



**PAN AFRICAN CHRISTIAN UNIVERSITY COLLEGE  
PAN AFRICAN BUSINESS SCHOOL**

*Growing Creative People-Empowering Small Businesses*  
**Bachelor of Business Administration (BBA) 2010/2011**

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**END OF FIRST SEMESTER EXAMINATION**

**DECEMBER 2010**

**PROGRAMME:** BACHELOR OF BUSINESS ADMINISTRATION (ACCOUNTING)  
**LEVEL:** 300  
**COURSE/CODE:** ACC 307: PRINCIPLES OF AUDITING I  
**DATE:** 15<sup>TH</sup> DECEMBER 2010  
**TIME:** 3 HOURS

**Answer all the Four (4) Questions**

**Question 1**

It is hard enough managing a business. In this view, when the business is confronted with fraudulent activities by its employees, it may cripple the business such that an engagement of an independent examiner of accounts might become necessary.

- a) What are the detective and preventive controls that direct an independent examiner of accounts can do to streamline the *internal* activities of the business?
- b) What are the implications of receiving *gifts and hospitality* in a professional relationship of an examiner of accounts within the organisation?
- c) Does an Audit confirm that the financial statements are totally *free from error*?
- d) What does the Auditor do in relation to fraud *and who does (the Auditor) report to*?

**(25 Marks)**

**Question 2**

Reporting Accountants are again in the spotlight. Both internationally and in Ghana, the incidence of corporate failure and inappropriate director activity is leading to the repeated question of '*where were the auditors*'?

- a) Explain briefly under the Ghana's Companies Code of 1963, who are supposed to be qualified as auditors to audit corporate organisations?
- a) Can a statutory auditor act as a book-keeper and as an external auditor? Explain

- b) Explain the broad objectives of *financial audit*.
- c) Explain the *4 different types* of opinions that an auditor may issue on the financial statements

(25 Marks)

**Question 3**

“In contrast to the professional and economic arguments for auditor independence, R.W. Bartlett, in his article, “A Heretical Challenge to the Incantations of Audit Independence” suggested that auditing is a sort of ceremony involving incantations about independence. Bartlett argued that there have been four kinds of “incantations” regarding auditor independence” Discuss these four incantations.

(25 Marks)

**Question 4**

- (a) What does the future hold for auditors?
- (b) Describe the inherent limitations facing auditors in undertaking their work
- (c) Describe the significant types of judgements made by auditors

(25 Marks)