

**UNIVERSITY OF LONDON**

291 0317 ZA

**B.Sc. EXAMINATION**

**for External Students**

**COMPUTING AND INFORMATION SYSTEMS AND**

**CREATIVE COMPUTING**

**2910317 Accounting Information Systems (Western)**

**Duration: 2 hours 15 minutes**

**Date and Time:** Wednesday 7 May 2008 : 2.30 – 4.45 pm

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*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.

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

1. The following information relates to two mutually exclusive products, which Beaufort Ltd is considering production of:

a. The units produced and sold in the three years of operation are listed below;

Year	1	2	3
Product Gamma (units)	45,000	54,000	70,000
Product Zeta (units)	36,000	45,000	61,500

b. The discount rate for Product Gamma is 16% and for Product Zeta is 14% respectively. The initial capital outlay for Product Gamma is £690,000 and for Product Zeta is £490,000 respectively, with no expected terminal value.

c. The respective revenues and costs for Product Gamma and Zeta are detailed below;

	Gamma	Zeta
Selling price per unit	£30	£48
Costs per unit:		
Materials	£10	£25
Direct labour	£14	£18

Calculate the Net Present Value (NPV) for each product and advise management on which product to manufacture. (25 marks)

2. What role can a Budgetary Control System (BCS) play in improving organisational effectiveness? (25 marks)

3. What is the difference between Activity-based costing and Break-even analysis? (25 marks)

4. What is meant by the terms relevant cost and opportunity cost and how are they used in decision making? (25 marks)

5. Outline the main factors one should consider in establishing a useful management accounting information system? (25 marks)

**END OF EXAMINATION**