



KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2009/2010

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

KBT 105: PRINCIPLES OF AUDITING OF AGRIBUSINESS ENTERPRISES

DATE: WEDNESDAY, 28TH JULY 2010

TIME: 2.00 P.M. - 4.00 P.M.

INSTRUCTIONS: Answer Question ONE and any other TWO.

1. a) Distinguish the difference between the following:
 - i) Continuous and interim audit in agribusiness (2 marks)
 - ii) Procedural and management audit in agribusiness (2 marks)
 - iii) True and fair view vs true and correct view of a company's state of affairs. (2 marks)
- b) State five steps that may be used to reduce individual auditor's exposure to audit risks. (5 marks)
- c) What are the guidelines that ensures that an auditor portrays an independent attitude during his/her examination so as to achieve objective reporting. (4 marks)
- d) State and briefly explain an auditor's responsibility with regard to the detection of errors and fraud in the operations of agribusiness (5 marks)
- e) Explain any five actions an auditor can take to minimize his liabilities. (5 marks)
- f) Identify and explain three key elements of a good internal control system of an agribusiness. (5 marks)
- g) Give five advantages of good internal control systems in agribusiness. (5 marks)
- h) Under what circumstances can an auditor be held liable to third parties? (5 marks)

2. a) Discuss the various features of an internal control system. (5 marks)
b) Explain how five of the most important types of internal control systems assist in detecting errors and fraud in an agribusiness. (10 marks)
3. a) Explain the procedure an auditor should follow when accepting an agribusiness audit job. (10 marks)
b) State the areas that an internal audit normally operates to ensure that a company's assets and efficient operations are safeguarded. (5 marks)
4. a) Identify and explain the principles and auditor uses when auditing a balance sheet. (10 marks)
b) State the functions that should be segregated to minimize errors and fraud in agribusiness. (5 marks)
5. a) Identify and explain the types of programmed controls that are designed in a computer based system. (10 marks)
b) Explain the ways in which an auditor uses a computer to assist in carrying out his audit work. (5 marks)
