



ZIMBABWE EZEKIEL GUTI UNIVERSITY

---

FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS

---

DEPARTMENT OF ACCOUNTING, FINANCE AND HUMAN CAPITAL  
MANAGEMENT

EXAMINATION PAPER

COURSE CODE : CAC 212  
COURSE TITLE : Audit Skills  
SPECIAL REQUIREMENTS : NONE  
DURATION : 3 Hours  
LEVEL : 2.1  
DATE :

23 SEP 2025

**INSTRUCTIONS TO CANDIDATES:**

1. No cell phones are allowed in the examination venue.
2. Use of silent, non-programmable calculators is allowed.
3. Answer ALL questions in both Section A and Section B.
4. The number of marks for each question or part question is shown in brackets  
[ ]
5. Begin each answer on a new page.
6. **DO NOT OPEN THIS PAPER UNTIL THE INVIGILATOR INSTRUCTS YOU.**

**SECTION A (20 Marks)**

**ANSWER ALL QUESTIONS (Each question carries 2 Marks)**

**SELECT THE MOST APPROPRIATE ANSWER**

**QUESTION 1**

1) The primary purpose of an Independent audit of financial statements is to

- A. provide a basis for assessing management performance
- B. comply with laws and regulations
- C. assure management that the financial statements are unbiased and free from material misstatements
- D. provide users with unbiased opinion about the fairness of information presented in the financial statements

2) In a financial statements audit detection risks represents.

- A. the susceptibility of an account balance to error that could be material
- B. the risks that errors could occur and not be prevented or detected by the internal control structure of the client
- C. the risks that the Auditor fails to modify materially misstated financial statements
- D. the risk that error could occur and not be detected by the auditor's procedures

3) In performing a financial statements audit, which of the following would an Auditor least likely consider

- A. Internal control
- B. Compliance with GAAP
- C. Quality of management business decisions
- D. Fairness of the financial statements amount

4) Professional skepticism dictates that when management makes a statement to the auditor, the auditors should

- A. disregard the statements because it ranks low of the evidence quality scale
- B. corroborate the evidence with other supporting documentation whenever possible
- C. require that the statement be put in writing
- D. believe on the statement in order to maintain the professional client auditor

5) The control objective designed to reduce the probability that a credit sale transaction will get debited to cash instead of accounts receivable is

- A. validity
- B. accuracy
- C. classification
- D. completeness

6) The use of an audit engagement letter is best method of assuring the auditor will have which of the following

- A. auditor will obtain sufficient appropriate audit evidence
- B. management representation letter
- C. access to all books, accounts and vouchers required for audit purpose
- D. cooperation from other auditors

7) The retiring auditor does not have a right to -----

- A. make written representations
- B. get his representation circulated

- C. be heard at the meeting
- D. speak as a member of the company

8) Which of the following is NOT an audit procedure under ISA 500-audit evidence

- A. inspection
- B. inquiry
- C. check
- D. recalculate

9) Which of the following statements is most closely associated with analytical procedures applied at substantive stage?

- A. it helps to study relationship among balance sheet account
- B. it helps to discover material misstatements in the financial statements
- C. it helps to identify possible oversights
- D. it helps to accumulate evidence support the validity of a specific account balance

10) Auditors accumulate evidence to -----

- A. defend themselves in the event of a lawsuit
- B. determine if the financial statements are correct
- C. satisfy the requirements of the Audit Professions Act
- D. reach a conclusion about the fairness of the financial statements

**SECTION B (80 Marks)**

**ANSWER ALL QUESTIONS**

**QUESTION 2**

- a) Outline what opinion an Auditor expresses in a qualified report. **(5 marks)**
- b) Discuss the types of audit reports and provide for each one an example of where it should be used. You are also required to advise as to who should sign the Audit report and what information should be provided about the signatory. **(10 marks)**
- c) Explain the purpose of an '*Emphasis of matter*' paragraph and explain where it is usually found in an Audit report. **(5 marks)**

**[Total 20marks]**

**QUESTION 3**

Garwe hotels operates a chain of 10 hotels located across Zimbabwe. Each hotel has bedroom accommodation, a restaurant and a leisure club facilities. Other visitors must make payments directly to the hotel staff. During the year, senior management noticed an increased level of cash discrepancies and inventory discrepancies and they suspect that some employees have been stealing cash and goods from the hotel. Management is keen to prevent this from happening and are considering establishing an internal audit department to undertake a fraud investigation.

**Required**

- i. Discuss how an Internal audit department of Garwe hotel could assist the directors in preventing and detecting fraud and error. Also evaluate the limitations of Garwe ltd establishing and maintaining an Internal audit department.  
**(8 marks)**
- ii. Discuss additional functions other than fraud investigations the directors of Pamushana ltd should ask the Internal audit department to undertake.  
**(5 marks)**

- iii. Describe 4 benefits an Auditor derives from planning audits. (4 marks)
- iv. Explain factors which influence the reliability of Audit. (3 marks)

[Total 20 marks]

#### QUESTION 4

In adhering with the Code of ethics, a member of the audit team is required to comply with fundamental principles laid out within the code.

#### Required

- i. Explain any five (5) fundamental principles. (10 marks)
- ii. Examine any objectives of the Auditor and the legal rights afforded to the Auditor of a limited company. (10 marks)

[Total 20 marks]

#### QUESTION 5

Going concern is one of the key principles on which a set of financial statements is based.

#### Required

a) Prepare a memo in which you address the following details;

i) The directors and auditors responsibilities with respect to going concern .Your answer should include the basic steps required by the Auditor under ISA 570 Going concern.

(10 marks)

ii) Three(3) financial and three(3) operational events that may impact on the Going concern assumption. (6marks)

b) Discuss the circumstances where the Auditor may disclose confidential information in relation to a client. Your answer should be guided by the Code of ethics. (4 marks)

[Total 20 marks]

END OF EXAMINATION QUESTION PAPER

PM

9/9