

UNIVERSITY OF LONDON

291 0317E

B.Sc. EXAMINATION

for External Students

COMPUTING AND INFORMATION SYSTEMS

CIS317 Accounting Information Systems (Eastern)

Duration: 2 hours 15 minutes

Date and Time: Wednesday, 11 May 2005 : 2.30 – 4.45 pm

*Do not attempt more than **THREE** questions. All questions carry equal marks and full marks can be obtained for complete answers to **THREE** questions.*

Electronic calculators may be used. The make and model should be specified on the script. The calculator must not be programmed prior to the examination.

Calculators which display graphics, text or algebraic equations are not allowed.

**THIS EXAMINATION PAPER MUST NOT BE REMOVED FROM
THE EXAMINATION ROOM**

1. What is the difference between a Budgetary Control System and Break-even analysis? *(25 marks)*

 2. Managers use Accounting Information Systems (AIS) to help make managerial decisions. Describe the major components of a typical AIS providing examples of managerial decisions supported. *(25 marks)*

 3. 'The difference between Financial and Management accounting is an important consideration to take into account when designing an Accounting Information System (AIS).'
- Discuss why this is the case and what these differences are. *(25 marks)*
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4. Describe up to four of the common modules you would expect to find in an Accounting System package. *(25 marks)*

 5. Omega Marketing is considering the purchase of a photocopier machine, as it is felt that this will be cheaper than using the photocopy service at the local stationer. The machine has an estimated life of 4 years has a purchase cost of £11,000 and has the following costs and benefits.

Annual saving in photocopy costs:

Year 1	£3,000
Year 2	£5,000
Year 3	£7,500
Year 4	£7,500

Estimated resale value at end of Year 4

Year 4	£1,000
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The operating costs for the photocopier machine will be £1,500 in years 1 and 2, £1,900 in year 3 and £2,200 in year 4. Omega Marketing uses a discount rate of 8 per cent.

- (a) Calculate the net present value (NPV) and the internal rate of return (IRR) to the nearest 1%. *(12 marks)*

- (b) Advise Omega Marketing on the acceptability of the proposal and briefly outline the assumptions and limitations of each of the two investment appraisal techniques referred to in part (a) *(13 marks)*

END OF EXAMINATION

