



MURANGA UNIVERSITY COLLEGE
(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

MAIN CAMPUS

ORDINARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

FOURTH YEAR FIRST SEMESTER EXAMINATIONS

**FOR THE DEGREE OF
BACHELOR OF COMMERCE**

COURSE CODE: HBA 2403

COURSE TITLE: COMPUTERISED ACCOUNTING

DATE: 10TH DECEMBER, 2015

TIME:

INSTRUCTIONS TO CANDIDATES

Answer Question ONE (1) (compulsory) AND any other TWO

MRUC observes ZERO tolerance to examination irregularities

This Paper Consists of 3 Printed Pages. Please Turn Over.



Question ONE

- a) A bookshop retail outlet with several branches in the country is in the process of developing an accounting information system to help better manage and coordinate its operations in the various branches. Discuss the benefits it would derive from having a general ledger that is continuously on-line, and of processing each accounting journal entry as entered to update the general ledger immediately. (10 marks)
- b) Explain the purposes of accounting codes, use relevant examples where applicable. (4 marks)
- c) Describe THREE (3) activities of revenue and THREE (3) activities of expenditure cycles. (6 marks)
- d) Briefly explain the meaning of the following terms and highlight the importance of each
- i) Source documents (3 marks)
 - ii) Charts of Accounts (3 marks)
- e) Prepare flowcharting segments for an operation when one use a computer or terminal to key data from source documents to a file stored on a magnetic disk. (4 marks)

Question TWO

- a) Give brief description of each of the following documentation techniques, document flowcharts, systems flowcharts, and data flow diagrams. (9 marks)
- b) Briefly explain FIVE reasons why documentation is important to accounting information systems. (5 marks)
- c) Describe any other FOUR features of computerized accounting packages beyond recording transactions and preparing financial statements. (6 marks).

Question THREE

- a) Explain the FOUR objectives of good internal controls. (6 marks)
- b) Alden Inc. has hired you to review its internal control for the purchase, receipts, storage and issuance of raw materials. You observed the following;
- Raw materials, which consist of high-cost electronic components, are kept locked in a storeroom. Storeroom personnel include a supervisor and four clerks; all are will trained, competent and adequately bonded. Raw materials are removed from storeroom only upon written or oral authorization by a production supervisor.

- After the physical count, the storeroom supervisor matches the quantities on hand against a predetermined reorder level. If the count is below the reorder level, the supervisor enters the part number on a materials requisition list that is sent to the accounts payable clerk. The accounts payable clerk prepares a purchase order for each item on the list and mails it to the supplier from whom the part was last purchased.
 - The storeroom clerks receive the ordered materials upon their arrival. The clerks count all items and verify that the counts agree with the quantities on the bill of lading. The bill of lading is then initiated, dated and filed in the storeroom to serve as a receiving report.
- i) Evaluate the internal controls at Alden Inc. Your evaluation should identify weaknesses in Alden Inc, expenditure cycle activities; explain the resulting problems that may occur, and recommended control procedures that should be implemented to correct those weaknesses. (10 marks)
- ii) Critically assess the use of bar codes on goods or products in the expenditure cycle (4 marks)

Question FOUR

- a) Explain FOUR (4) factors one needs to consider in selecting accounting packages. (6 marks)
- b) Describe TWO (2) main controls that are embedded in source documents. (4 marks)
- c) Prepare a context diagram and level 0 DFD to document the payroll processing system at No-Wear Products. (10 marks)