National University of Computer and Emerging Sciences, Lahore Campus

Course Name:	Enterprise Information System		**Course Code:**	CS 422
Program:	CS		**Semester:**	Spring 2020
Duration:	12 Hours		**Total Marks:**	16
Paper Date:	18 June 2020		**Weight**	5
Section:	ALL		**Page(s):**	1
Exam Type:	Take Home Quiz			

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Note: Please submit the word document typed answers.

This question tests your understanding of the information needed to trace a sale through a multistep ERP sales cycle: sales order, inventory sourcing, delivery, billing, and payment. Assume that an order has been placed with your company and entered into your ERP system. The following events then take place: (2 x 8)

Question	Answer
The system automatically checks the customer's credit and finds it to be acceptable. The order is recorded for the delivery date requested.	Check customer's credit limit and currently used credit. No new information is recorded. Wealth remains the same. Company is obligated to check if line of credit that is devoted to the customer has been exceeded or not. The outsider (customer) is obligated to see whether his debt exceeds the line of credit.
The system schedules the production of the goods. (There is not enough inventories to ship from stock.)	Check ordered items, their quantity, price and available discount. Update the credit. Accounts receivable is updated (increased) and sales are also increased. Company is obligated to ship the goods. Outsider (customer) is obligated to pay for the received goods.
The system schedules raw material orders from the vendors to produce the goods ordered.	List of materials and their quantity and costs. No change in company's wealth or its obligations. The outsider (vendor) is obligated to ship goods to company.
The raw materials are received and stored.	List of materials, with their quantity and cost, inventory. Inventory of materials is updated (increased). The receiving department must match goods receipt with purchase order that initiated it. The company is obligated to pay the vendor. The outsider (vendor) is not obligated for anything.
The goods are produced and reserved for shipment to the customer.	Raw material and inventory. Quantity of raw materials used in production is decreased. Increase in monetary value of finished goods. Financial statements are updated. Company is obligated to reserve those goods for customer. The outsider is not obligated for anything.
The system schedules the delivery, and an invoice is printed and included with the shipment. The goods are then put on the delivery truck	The date, invoice and shipping document. The movement of goods is recorded internally. The company is obligated to un-reserve goods in its system. The outsider is not obligated for anything as the event only involves the company.
Shipping notifies Accounting of the	Inventory, account receipt. Decrease in on-hand

shipment's details.	inventory. Increase in inventory sold. No one is obligated to do anything as this event includes one department notifying the other department.
A month later, the customer sends in payment, which is recorded in accounting.	Credit limit, cash and accounts receivable. Cash is increased. Decrease in receivable from customer. Company is not obligated for anything. The outsider (customer) is now free from his obligation to pay for goods.

For each of these events, list the information that must be recorded in the common database. You do not need to know how to use a database to do this, nor do you need to understand bookkeeping. For example, for the credit-check step, think about what information is needed to perform a credit check on a given customer.

At each step, did the wealth of the company increase or decrease? At each step, how did the company's obligations to outside entities change? At each step, how did the obligations of outside entities to the company change? Justify each of your answer in one line or maximum two.