



OFFICE OF THE DEPUTY PRINCIPAL  
ACADEMICS, STUDENT AFFAIRS AND RESEARCH

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# UNIVERSITY EXAMINATIONS 2020 /2021 ACADEMIC YEAR

FOURTH YEAR SECOND SEMESTER REGULAR  
EXAMINATION

## FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: BBM 406  
COURSE TITLE: FINANCIAL INFORMATION  
SYSTEMS

DATE: 12/07/2021 TIME: .900AM-12.00PM

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### INSTRUCTION TO CANDIDATES

- SEE INSIDE
- PLEASE TURN OVER

**INSTRUCTIONS TO CANDIDATES**

- i. Answer Question **ONE** and any other **TWO** questions.
- ii. Maps and diagrams should be used whenever they serve to illustrate the answer.
- iii. Do not write on the question paper.

**Question One**

a) During a seminar on Information systems adoption, you have been invited as a keynote speaker, and you are tasked with giving a brief introduction on Information systems. Explain how your presentation would be while capturing the following headings:

- |                            |           |
|----------------------------|-----------|
| i) Meaning of a System     | (2 Marks) |
| ii) System Decomposition   | (2 Marks) |
| iii) Information System    | (2 Marks) |
| iv) Financial Transactions | (2 Marks) |

b) The AIS is composed of three major subsystems. Identify these systems while giving their functions (6 marks)

c) Discuss at least four main areas of business ethics <sup>A</sup> (8 Marks)

d) Expound on the three cycles of a transaction in AIS <sup>collecting records  
process  
out</sup> (6 Marks)

e) Examine any two types of computer files used in accounting information systems <sup>electronic file</sup> (2 Marks)

**Question Two**

a) Outline three rules of segregation of functions in accounting (3 Marks)

b) Explain the characteristics that distinguishes between Modern systems and Legacy systems characteristics (6 Marks)

c) A purchasing agent for a home improvement center is also part owner in a wholesale lumber company. The agent has sole discretion in selecting vendors for the lumber sold through the center. The agent directs a disproportionate number of

purchase orders to his company, which charges above-market prices for its products. The agent's financial interest in the supplier is unknown to his employer.

Required :What type of fraud is this and what controls can be implemented to prevent or detect the fraud? (6 Marks)

d)Re-engineering the sales order processes to include real-time technology can significantly reduce operating costs while increasing revenues.Discuss the advantages of Real-Time Data Input and Processing Over Batch Processing (5 marks)

### Question Three

In QuickBooks, both kinds of businesses—service and product—can benefit by setting up items to track the services they provide or the products they sell to customers.Illustrate the benefits of setting up items in the Quickbooks software (6 Marks)

b)When setting up a new company through the Advanced Setup, some company information is optional and some is absolutely required.Describe the pieces of information that QuickBooks require you to enter during the EasyStep Interview (5marks)

c)Accounting Information systems software like QuickBooks uses payroll items to generate Report On Employees (ROE). That means your payroll items must be set up and used properly before the report will provide the information you need. Illustrate the activities to consider Before creating an ROE report. (6 marks)

d)Examine the the differences between internal and external users of information and their needs and demands on an information system (4 Marks)

**Question Four**

a) Organizations must perform a risk assessment to identify, analyze, and manage risks relevant to financial reporting. Illustrate any eight circumstances that Risks can arise or come from (16 marks)

b)

Despite the fact that the purpose of a financial statement audit is to attest to the fairness of the financial statements prepared by management, the public and other groups often want to blame the auditors when fraud goes undetected. Examine any four conditions that must be present before an act can be regarded as fraudulent. (4 marks)

**Question Five**

You have been appointed a supervisor of an intern fresh from university. The intern is curious over the use of Accounting Information systems. You are required to give explanations on the following questions raised by the intern

a) Explain three conversion approaches that can be used to implement accounting software such as QuickBooks. (8 marks)

b) Each organization must tailor its information system to the needs of its users. Discuss Three fundamental objectives common to all information systems (6 marks)

c) Compare and contrast an Enterprise Resource Planner software such as SAP and an accounting software such as QuickBooks. (6 marks)