDITING

3 hours

INSTRUCTIONS TO CANDIDATES

Write your name and index number in the spaces provided above.

Sign and write the date of examination in the spaces provided above.

This paper consists of SIX questions.

Answer any FIVE questions in the spaces provided in this question paper.

All questions carry equal marks.

Candidates should answer the questions in English.

For Examiner's Use Only

Question	1	2	3	4	5	6	TOTAL SCORE
Candidate's Score							

This paper consists of 14 printed pages.

Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.

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Turn over

1. (a) Explain **five** reasons that may limit an audit plan from achieving its objectives. (10 marks)
(b) Explain **five** challenges that an auditor may face when collecting audit evidence. (10 marks)
2. (a) Explain **five** reasons that make the independence of an auditor necessary in an audit assignment. (10 marks)
(b) Outline **ten** errors that an auditor would guard against in the audit of stock of finished goods. (10 marks)
3. (a) Explain **six** ways in which an auditor may benefit from using sampling techniques when undertaking an audit assignment. (12 marks)
(b) Explain **four** circumstances under which an auditor may give a disclaimer of opinion. (8 marks)
4. (a) Kwete Limited deals in buying and selling of plastics containers. As an auditor of this firm, prepare an internal control questionnaire over credit purchases. (12 marks)
(b) Explain **four** factors that may influence the use of analytical review technique by an auditor. (8 marks)
5. (a) Explain **six** elements of a good internal audit function in an organization. (12 marks)
(b) Describe the audit procedures an auditor would carry out in verifying cash in hand. (8 marks)
6. (a) Explain **five** ways an auditor may improve the efficiency of his audit work by using Computer Aided Audit Techniques (CAATS). (10 marks)
(b) Explain **five** advantages of using a standard audit programme. (10 marks)