
2910317 Accounting information systems

Examination paper: Zone B

Time allowed: two hours and fifteen minutes

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

A hand held calculator may be used when answering questions on this paper but it must not be pre-programmed or able to display graphics, text or algebraic equations. The make and type of machine must be stated clearly on the front cover of the answer book.

1. It is often said that 'the costing method chosen will determine the profit figure for a period'. Explain why this is the case illustrating your explanation with details of the marginal and absorption costing methods. (25 marks)

2. What are the main criteria for considering the purchase and applications of a packaged accounting software in a business organisation? (25 marks)

3. What is Activity-based costing and how does it differ from traditional product costing approaches? (25 marks)

4. Describe the major components of a typical Accounting Information System and discuss the function of each of these components in providing managerial support. (25 marks)

5. Zcna Ltd. is a business supplying microchips to the computing industry. The business is considering an expansion option and has a choice between project A and B. The following information relates to the predicted revenues and costs for the two mutually exclusive projects that the company needs to choose from.

Project		Costs and Revenues	
		A	B
		£	£
Initial Capital Outlay		375,000	360,000
Costs per unit			
Materials		12	15
Direct labour		15	12
Selling price per unit		33	36
Project		Units produced and sold (Annual)	
		A	B
Years	1	32,000	16,800
	2	32,000	23,000
	3	24,000	16,500

REQUIRED

- Calculate the payback and the Net Present Value (NPV) for each project using a discount rate of 12%. (12 marks)
- Calculate the Internal Rate of Return (IRR) and advise management on which project to invest in. (13 marks)