

THIS PAPER IS NOT TO BE REMOVED FROM THE EXAMINATION HALLS
--

UNIVERSITY OF LONDON

CO3317 ZB

BSc Examination

COMPUTING AND INFORMATION SYSTEMS AND
CREATIVE COMPUTING

Accounting Information Systems

Friday 17 May 2013 : 10.00 – 12.15 pm

Duration: 2 hours 15 minutes

There are **FIVE** questions on this paper. Candidates should answer **THREE** questions. All questions carry equal marks and full marks can be obtained for complete answers to **THREE** questions. The mark for each part of a question are indicated at the end of the part in [.] brackets.

Only your first **THREE** answers, in the order that they appear in your answer book, will be marked.

There are 75 marks available on this paper.

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.

© University of London 2013

UL13/0809

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
Project Gamma (units)	45,000	54,000	70,000
Project 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 PAPER