



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A

P.O. Box 62157
00200 Nairobi – Kenya
Telephone: 891601-6
Fax: 254-20-891084
e-mail: academics@cuea.edu

GABA CAMPUS - ELDORET

MAIN EXAMINATION

SEPTEMBER – DECEMBER 2021 TRIMESTER

FACULTY OF SCIENCE

BACHELOR OF SCIENCE

DEPARTMENT OF COMPUTER AND INFORMATION SCIENCE

CMT 414: ACCOUNTING INFORMATION SYSTEMS

Date: December 2021

Duration: 2 Hours

Instructions: Answer Question **ONE** and any other **TWO** Questions

QUESTION ONE

- a) Distinguish between the following terms
- i) Accounting Conventions and Accounting Concepts **(2.5 marks)**
 - ii) Ledgers and Journals **(2.5 marks)**
- b) Describe the foundation of an information system. **(4 marks)**
- c) Discuss the features of a balance sheet. **(5 marks)**
- d) Describe the disadvantages of computerized accounting. **(4 marks)**
- e) Describe the effect of accounting rules on an expense account. **(2 Marks)**
- f) The Millennium clothes store had an opening stock of \$ 45,000 as at 1st January 2020. During the year, the following payments were made; Rent worth \$ 900, Cleaning worth \$ 2,450 and electricity worth \$120. The owner utilized social media marketing that cost her \$ 600. During the same period, she procured additional stock worth \$ 95,000. At the end of the third month of year, she purchased a motorbike worth \$ 700 to aid on time deliveries. The rider pay was \$1250 monthly. The business made sales worth \$307,000 during the year and the closing stock for the year was worth \$12,000. Prepare the income statement at the end of the year.

(10 marks)

QUESTION TWO

- a) Describe three roles of Managerial accounting. **(6 marks)**
- b) List four common business assets in order of their liquidity. **(4 marks)**
- c) Define the following terms
 - i) Net cash flow **(2 marks)**
 - ii) Trial balance **(2 marks)**
- d) Describe the challenges resulting from computerized accounting. **(6 marks)**

QUESTION THREE

- a) Discuss the following accounting Principles and give an example of each.
 - i) Accruals **(2.5 marks)**
 - ii) Conservatism **(2.5 marks)**
- b) Describe the steps involved in the accounting cycle. **(10 marks)**
- c) Justify the need for computerized accounting. **(3 marks)**
- d) List any four features of any computer-based information system. **(2 marks)**

QUESTION FOUR

- a) Discuss the benefits of incorporating accounting for an enterprise in a service industry. **(10 marks)**
- b) Describe three circumstances upon which revenue is recognizable. **(3 marks)**
- c) Discuss two major requirements for computerized accounting. **(4 marks)**
- d) Distinguish between information and data. Give an example of each. **(3 marks)**

QUESTION FIVE

- a) Distinguish between information and knowledge. **(3 marks)**
- b) Discuss any two characteristics of information. **(4 marks)**
- c) Discuss the main components of an accounting information system. **(8 marks)**
- d) Briefly describe any five types of information systems used in business organizations. **(5 marks)**

END