PAN AFRICA CHRISTIAN UNIVERSITY

END OF TERM EXAMINATION

BUA4223: COMPUTERIZED ACCOUNTING

TUESDAY, NOVEMBER 23, 2010

1500HRS – 1800HRS

INSTRUCTIONS

- This Exam Script has **SIX (6)** Questions.
- Answer ANY FIVE questions of your choice.
- Write your **student number** on the Answer Booklet.
- Read all questions carefully before attempting.

PAN AFRICA CHRISTIAN UNIVERSITY

Computerized Accounting Exam

November 2010

Answer any Five Questions from the Six provided

Time Allocation: 3 hrs

Question One

a. Discuss the principles of efficient and effective Management Information system (**10 Marks)**
b. Describe the Major Phases in developing an Accounting System **(10 Marks)**

The following accounting data was provided for Glen PLC. Use the information to answer Questions 2-4 All of the questions will be answered using QuickBooks software.

Address, city, state, and ZIP fields:

1239 Bayshore Road

Middlefield, CA 94432

Phone #: 650-555-1234

Fax #:650-555-5678

Email: margaret@samplename.com

Website: www.lockhart_design.com

Industry: Non- governmental organization

Financial year date: January to December31st

Bank	250,000		
Debtors	120,000		
Prepayments	30,000		
Fixtures and Fittings	220,000		
Motor Vehicle	680,000		
Land	1,500,000		
Capital	1,950,000		
Retained Earnings	350,000		
Creditors	300,000		
Mortgage	200,000		
Debtors Balances		**Address**	**Email Address**
Mike and Sons	40,000	P O Box 2540, Thika	ms@yahoo.com
Nairobi Traders	24,500	P O Box 8240, Nairobi	nairot@gmail.com
Pac University	15,300	P O Box 111, Eldoret	pac@org.com
Gateway Ltd	22,500	Private Bag 9890, Nairobi	gatewayl@yahoo.com
Zimmer Inc	12 200	P O Box 34200, Mombasa	zimi@mwanachi.org
Uni Traders	17700	Private Bag 287, Kiambu	unitrader@org.co.ke
Creditors Balances			
Ruiru Uniform	120000	P O Box 777 Ruiru	Ruiruuni@yahoo.com
Dye Ltd	180000	P.O.Box 3456 Nairobi	dYEl@gmail.com

Additional Information

- During the year, all the debts bought forward were settled and Glen PLC settled its dues.
- Betco Groceries of Box 345 Ruiru, Grace School of Box 2020 Nairobi and Wellfare Ltd of Private bag 234 Nakuru, supplied to Glen PLC on credit goods worth Kes 15500, 21000, and 10000 respectfully. The debts were still outstanding at the end of Dec 2009.
- Glen Plc also provided services to Grey Business of Box 3456 Nairobi and sent a bill of 42000.
- Glen gave its business partners 60 credit days to settle their dues. The vendors required settlement of the accounts by GLEN plc in 30 days.

The following expenditure was also incurred and payments were made by cheque by Glen.

Photocopy Expenses	26,500	
Utilities	90,000	
Rent	120,000	
Grants and Donations		1,350,000
Salaries	382,000	
Refreshments	68,000	
Meeting expenses	13,500	
Other Income		150000

Question Two

- **a.** Create a new company Called Glen PLC. **(5 Marks)**
- **b.** Glen PLC is a non-governmental organization. Create the appropriate chart of accounts and post the opening balances accordingly. **(5 Marks)**
- **c.** Create a customer's list and ensure that the opening balances for each of the customers are posted. **(5 Marks)**
- **d.** Open a vendors file and list down the opening balances for the current accounting year. **(5 Marks)**

Question Three

Using the files created in Question 1, update the following accounts with the additional information provided.

- **a.** Update the general ledger accounts **(5 Marks)**
- **b.** Capture all the customer data and update the related files appropriately **(5Marks)**
- c. Account for each of the vendors transactions and indicate the vendor's balances at the end of the period. **(5Marks)**
- a. Comment on the credit period set for the customers and by the vendors and their effect on the organization's liquidity **(5Marks)**

Question Four

a. Prepare the following reports for Glen Plc. Export each of the reports to excel and save each of reports accordingly. **(5Marks)**

  i. Income statement
  ii. Balance Sheet **(5Marks)**
  iii. Customers listing **(5Marks)**
  iv. Vendors listing at the end of the period. **(5Marks)**

Question Five

GreenHouse Enterprises had sales of $ 50,000 in March, Sh. 60,000 in April. Forecasts sales for May, June, and July are Sh. 70,000, Sh. 80,000 and sh. 100,000 respectively. The firm has a cash balance of sh. 5,000 on May 1 and wishes to maintain a minimum cash balance of $5,000.

Additional information:

The firm makes 20% of sales for cash, 60% are collected in the next month and the remaining 20% are collected in the second month following the sale.

1. The firm receives other income of sh. 2,000 per month
2. The firm's actual or expected purchases, all made for cash are sh. 50,000, sh. 70,000, and sh. 80,000 for the months of May through July respectively.
3. Rent is sh. 3,000 per month
4. Wages and salaries are 10% of the previous month's sales.
5. Cash dividends of Sh. 3,000 will be paid in June
6. Payment of principal and interest of Sh. 4,000 is due in June
7. A cash purchase of equipment costing sh. 6,000 is scheduled in July
8. Taxes of sh. 6,000 are paid I June.

Required:

Use Microsoft Excel to prepare and interpret a cash budget for the months of May, June and July. Use a factsheet and ensure that no data is typed directly into the final Budget report **(20 marks).**

Question Six

i. What is a Computer Assisted Audit and how does it enhance Internal accounting controls? **(4 Marks)**

ii. What advantages does the use of CAATS have over a traditional audit? **(8 Marks)**

iii. Specific Areas in which CAATS Is Useful **(8 Marks)**