BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTANCY

Programme:

Bachelor of Accountancy Honours Degree.

ACCOUNTING INFORMATION SYSTEM (AC419)

EXAMINATION PAPER

TIME ALLOWED: 3 HOURS   (100 MARKS)

INSTRUCTIONS TO CANDIDATES:

1. Answer all questions.
   Section A - 15 multiple choice questions each carries 2 marks
   Section B - Structured questions
2. No cell phones are allowed in the examination room.

1. Which of the following best describes an accounting information system?

A. A system that manages employee payroll

B. A system that records and processes financial transactions

C. A system that tracks inventory levels

D. A system that manages customer orders

2. Which of the following is an example of an output in an accounting information system?

A. Purchase order
B. General ledger
C. Statement of cash flow
D. Trial balance

3. Which of the following is not a feature of an Enterprise Resource Planning (ERP) system's database?

A. Increased efficiency

B. Increased need for data storage within functional areas

C. Increased customer service capability

D. Increased data sharing across functional areas

4. The fraud scheme that is similar to the "borrowing from Peter to pay Paul" scheme is

A. Expense account fraud

B. Bribery

C. Lapping

D. Transaction fraud

5. Which of the following is not a control intended to authenticate users?

A. User log-in

B. Security token

C. Encryption

D. Biometric devices

6. Which of the following is not a benefit associated with XBRL?

A. Eliminates the need for financial statement audits

B. Consolidates results across divisions and subsidiaries with much greater speed and reliability

C. Obtains quicker responses from counterparties, including banks and regulators

D. All of the above are benefits associated with XBRL

7. Which of the following statements about data flow diagrams is not true?

A. Processes should always be numbered and named

B. A context diagram cannot include any data stores

C. Data flow should be labelled with noun phrases

D. Data flow diagrams incorporate four symbols'

8. A chart of accounts would best be coded using a (n) ------- coding scheme.

A. Alphabetic

B. Mnemonic

C. Sequential

D. Block

9. Which of the following events would be LEAST likely to be modelled in an REA diagram?

A. Cash

B. Accounts payable

C. Customer inquiries

D. Sales to a customer

10. Which of the following is true?

A. REA diagram entities are arranged in constellations by entity class

B. ER diagrams present a static picture of the underlying business phenomena.

C. Entity names in ER diagrams are always in the noun form

D. Events entity names in REA diagrams are in the verb form

11. Which of the following is the correct sequence of activities in the systems development life cycle.

A. Design, analysis, implementation and operation

B. Analysis, design, operation and implementation

C. Programming, analysis, implementation and operation

D. Analysis, design, implementation and operation

12. Which of the following is the LEAST risky strategy for converting from a manual to a computerised system?

A. Phase-in conversion

B. Parallel conversion

C. Pilot conversion

D. Direct conversion

13. What is the name given to the systems development approach used to quickly produce a model of user interfaces, user interactions with the system and process logic?

A. Case tools

B. Prototyping

C. Reengineering

D. Neural networking

14. There are several important aspects to be considered during a feasibility study "The aspect that asks the question, "Can the system be accomplished on time? is called

A. Scheduling feasibility

B. Technical feasibility

C. Economic feasibility

D. Periodical feasibility

15. Computer accounting control procedures are referred to as general or application controls. The primary objective of application controls in a computer environment is to

A. Ensure that the computer system operates efficiently

B. Ensure the validity, completeness and accuracy of financial transactions

C. Provide controls over the electronic functioning of the hardware

D. Plan for the protection of the facilities and backup for the systems.

SECTION B- 70 MARKS

QUESTION 1

Every two weeks, employees for ABC manufacturing firm submit their time cads to the supervisor, who reviews and approves them. They are submitted to the payroll department. At that time, the human resources clerk also submits a personal action to the payroll clerk. The payroll clerk enters the information from these source documents into the employee records and then adds the employee hours to a payroll register reflecting employee pay rates, deductions and job classification. One copy of the payroll register, along with the time cards, is filed in the payroll department, and one copy is sent to the accounts payable department.

Next the payroll clerk sends the employee pay slips to the cash disbursements department. The cheques are signed and distributed to the employees by the paymaster. The accounts payable department prepares a cash disbursements voucher. A copy of the voucher and a copy of the payroll register are sent to the cash disbursement department and are then posted to the general ledger. The cash disbursements clerks writes a cheque for the entire payroll and deposits it in the payroll imprest cash account. A copy of the cheque, the disbursement voucher, and the payroll register are sent back to the accounts payable department, where they are filed.

Required:

a) Prepare the REA data model of the payroll process showing the cardinalities for all associations. (15 marks)

b) Explain the cardinalities existing on your diagram above. (10 marks)

[Total: 25 marks]

QUESTION 2

The Electronics Shark is a retailer of electronics such as cell phones, satellite radios, mp3 players, and high-end LCD and plasma TVs. The Electronics Shark is a large chain with stores

in strip shopping centers throughout Zimbabwe. However, each store is small, with generally five to six employees and a manager. Each store sells much less volume than a large electronics retailer such as Best Buy or Circuit City.

Top management has recently become concerned with what appears to be an excessive amount of inventory loss (shrinkage) at many of its stores. At this point, the management team is uncertain whether the excessive loss is due to weaknesses in its IT system that tracks inventory to customer and employee theft at the stores. Top managers are concerned that the IT system may be a contributing factor to the loss and would like to study whether a new system should be implemented. Through their industry contacts, they know that large retailers such as Best Buy and Circuit City use much more sophisticated inventory management systems than the Electronic Shark does.

A systems analysis would require a cost-benefit analysis and a feasibility study.

Required:

Describe steps that the Electronic shark should take to complete a cost – benefit analysis and a feasibility study for a new IT system to track inventory.

[**Total: 20 marks**]

QUESTION 3

Explain the following terms as they are used in Accounting Information Systems:

(a) Value chain analysis	(4 marks)
(b) Request for Proposal (RFP)	(4 marks)
(c) Michael Porter strategy.	(5 marks)
(d) Business process reengineering (BPR).	(5 marks)
(e) eXtensible Business Reporting Language (XBRL)	(7 marks)

[**Total: 25 marks**]

*******************END OF EXAMINATION PAPER*******************