



**BACHELOR OF COMMERCE (BCOM) – E.C**  
**BCA 4201 ACCOUNTING AND FINANCIAL INFORMATION SYSTEMS**  
**END OF SEMESTER EXAMINATION**

**DATE:** 9<sup>th</sup> December 2023

**Time:** 09:00-11:00

**Instructions**

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.
3. Do not write on the question paper.

**QUESTION ONE** **(30 MARKS)**

- a) The first step of an analytics mindset is to ask the right questions. How do you learn how to ask the right questions? How would you teach someone else how to ask the right questions? **(5 marks)**
- b) You work for a small company in which an employee, who was single-handedly responsible for handling cash receipts as well as customer billing, has recently confessed to lapping when the amount that was available via cash receipts was no longer sufficient to cover the amount that was being stolen.
- i. What is lapping and what can be done to prevent it? **(3 marks)**
  - ii. How can lapping be identified? **(3 marks)**
  - iii. How should your company's management respond to the confession? **(3 marks)**
- c) Easy Coaches is a privately held, medium-sized company that operates a fleet of luxury coaches, semi-luxury and commuter buses, and a variety of luxury and standard vehicles. Ranging from five to 60 seaters, these vehicles are leased to tour operators, universities, schools, charitable organizations, and other businesses. To protect their investment in their vehicles and ensure that they provide their customers with vehicles in immaculate condition, Easy Coaches has a maintenance facility where they do basic repairs and maintenance on their vehicles. Scheduled vehicle services are handled by agents according to the maintenance plans agreed at the time of purchase of the vehicle. You were recently hired by Easy Coaches and you are eager to demonstrate your worth to the company. Your supervisor asked you to prepare an accounts payable aging report as of the end of the year for use in the upcoming audit of the company's financial statements.

**Required**

- i. What is an accounts payable aging report? **(2 marks)**
  - ii. Why is an accounts payable aging report needed for an audit? **(2 marks)**
  - iii. What is an accounts payable aging report used for in normal company operations? **(2 marks)**
- d) The chart of accounts must be tailored to an organization’s specific needs. Discuss how the chart of accounts for the following a bank would differ from the one presented for S&S in Table below: **(4 marks)**

**TABLE 2-2** Sample Chart of Accounts for S&S

| Account Code   | Account Name                                  | Account Code   | Account Name                              |
|----------------|---|----------------|---|
| <b>100–199</b> | <b>Current Assets</b>                         | <b>400–499</b> | <b>Equity Accounts</b>                    |
| 101            | Checking Account                              | 400            | Common Stock                              |
| 102            | Savings Account                               | 410            | Retained Earnings                         |
| 103            | Petty Cash                                    |                |   |
| 120            | Accounts Receivable                           | <b>500–599</b> | <b>Revenues</b>                           |
| 125            | Allowance for Doubtful Accounts               | 501            | Cash Sales                                |
| 130            | Notes Receivable                              | 502            | Credit Sales                              |
| 150            | Inventory                                     | 510            | Sales Returns & Allowances                |
| 160            | Supplies                                      | 511            | Sales Discounts                           |
| 170            | Prepaid Rent                                  | 520            | Interest Revenue                          |
| 180            | Prepaid Insurance                             | 530            | Miscellaneous Revenue                     |
| <b>200–299</b> | <b>Noncurrent Assets</b>                      | <b>600–799</b> | <b>Expenses</b>                           |
| 200            | Land  | 600            | Cost of Goods Sold                        |
| 210            | Buildings                                     | 611            | Wages Expense                             |
| 215            | Accumulated Depreciation—Buildings            | 612            | Commissions Expense                       |
| 230            | Equipment                                     | 613            | Payroll Tax Expense                       |
| 235            | Accumulated Depreciation—Equipment            | 620            | Rent Expense                              |
| 240            | Furniture & Fixtures                          | 630            | Insurance Expense                         |
| 245            | Accumulated Depreciation—Furniture & Fixtures | 640            | Supplies Expense                          |
| 250            | Other Assets                                  | 650            | Bad Debt Expense                          |
| <b>300–399</b> | <b>Liabilities</b>                            | 701            | Depreciation Expense—Buildings            |
| 300            | Accounts Payable                              | 702            | Depreciation Expense—Equipment            |
| 310            | Wages Payable                                 | 703            | Depreciation Expense—Furniture & Fixtures |
| 321            | Employee Income Tax Payable                   | 710            | Income Tax Expense                        |
| 322            | FICA Tax Payable                              | <b>900–999</b> | <b>Summary Accounts</b>                   |
| 323            | Federal Unemployment Tax Payable              | 910            | Income Summary                            |
| 324            | State Unemployment Tax Payable                |                |   |
| 330            | Accrued Interest Payable                      |                |   |
| 360            | Other Liabilities                             |                |   |

- e) Prepare a business process diagram for the cash receipts system at S&S **(6 marks)**

**QUESTION TWO****(20 MARKS)**

- a) Some accounting students believe that they do not need to study information systems to be good accountants.
- i. What are the disadvantages of this point of view? **(2 marks)**
  - ii. What are the advantages of accountants being involved in designing and preparing reports that measure more than just financial performance? **(4 marks)**
- b) Apply the value chain concept to S&S. Explain how it would perform the various primary and support activities. **(8 marks)**
- c) Prepare flowcharting segments for the following operations. Preparing an accounts receivable aging report on paper from the accounts receivable master file and the cash receipts master file, both of which are stored electronically **(6 marks)**

**QUESTION THREE****(20 MARKS)**

- a) Explain three advantages of database systems for accountants. **(6 marks)**
- b) Companies are automating many accounting tasks. Is automation good or bad? Consider this question from the view of accounting students, accounting practitioners, other business professionals, and society as a whole. What should be done to achieve the good aspects of automating accounting tasks while minimizing the poor aspects? **(8 marks)**
- c) Why is transforming data necessary and why does it take so much time? What ways can you think of to reduce the time needed to transform data? **(6 marks)**

**QUESTION FOUR****(20 MARKS)**

- a) An employee at an electrical engineering firm was unhappy about being overlooked for a promotion opportunity and decided to resign. He started working at a competing firm in the same city. The former firm soon realized that their innovative designs in engineering solutions were being made available at the new firm where the employee was now working. After a thorough investigation, it was found that the disgruntled employee's account and password (and therefore his access to confidential designs) were still active. The investigation indicated that the employee had regularly accessed his account and reviewed the confidential designs.
- i. Identify and explain the type of fraud that has taken place. **(3 marks)**
  - ii. What must have motivated the employee to commit the fraud? Explain your answer. **(4 marks)**
  - iii. List two contributing factors to the type of fraud that has taken place. **(3 marks)**

b) A customer of a bank received the following email:

*Dear Valued Customer!*

*As part of our continuing commitment to protect your account and to reduce instance of fraud on our website, we are performing a periodic review of the accounts of our customers. You are requested to visit our website by following the link given below.*

*You will be guided to provide information about your account and yourself. All your information is safe with us as this is a protected account.*

*You will be redirected to the bank's home page after verification. This procedure is essential for us to continue to provide you a safe and risk-free environment to send and receive money. It would also help us maintain the quality of our online banking systems. Thank you.*

**Required**

- i. What is the name of this computer fraud? **(2 marks)**
- ii. What are its characteristics? **(2 marks)**
- iii. Since people seldom use e-mail to commit this fraud nowadays, what is the current trend? **(3 marks)**
- iv. Suggest three ways to protect yourself from this sort of fraud. **(3 marks)**

**QUESTION FIVE (20 MARKS)**

- a) When you go to a movie theater, you buy a prenumbered ticket from the cashier. This ticket is handed to another person at the entrance to the movie. What kinds of irregularities is the theater trying to prevent? What controls is it using to prevent these irregularities? What remaining risks or exposures can you identify? **(5 marks)**
- b) What are the five principles that jointly contribute to the reliability of information systems? Briefly explain each principle. **(5 marks)**
- c) Fill in the chart below by describing one analytic for each analytic type that the business function could perform. **(10 marks)**

|                        | <b>Descriptive</b> | <b>Diagnostic</b> | <b>Predictive</b> | <b>Prescriptive</b> |
|------------------------|--------------------|-------------------|-------------------|---------------------|
| Accounting and Finance |                    |                   |                   |                     |
| Information Technology |                    |                   |                   |                     |
| Human Resources        |                    |                   |                   |                     |
| Marketing              |                    |                   |                   |                     |
| Production             |                    |                   |                   |                     |