PAN AFRICA CHRISTIAN UNIVERSITY

SCHOOL OF LEADERSHIP, BUSINESS AND TECHNOLOGY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

BACHELOR OF COMMERCE

BACHELOR OF BUSINESS LEADERSHIP

DIPLOMA IN PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

SEPTEMBER -DECEMBER 2025 TRIMESTER

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS

COURSE CODE: BUA3323|CAC304|DSM200

COURSE TITLE: AUDITING PRINCIPLES

EXAM DATE: MONDAY 15TH DECEMBER 2025

TIME: 2:00PM-4:00PM

INSTRUCTIONS

- Read all questions carefully before attempting.
- Write your **student number** on the answer booklet provided.
- This examination script consists of **FOUR (4)** questions.
- Answer question **ONE** and ANY other **THREE** Questions.
- ALL other PAC University examinations rules and regulations apply

SECTION A: COMPULSORY

QUESTION ONE (COMPULSORY)

a) The directors of PAC Company Ltd. have approached you with the intentions of appointing your firm as their auditors for the next financial year. They have not given any reason for their desire to replace the current auditor except that they criticize his quality of work and feel that they are not getting value for their money.

Required:

Discuss FIVE reasons why you should communicate with the previous auditor before accepting the new appointment from the directors of PAC Company Ltd. (5 Marks)

b) It is the responsibility of the directors of a company to prepare financial statements that are presented to the shareholders upon the completion of the audit process.
Required:
Apart from shareholders, describe FOUR other users of audited financial statements. (4 Marks)

c) Discuss FOUR factors that professional accountants might consider in deciding whether to disclose confidential information in the course of an audit. (4 Marks)

d) International standards of auditing 300, (planning and audit of financial statement) states that an auditor must plan the audit. Explain FOUR reasons why it is important to plan an audit (4 Marks)

e) Explain the difference between Error and fraud in an auditing context. (4 Marks)

f) Your firm has recently recruited a team of new auditors under a Graduate Trainee Program. As part of induction, you are required to train them on reliability of audit evidence.
Required:
   i. Present to the team THREE factors that might influence the level of reliability of audit evidence. (6 Marks)

   ii. Discuss **three** factors that influence the judgement of the auditor with regard to sufficiency of audit evidence (3 Marks)

SECTION B: ATTEMPT ANY THREE (3) QUESTIONS

QUESTION TWO

a) Explain the term "interim audit". (2 Marks)

b) Anita Jones is one of the directors of Best foods Ltd., a company that you audit. Anita does not find the need to conduct an interim audit. She states that, it is only a way of increasing audit fees and that it adds no value to the company.
Required:
Explain to Anita Jones FOUR benefits that Best foods Ltd. will enjoy from carrying out an interim audit. (8 Marks)

QUESTION THREE

Working papers are the record of the work done by the auditor. However, they do not contain everything that the auditor does. The content and form of the working papers are dependent on the auditor's judgement.

Required:

a) Explain FIVE factors that could guide the auditor in deciding the content and nature of his working papers. (5 Marks)

b) In the context of the company's act, discuss five rights of an auditor (5 Marks)

QUESTION FOUR

During the planning of an audit for Jikaze Ltd., who is your new client, the Audit Supervisor emphasized for more time to be allocated in peer reviewing of the audit working papers to ensure that the audit findings are well supported by sufficient audit evidence.

Required:

a) Explain FIVE objectives of undertaking peer review. (5 Marks)

b) Discuss FIVE reasons for maintaining good audit working papers. (5 Marks)

QUESTION FIVE

You are at your initial stages of your auditing career. The Audit Manager has presented to you a draft audit report for familiarization. You realize the usage of the terms "True and fair view" being repeatedly mentioned under the opinion section of the audit report.

Required:

a) Explain FOUR circumstances under which the auditor would indicate that the financial statements present a true and fair view of the financial performance and position of the company. (4 Marks)

b) Describe SIX audit procedures to be carried out during verification of fixed assets in a company (6 Marks)