

THIS PAPER IS NOT TO BE REMOVED FROM THE EXAMINATION HALLS

UNIVERSITY OF LONDON

CO 3317 ZB

BSc Examination

**COMPUTING AND INFORMATION SYSTEMS AND CREATIVE  
COMPUTING**

**Accounting Information Systems**

Thursday 22 May 2014 : 10.00 – 12.15

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 marks 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 2014

UL14/0778

**Question 1**

Discuss the boundaries between a typical Accounting Information System (AIS), and other organisational information systems, including Management Information System (MIS), Decision Support System (DSS), Executive Information System (EIS), etc. Describe what managerial support each provides. Note: you may use the abbreviations above in your answer.

[25 marks]

**Question 2**

Contrast the differences between financial and management accounting. Include a discussion of the main techniques used in each branch of accounting.

[25 marks]

**Question 3**

- a) Define and explain the financial statements known as the **Balance Sheet** and **Profit & Loss Account**.

[13 marks]

- b) What are the sources of data, the basis of preparation of these statements, and the limitations of the data they contain?

[12 marks]

**Question 4**

*'Off-the-shelf software is more economical than in-house developed software'.*  
Discuss, with reference to the range of factors that organisations should take into consideration before deciding which approach to take.

[25 marks]

### Question 5

Sharp Enterprises is considering the purchase of a press machine, as it is felt that this will be cheaper than buying from sub-contractors. The following information is available.

**Annual cost of running press:**

Year 1	£3,000
Year 2	£3,000
Year 3	£3,800
Year 4	£4,400

<b>Estimated Life</b>	4 years
<b>Purchase cost</b>	£22,000

**Estimated resale value at end of Year 4:**

Year 4	£2,000
--------	--------

The annual saving from sub-contractor charges will be £6,000 in year 1, £10,000 in year 2, £15,000 in year 3 and £15,000 in year 4. Sharp Enterprises uses a discount rate of 10 per cent.

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

[18 marks]

- b) Advise Sharp 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).

[7 marks]

END of PAPER