



# MURANG'A UNIVERSITY OF TECHNOLOGY

## SCHOOL OF COMPUTING AND INFORMATION TECHNOLOGY

DEPARTMENT OF INFORMATION TECHNOLOGY

UNIVERSITY ORDINARY EXAMINATION

2023/2024 ACADEMIC YEAR

THIRD YEAR FIRST SEMESTER EXAMINATION FOR BACHELOR OF  
BUSINESS INFORMATION TECHNOLOGY

SIT307: COMPUTERIZED ACCOUNTING

DURATION: 2 HOURS

### INSTRUCTIONS TO CANDIDATES:

1. Answer QUESTION ONE and any **other TWO** Questions
2. Mobile phones are not allowed in the Exam room.
3. You are not allowed to write on this examination question paper.

## SECTION A – ANSWER ALL QUESTIONS IN THIS SECTION

### QUESTION ONE (30MARKS)

- a. Without including speed and accuracy explain any FIVE potential benefits to be derived from changing from a manual computerized system to a computerized system. (5marks)
- b. The objective of output controls is to ensure that output is accurate and complete and its distribution is strictly controlled. Give any three preventive controls that can be implemented over the distribution of output. (3marks)
- c. Discuss any three factors that an organisation would consider in selecting an integrated computerized information processing system. (6marks)
- d. Give a brief description of each of the following documentation techniques and state its applicability.
- i. Documents flowcharts (2marks)
  - ii. Systems flowcharts (2marks)
  - iii. Data flow diagrams (2marks)
- e. Consider the process of setting up account, depositing cash and withdrawing cash from a bank. Give an example of a transaction and master file for this process. Justify your answer. (5marks)
- f. Prepare flowcharting segments for reading data from a magnet disk into the computer to be printed on a report. (5marks)

## SECTION B – ANSWER ANY TWO QUESTIONS IN THIS SECTION

### QUESTION TWO (20 MARKS)

- a. Briefly explain the following input checks, and give an example of how each input check could be used to ensure data captured by the administrator clerk is valid, accurate and complete.
- i. Source document (2marks)
  - ii. Turnaround document (2marks)
  - iii. Well-designed source documents and data entry screens (2marks)
  - iv. Pre-numbered documents (2marks)
- b. You are a 3<sup>rd</sup> Year BBIT student at Murang'a University of Technology. Your friend has approached you for assistance with auditing as you obtained a distinction in first semester examination. Your friend is struggling with IT controls and sent you the following texts:  
“I don't understand the difference between general and application control. Please explain”.  
“I understand what a master file is but do not understand the internal controls that should be in place for the master file. Please explain with specific reference to a debtor's master file.”

**Required:**

- i. By providing relevant example and in the context of a computerized environment, explain the difference between general and application controls. (4marks)
- ii. Describe any FOUR internal controls which should be put in place to ensure that all additions to the debtors' master file are valid. (8marks)

### **QUESTION THREE (20 MARKS)**

a. Kiharu Limited has asked you to develop a comprehension documentation for their cash receipts system. Kiharu's narrate of the system follows;

Customer payment include cash received at the time of purchase and payments received in the mail. At day's end, the Treasurer endorses all checks and the cash. A clerk deposits the checks, cash, and deposit slip at the local bank each day. When the checks are received as payment for accounts due, a remittance slip is included with the payment. The remittance slips are used to update the accounts receivable, file at the end of the day. The remittance slips are stored in a file drawer by date.

Every week, a cash receipts report and an aged trial balance are generated using accounts receivable ledger. The cash receipts report is sent to Scott and Susan. A copy of the aged trial balance is sent to the credit and collections department.

#### **Required:**

- i. Develop a context diagram for the cash receipt system. (6marks)
  - ii. Prepare a system flowchart to document cash receipts system (10marks)
- b. Explain Four disadvantages of using spreadsheets as an accounting tool. (4marks)

### **QUESTION FOUR (20 MARKS)**

- a. Define "opening balances" as it pertains to setting up a company in QuickBooks or any other dedicated accounting software. (3marks)
- b. Explain why accurate opening balances is important when setting up a company in QuickBooks. (3marks)
- c. Coding in computerized accounting system help in classifying and organization of accounting records.
  - i. Highlight four considerations in designing a coding scheme. (4marks)
  - ii. Your company sells various types and sizes of furniture, couches, carpets and beddings. Design a coding scheme for your company. Explain any assumption made. (10marks)