KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2010/2011

SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE (AGRIBUSINESS MANAGEMENT AND TRADE)

KBT 105: PRINCIPLES OF AUDITING AGRIBUSINESS ENTERPRISES

DATE: Monday 4th April, 2011 **TIME:** 8.00 a.m. – 10.00 a.m.

INSTRUCTIONS

Answer question ONE and any other TWO.

1. a) Define the following terms:
   - i) Sampling [1 mark]
   - ii) Final audit [1 mark]
   - iii) Interim audit [1 mark]
   - iv) Audit evidence [1 mark]
   - v) Letter of engagement [1 mark]

   b) Name five ways in which the independence of the auditor could be comprised in the course of his duties. [5 marks]

   c) What is the main role of the internal auditor with respect to internal control systems of an agribusiness organization? [5 marks]

   d) State the circumstances under which an auditor might be held liable to third parties for negligence. [5 marks]

   e) State and explain five of the consumers of an agribusiness audit report. [5 marks]

   f) In the context of the companies Act (Cap 486), state the rights of an auditor. [5 marks]

   g) i) Define the expression "segregation of duties" as it relates to agribusiness. [1 mark]

   ii) Identify and briefly explain the four functions that need to be segregated. [4 marks]

   h) Give five advantages of auditing. [5 marks]

2. Explain the main tasks involved in each of the following elements of audit process:

   a) Planning the audit [5 marks]

   b) Carrying out the audit process [5 marks]

   c) Completing the audit and giving an audit report. [5 marks]

3. a) State the objectives of a good internal control system. [5 marks]

   b) Name and explain five of the most important types of internal control systems in agribusiness. [10 marks]

4. a) State the control objectives associated with the processing of data in a computerized accounting environment. [5 marks]

   b) Identify the program controls which should be inbuilt in a computerized accounting system. [10 marks]

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