PAN AFRICA CHRISTIAN UNIVERSITY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

JANUARY- APRIL 2026

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS

COURSE CODE: CFN 406

COURSE TITLE: COMPUTERISED ACCOUNTING

EXAM DATE:

TIME:

INSTRUCTIONS

- This examination script consists of **FIVE (5)** questions.
- Answer question **ONE** and ANY other **three** Questions.
- Read all questions carefully before attempting.
- Write your **student number** on the answer booklet provided.

Question One **(Compulsory= 15 marks)**

For the past 11 years, Wafula has been an employee of the Star-Bright Electrical Supply store. Wafula is a very diligent employee who rarely calls in sick and staggers his vacation days throughout the year so that no one else gets bogged down with his tasks for more than one day. Star-Bright is a small store that employs only four people other than the owner. The owner and one of the employees help customers with their electrical needs. One of the employees handles all receiving, stocking, and shipping of merchandise. Another employee handles the purchasing, payroll, general ledger, inventory, and AP functions. Wafula handles all of the point-of-sale cash receipts and prepares the daily deposits for the business. Furthermore, Wafula opens the mail and deposits all cash receipts (about 30 percent of the total daily cash receipts). Wafula also keeps the AR records and bills the customers who purchase on credit all records are manual.

Required

i. Identify any control weaknesses in the scenario. (5 marks)
ii. Discuss **five** recommendations to remedy any weaknesses you have found working under the constraint that no additional employees can be hired.(10 marks)

b. Discuss any **five** challenges of using computerized accounting systems (10 marks)

c. Discuss **five** challenges encountered during the transition from manual accounting systems to computerized systems. (5 marks)

SECTION B: ANSWER ANY THREE QUESTIONS

Question Two (10 Marks)

a. Your organization board of management intends to institute management information system next year. Explain to the board any **five** major components of management information system (10 marks)

Question Three (10 Marks)

You are information systems consult, in Moyale town one of your clients a juice processing firm with an annual turnover of shs. 20 million, and 30 full time employees, requests you to help him setup a computerized account system, it is on 31st of December and he informs you that the current years set of accounts will be ready by 30th of January the following month, the business accounting year ends on 31st of December and he informs you that the current years set of accounts will be ready by 30th January the following month, the business accounting year ends on 31st of December every year. Given your knowledge in setting up information processing systems. Write a formal response to your client advising him.

i. On the most suitable accounting software for his business and the available. (3 marks)
ii. The advantages of a computerized accounting systems over a manual accounting

systems. (5 Marks)

iii . The internal controls in a computerized accounting environment (2 Marks)

Question Four **(10 Marks)**

a. Provide an example of type of business that would benefit from using the inventory feature in accounting package such as Quick Books. Discuss **five** benefits that the inventory feature would provide. (10 marks)

Question Five **(15 Marks)**

a. Explain the following terms as used in computerized accounting environment. Give an example in each case:
   i. Business process (2marks)
   ii. Chart of accounts (2marks)
   iii. Source document (2marks)
b. Outline how recording and classification of financial transactions activities differ in manual accounting systems and computerized accounting systems. (6marks)