



**THE CO-OPERATIVE UNIVERSITY OF KENYA**  
**SPECIAL / SUPPLEMENTARY EXAMINATION JULY -2023**  
**EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE IN FINANCE**

**UNIT CODE: BACC 2204**

**UNIT TITLE: ACCOUNTING INFORMATION SYSTEMS II**

**DATE: FRIDAY 28<sup>TH</sup> JULY, 2023**

**TIME: 8.30 AM – 10.30 AM**

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**INSTRUCTIONS:**

- Answer question ONE (compulsory) and any other TWO questions

**QUESTION ONE**

**(30MARKS)**

- a) In detail, analyse the applications of accounting information systems. [5 marks]
- b) Clearly describe accounting information systems. [5 marks]
- c) What are the advantages of using an expert system in accounting? [5 marks]
- d) Describe the components of accounting information system. [10 marks]
- e) Briefly describe any computerized auditing software. [5 marks]

**QUESTION TWO**

Implementation stage of an accounting information system is very important. It is at this stage where one understands whether the system will operate properly or not. As an expert in accounting information systems;

- a) Describe how the modern accounting information system function. [15 marks]
- b) Discuss the factors that affect the efficiency and effectiveness of accounting information Systems. [5 marks]

**QUESTION THREE**

Information systems can help in any discipline including accounting. It has really enhanced some working methods perceived to be tedious and difficult. In respect to this statement:

- a) Define the term Electronic Data Interchange (EDI) and explain how it works [5 marks]
- b) What do you understand by online banking? Discuss its advantages and disadvantages. [10 marks]
- c) Briefly explain how an accounting information system helps in cash management [5 marks]

#### **QUESTION FOUR**

The way the system was implemented, the input data, and the operations of a system will determine the outcome or good results. We say *Garbage in Garbage out*. In respect to this statement:

- a) Explain in detail how accounting information system is implemented. [15 marks]
- b) What are the characteristics of management reporting systems (MRS) [5 marks]

#### **QUESTION FIVE**

Planning and control are essential tools in operating systems more so in accounting information systems. A well planned and controlled system will always provide good results.

- a) Explain how Enterprise Resource Planning (ERP) systems work [5 marks]
- b) Analyze the two major outcomes of financial strategic planning information systems.

[15 marks]

- a) Briefly describe the following terms as used in accounting information system (4 marks)
- i. Booking keeping
  - ii. Information systems auditing
- b) Discuss the role of Accountants in the development and implementation of an Accounting Information System (5 marks)
- c) Describe the three subsystems of an accounting information systems (6 marks)
- d) Explain what an Internal Control System is and why it is required (3 marks)
- e) State and explain the SIX components of a computer based AIS that are examined in an Information Technology Audit. (6 marks)
- f) Give a brief description of each of the following documentation techniques: (6 Marks)
- (i) Data flow diagram.
  - (ii) Systems flowchart.
  - (iii) Program flowchart.

**QUESTION TWO (20 MARKS)**

- a) Describe the key features of the three transaction cycles. Mention a TPS subsystem found in each cycle (6 marks)
- b) Discuss the different types of accounting records used in a computer-based accounting system. (8 marks)
- c) Discuss Three schemes that constitute misappropriation of assets (6 marks)

**QUESTION THREE (20 MARKS)**

- a) Explain the benefits of implementing an ERP rather than a standalone Accounting package (8 marks)
- b) Enumerate and explain briefly major factors influencing the choice of an accounting software (7 marks)
- c) Discuss the key activities carried out in the implementation phase of the development of an Accounting Information system (5 marks)

**QUESTION FOUR**

**(20 MARKS)**

- a. Discuss the key internal control activities that are followed by most businesses. (8 marks)
- b. Discuss how a well-designed Accounting Information System can add value to an organization (6 marks)
- c. Describe the main activities that take place in the sales processing procedures (6 marks)

**QUESTION FIVE**

**(20 MARKS)**

- a) Accounting information systems must try as much as possible to militate against various risks. One of such risk normally experienced by business is **FRAUD**. Define the term fraud and explain FIVE illegal act normally associated with the term (12 marks)
- b) List and explain any **FOUR** general revenue cycle threats and suggest ways of controlling threats listed. (8 marks)