

PAN AFRICA CHRISTIAN UNIVERSITY

BACHELOR OF BUSINESS INFORMATION TECHNOLOGY

END OF SEMESTER EXAMINATION

DEPARTMENT: COMPUTING AND INFORMATION TECHNOLOGY

COURSE CODE: BIT403

COURSE TITLE: ACCOUNTING INFORMATION SYSTEMS

CAMPUS: ROYSAMBU

EXAM DATE: THURSDAY, XXXX, DECEMBER, 2024

TIME: 2:30PM-5:30PM

INSTRUCTIONS

- This exam script has **TWO (2)** sections.
- Read all questions carefully before attempting.
- Answer All questions in Section **A** and any other Three questions in Section **B**.
- Write only your **student number** on the answer booklet provided.

SECTION A

(Answer ALL questions in this section)

Question 1:

a) "A well-designed Accounting Information System can add value to an organization".

Justify this statement.

[2 Marks]

b) Identify the most appropriate document for the following:

[2 Marks]

i. Authorizes removal of raw materials from inventory.

ii. Lists the raw materials used to create a finished product

c) ABC Ltd is considering incorporating accounting information systems in its next year's budget. Explain to the manager any two threats to organization and within expenditure cycle that the organization is likely to encounter.

[2 Marks]

d) Management accounting is a discipline that communicates economic information to various parties known as "end-users".

With reference to the above statement, outline two user information needs of the following end-users:

i. Production managers

[2

Marks]

ii. Management accountants

[2

Marks]

SECTION B

(Answer any THREE (3) questions in this section)

Question 2:

A well designed computerized Accounting Information System should provide adequate controls.

i. Discuss why it is important to exercise control in a computerized accounting information system. **[4 Marks]**

ii. Explain three controls that should be inbuilt into AIS in the context of:

a. Revenue Cycle **[3 Marks]**

b. Payroll Cycle **[3 Marks]**

Question 3:

a) Most changes in the general ledger are made automatically in response to changes in the accounting cycle subsystems. Explain how the financial administration can check the accuracy and completeness of the changes in the general ledger originating from the expenditure cycle. **[4 Marks]**

b) Kenya Macadamia Ltd (KML) uses internet and an electronic commerce website to connect to its customers and suppliers, and to capture data and share information about sales orders, purchases and collection centers. Videoconferencing and electronic mail services are also used. Data generated by KML processes are captured by sensors and processed by a computer that also suggests answers to complex KML machine problems experienced during macadamia grinding and packaging at the macadamia oils processing centers. Managers and business professionals access reports on a periodic, exception, and demand basis and use computers to interactively assess the possible results of alternative decisions

Required:

Explain three types of information systems being used at the Kenya macadamia ltd. Justifying your choice using the case above. **[6 Marks]**

Question 4:

Read the passage below and answer the questions that follow;

As part of General Motors (GM) market strategy on Isuzu vehicles market the GM automaker established an agriculture outfit to engage in agricultural equipment market. They developed smaller Isuzu automobiles that have relatively small diesel engines that fit precisely into the scale of operations of small scale farmers and their prices are friendly. GM will have to compete with avid competitors such as Tata Africa FMD East Africa as well as CMC holdings that have been in this market niche for a while now

- i. Using examples from the passage, discuss three competitive forces as alluded to by Michael Porter. **[6**

Marks]

- ii. The passage pointed out some mechanisms or strategies that General Motors is using to counter the competition and revamp their motor vehicle production business. Explain any such two strategies.

[4 Marks]

Question 5:

- a) "In a corporate environment, an enterprise-wide Management Information System is a hacker's dream." With reference to two examples, discuss the extent to which you agree or disagree with this statement. **[4 Marks]**

b) The company you work for has decided to replace its inventory control system. The current system was implemented ten years ago but has restricted reporting facilities and has a textbase interface. As the project manager, you are now considering details of implementation. You have been advised that you should consider both "Parallel running" and "direct changeover"

i. Explain what is meant by the terms “parallel running” and “direct changeover”.

[2 Marks]

ii. Identify two main risks of direct change over and suggest how these risks might be reduced for inventory control system implementation.

[4 Marks]

Question 6:

a) An open field setting restaurant serves several delicious local dishes to customers who go for lunch. The restaurant has kitchen that provides the meals. There are waiters who take orders from customers who after selecting their seats, place orders for their meals. The waiters supply the meals that are then taken to the customers. On completion, the customers are billed and if necessary they pay the cashier. In each case the cashier issues payment receipts for every payment transaction.

Justify your answers using illustrations from the given case, classify the restaurant as a system.

[4 Marks]

b) Mumbi (K) Ltd intends to replace its current financial information system in order to enhance efficiency and accommodate its planned expansion. It has already contracted a software development company to set up a computer based financial information system. However, they are worried about employees likely dysfunctional behaviour, low motivation and resistance to the new system.

Required:

Advise the management of Mumbi (K) Ltd and the project team on how to overcome such challenges.

[6 Marks]

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