



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2019/2020 ACADEMIC YEAR
FOURTH YEAR FIRST SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS
THE DEGREE OF BACHELOR OF BUSINESS
MANAGEMENT**

**COURSE CODE: BCM 4105
COURSE TITLE: AUDITING AND ASSURANCE
SERVICES**

DATE: 5TH DECEMBER 2019

TIME: 11:00AM – 13:00PM

INSTRUCTIONS TO CANDIDATES

Answer all the questions in section A and ANY OTHER THREE in Section B

PART A. COMPULSORY QUESTION (25 MARKS)

QUESTION ONE

It has often been said that the Auditor report is the formal result of all his efforts. This being the case, it is very important that the reader will understand the meaning of the Audit Report, particularly where the auditor wishes to qualify his opinion on the financial statements.

Required:

a) Under statutory provision, what are the main contents of the Auditor Report? **(10 marks)**

b) Explain how the international standards on auditing attempts to ensure that the report of the auditors is clearly understood? **(10 marks)**

c) Describe clearly the circumstances in which an adverse opinion and a disclaimer of the opinion would be appropriate and give two examples, one each to illustrate your answer. **(5 marks)**

PART B: ATTEMPT ANY 3 QUESTIONS.

QUESTION TWO

a) What is the purpose of a Letter of Representation? **(5 marks)**

b) State and explain the action auditors should take if the management refuses to provide a Letter of Representation. **(4 marks)**

c) State the specific representation you as an auditor, would wish to obtain from management in respect of:

i. Assets **(3 marks)**

ii. Liabilities **(3 marks)**

QUESTION THREE

b) Explain in details each of the Professional's Ethics required of an Auditor **(8 marks)**

c) Explain in details the qualities of an auditor **(7 marks)**

QUESTION FOUR

With reference to Regulatory environment for auditors in Kenya describe the following:

a) Functions of Kenya Accountant and Secretarial National Examination Board (KASNEB) **(8 marks)**

b) Duties of the Certified Public Accountant of Kenya (ICPAK) **(7 marks)**

QUESTION FIVE

The Companies Act 2015 includes provisions regarding the appointment, duties and powers of a company's auditor.

a) State the ways in which an auditor can be appointed **(5 marks)**

b) Detail the statutory duties imposed on an auditor **(5 marks)**

c) Explain the purpose of an Engagement letter and list its contents **(5 marks)**

//END