Practice Final Exam - Please see the professor for more information

Financial Accounting (Concordia University)

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Final Exam

Name:_____

True/False (20 questions 1/2 marks each)

Indicate whether the statement is true or false.

1. The business process of Cash Flow Management is handled under the Accounting and Finance functional area of operation.   T   F

2. The functional area of Supply Chain Management (SCM) sets prices.   T   F

3. To avoid stockouts, manufacturers might carry extra raw materials. This excess is known as safety stock.   T   F

4. The business function of government compliance falls under the Supply Chain Management functional area of operation.   T   F

5. The capabilities of computer hardware doubling every 18 months is known as Gates' Law. T   F

6. Materials requirements prediction (MRP) software allows a plant manager to plan production and raw materials requirements by guess-estimation. T   F

7. Old systems are known as legacy systems. T   F

8. An ERP system allows data to be entered once, and then used throughout the organization. T   F

9 CRM software stands for Custom Resource Management. This is a specialized type of ERP. T   F

10. The PO Number is a number assigned by a company to track orders in the SAP ERP system. T   F

11. Production planners aggregate products into product groups to make forecasts and plans more accurate. T   F

12. The MRP process determines the schedule of finished goods production. T   F

13. Make to order items are produced to fill customer's requests. T   F

14. An income statement shows a company's profit or loss in a period of time. T   F

15. Tolerance groups make sure employees do not exceed their authority in financial transactions. T   F

16. Another term for the list of ingredients required to make a product is the bill of materials. T   F

17. A graphical representation of the movement or flow of concrete or abstract items is a spreadsheet T   F

18 It is very easy to delete items in the ERP system T   F

19. In flowchart analysis, each activity in the process is analyzed for the value it adds to the product or service. T F

20. Radio frequency identification technology, known commonly as RFID, is a tool that is used for tracking items through a supply chain. T F

Multiple Choice (40 questions, 1/2 marks each)
Identify the choice that best completes the statement or answers the question.

1. Which of the following is a functional area of operation?
   a. Packaging
   b. Supply Chain Management
   c. Shipping
   d. Baking

2. Which business function is performed by Accounting and Finance?
   a. Cost allocation and control
   b. Taking sales orders
   c. Benefits
   d. Plant maintenance

3. Information systems that can be designed so that functional areas of operation share data are called:
   a. integrated information systems
   b. complete information systems
   c. non-middleware information systems
   d. linked information systems

4. When purchasing a computer, the functional area responsible for handling the financial help for purchasing that computer is:
   a. Marketing and Sales
   b. Accounting and Finance
   c. Supply Chain Management
   d. Human Resources

5. Which of the following outputs would emerge from the Accounting and Finance functional area?
   a. Packaging orders
   b. Sales strategy
   c. Regulation compliance
   d. Financial reports

6. When a piece of equipment's capacity is exceeded, its capacity can be increased by adding new hardware. This is commonly known as:
   a. adaptability
   b. middleware
   c. scalability
   d. computability

7. ____ software allows a plant manager to plan production and raw materials requirements by working backward from the sales forecast.
   a. DBMS
   b. EDI
   c. MRP
   d. EFT

8. The direct computer-to-computer exchange of standard business documents is known as:
   a. MRP
   b. e-mail
   c. EDI
   d. DDS

9. Old information and computer systems are known as _____.
   a. dinosaurs
   b. passe systems
   c. legacy systems
   d. relics

10. Which of the following is a benefit to running an ERP system?
    a. Global integration
    b. Elimination of updating and repairing multiple systems
    c. Capability to manage operations, not just monitor them
    d. All of the above are benefits

11. Bumpy rollouts of ERP systems are usually caused by:
    a. software problems
    b. people problems
    c. hardware problems
    d. configuration problems

12. In SAP ERP the electronic evidence of a transaction is called a(n) _____.
    a. trail
    b. marker
    c. tag
    d. audit number
    e. document

13. A customer is granted a 10% price discount in a large order. This is an example of an activity in _____ in the sales and distribution process.
    a. presales activities
    b. sales order processing
    c. inventory sourcing
    d. delivery and billing
    e. payment

14. In SAP ERP, the history of a transaction (such as a sales order) can be researched by looking at its _____.
    a. trail mix
    b. transaction index
    c. document flow
    d. material master data
    e. sales master data

15. In the sales order process, there is a number used in the SAP ERP sales order that in a paper process would be pre-printed on the sales document, usually in sequential number order. It's assigned by the customer to the sales order. What is this number?
    a. Customer ID
    b. Purchase Order Number
    c. Material Number
    d. Billing Code

16. What activity is performed when a shipment arrives from a vendor?
    a) Goods Receipt
    b) Invoicing
    c) Payment
    d) Create Purchase Order
    e) Pick & Pack

17. Which of the following are benefits to CRM?
    a. Lower costs
    b. Higher revenue
    c. Improved strategy and performance measurement
    d. All of the above

18. A make-to-stock production system is where:
    a. items are made for inventory in anticipation of sales orders.
    b. items are produced to fill specific customer orders.
    c. items are assembled for a specific customer order from an inventory of components
    d. both a and c

Fitter Snacker orders oats in 44,000 lb. batches. Given the following (incomplete) MRP record:

Oats Lead Time = 2 weeks		Week 1	Week 2	Week 3	Week 4	Week 5
Gross Requirements (lb)		18,000	24,323	24,872	18,464	17,938
Scheduled Receipts			44,000			
Planned Receipts						
On Hand	23,635	5,635	25,312	440		
Planned Orders						

19. What Planned Orders will the MRP logic create?
   a.   An order for 44,000 units in week 2
   b.   An order for 44,000 units in week 3
   c.   An order for 44,000 units for weeks 2 and 3
   d.   An order for 88,000 units for week 3

20. The production plan for Fitter Snacker calls for 7000 cases of the snack bar product group in June. If the snack bar product group consists of NRG-A and NRG-B bars with the proportion 70% NRG-A bars and 30% NRG-B bars, how many NRG-A bars should be produced in June?
   a.   500   c.   4900
   b.   2100   d.   7000

21. The costs normally required to manufacture a product, which are calculated from historical costs and any changes from that, are known as _____.
   a.   standard costs   c.   known costs
   b.   abbreviated costs   d.   estimated costs

22. Which general ledger document tracks the amount of money that a customer owes for the goods received by the customer?
   a.   Balance sheet   c.   Accounts payable
   b.   Accounts receivable   d.   Income statement

23. Assume that a buyer calls a seller to order $3,000 worth of goods and her credit limit is $10,000. If the sellers accounts receivable for the customer is already $8,500, how much of the new order will be accepted?
   a.   The entire amount   c.   No amount
   b. $1,500 only   d. $10,000 only

24. In _____, activities associated with overhead cost generation are identified and then records are kept on the costs and on the activities.
   a.   activity-based costing   c.   run of the mill costing
   b.   backoffice costing   d.   plant operation costing

25.   What is the sum of direct materials, production overhead, and direct labor?
   a.   COGM - cost of goods manufactured   c.   COGP - cost of goods produced
   b.   COGS - cost of goods sold   d.   COGS - cost of goods shipped

26 .The key pieces of information for cost analysis is the direct material costs and the _____.
   a.   direct labor cost   c.   driver cost
   b.   overhead cost   d.   selling cost

27. A graphical representation of a business process is known best as a _____.
   a.   map   c.   flowchart
   b.   state diagram   d.   stack

28. Beyond the simple tools of flowcharting, a helpful tool called _____ allows one to describe a business process in greater or less detail depending on the task at hand.
    a. hierarchical modeling
    b. drill down staging
    c. detail focused charting
    d. magnifying glass charting

29. In value analysis, which of the following activities should be eliminated?
    a. Real value
    b. Business value
    c. No value
    d. Value add

30. Walmart has been on the leading edge of the move to integrate RFID technology into the supply chain. The major opportunity at this time for RFID technology is to reduce out-of-stock situations _____.
    a. between the manufacturer and the storeroom at the individual store
    b. between the manufacturer and the distribution centers
    c. between the distribution centers and the storeroom at the individual store
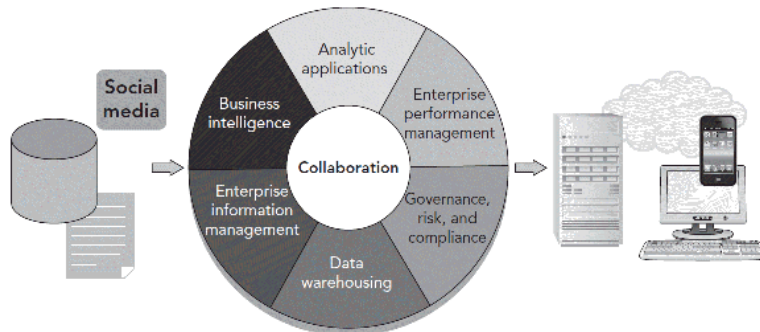   d. between the backroom stock area and the store shelves

Figure 8.1: SAP Business Intelligence (BI) Framework

31. In the accompanying SAP Business Intelligence (BI) Framework figure, the center section represents the analytical capabilities of BI. In SAP's framework, analytic applications are _____.
    a. a set of tools for exploration, analysis, and presentation that can be applied to a wide range of business questions
    b. data analysis tools applied to specific industries, such as financial services, manufacturing, consumer products, retail, and utilities or to functional areas, such as supply chain management, finance, human resources, IT, and service, sales, and marketing
    c. business and technology functions that manage information as a corporate asset
    d. used to store the large volumes of data used in the analysis

32. When manufacturing runs out of raw material, it is known as a(n):
    a. shortfall
    b. empty shelf
    c. depletion
    d. stockout

33. When purchasing a computer, the functional area responsible for handling the financial help for purchasing that computer is:
    a. Marketing and Sales
    b. Accounting and Finance
    c. Supply Chain Management
    d. Human Resources

34 In _____, third-party software companies are encouraged to develop add-on software products that can be integrated with existing software.
   a. open architecture
   c. integrated pieces
   b. clip-ons
   d. piecemeal nodes

35 Software ____ are individual programs that can be purchased, installed, and run separately, but extract data from the common database.
   a. nodes
   c. modules
   b. chunks
   d. tidbits

36. Individual information systems for each functional area in a company are known as:
   a. silos
   c. tubers
   b. bagpipes
   d. separated systems

37. Setting prices for customers can be very complex. SAP helps by offering a control mechanism, called ____, to determine how much to charge a given customer for a given product.
   a. pricing variance
   c. condition technique
   b. price fixing
   d. fluctuation

38 .What is the production plan for all finished goods?
   a. MPS - master production schedule
   c. PPR - production planning run
   b. QQR - quality query run
   d. RUN - run

39. What process answers the question "What do we need to order to produce the product, and when do we need to order these raw materials?"
   a. SF - sales forecasting
   c. MRP - materials requirements planning
   b. SOP - sales and operations planning
   d. DS - detailed scheduling

40. Immediately after MRP is run in SAP ERP:
   a. the stock/requirements list and MRP list are both updated and show the same information.
   b. the MRP list is updated but the stock/requirements list is unaffected.
   c. the stock/requirements list is updated but the MRP list is unaffected.
   d. none of the above.

Question 1 (20 marks)

Consider the EPC diagram below and answer the questions related to this diagram

EPC process model
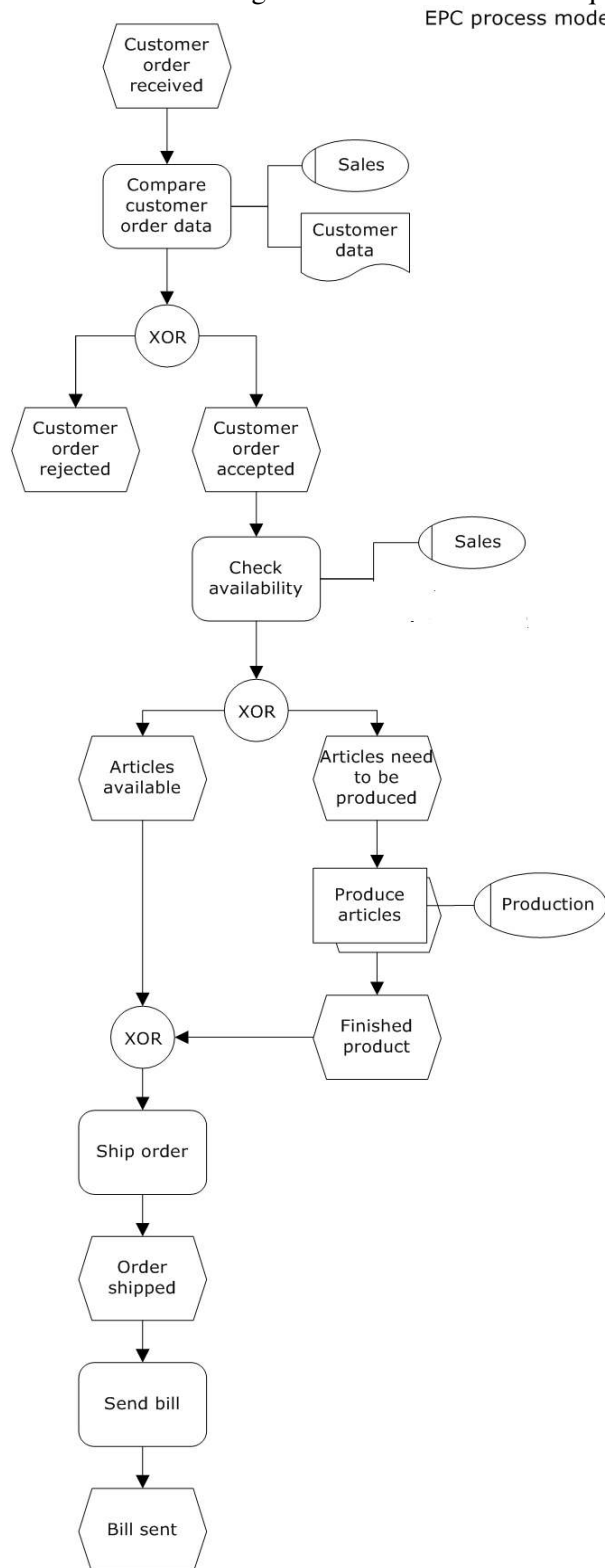
a) What are the organizational units? (2 marks)

Ans: Production and Sales

b) What are the possible outcomes of comparing the customer order data received with the one on file? (2 marks)

Answer: Customer order rejected or Customer order accepted

c) Describe the activities and possible events that the production department can do? (3 marks)

Answer: On production order received, the production department produces the order. Once order is produced, the order is shipped to the customer.

d) What triggers the complete process? (1 mark)

Answer: Customer order received

e) Is there anything missing for you to understand the full process? (3 marks)

Answer: The organizational unit(s) that are in charge of shipping and billing are not included in the diagram.

f) What data is saved? (2 marks)

Answer: Customer data

g) What are the possible ends of the full process? (2 marks)

Answer: Customer order rejected or bill sent

e) Mention at least two possible improvements to this process (4 marks):

Answer: Order and bill can be sent at the same time (parallel). Compare customer data only for non new customers.

Question 2 (10 marks)
Describe the material order process in the accompanying figure:
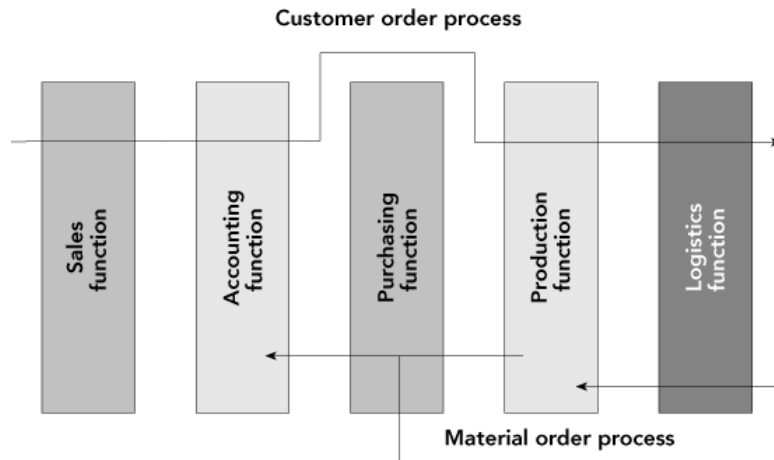
Customer order process

Figure 1-3 A process view of business operations

ANS:
When production is alerted to a new order, if raw materials are needed for this order, then production prompts purchasing to arrange for the purchase and delivery of raw materials. Accounting must pay for those raw materials. They are delivered to the Logistics function and then sent to production to make the order.

Questions 3 (10 marks) In Business Process Improvement, what questions should companies ask about their business processes to identify areas of improvement? Cite five of them.

ANS:
- Are there unnecessary checks and balances?
- Does the activity inspect or approve someone else's work?
- Does it require more than one signature?
- Are multiple copies required?
- Are copies stored for no apparent reason?
- Are copies sent to people who do not need the information?
- Is there unnecessary written correspondence?
- Are there people or agencies involved that impede the effectiveness and efficiency of the process?
- Do existing organizational procedures regularly impede the efficient, effective, and timely performance of duties?
- Is someone approving something they already approved (for example, approving capital expenditures that were approved as part of a budget)?
- Is the same information being collected at more than one time or location?
- Are duplicate databases being maintained?

Question 4 (10 marks) What is document flow? Why is it important for auditors of a company?

ANS: Document flow is SAP ERP's way of keeping track of all activities or transactions in the system. When an order is placed, as it moves through the system, each step is assigned a unique number, called a document. All these numbers or documents are related to that one sales order. If we call up the document flow on the SAP ERP screen, we can click on any number and see what the details are of that phase. For example, if we click on the Accounting document related to a particular sales order, we can check to see if the bill has been paid. This is a very significant benefit of the SAP ERP system. It is an auditor's dream come true.

 Question 5 (10 marks) What is software as a service (SaaS)? Why would you consider SaaS for an ERP solution?

ANS:
Software as a service (SaaS) is a software delivery model in which a software product is hosted by a company, such as SAP, on its servers and is accessed by customers
via a Web browser. Some people describe SaaS as a utility, similar to a telephone or electric company. It is simply a way to sell and distribute software that uses the Internet. While definitions vary, this book treats SaaS as a subset of cloud computing. For example, Amazon and Apple are promoting data storage "on the cloud" but the applications that use that data are stored on the device, updated regularly from the cloud (Internet).
A recent Forrester Research report claims that the analytics portion of SaaS will become highly important to the users of this software delivery model. Users will be also be looking for SaaS applications that can integrate social media with a company's other sources of information. According to the report, adopters of SaaS should also consider how their service providers can handle mobile apps.
One example of SaaS for the ERP market is SAP's Business ByDesign. First released in 2007, Business ByDesign is a full ERP system delivered to customers via the cloud. For small to medium-sized companies, it lowers the total cost of ownership of the software and enables a rapid and smooth implementation. Customers can choose to have SAP handle the implementation of Business ByDesign, or they can manage the implementation themselves.

Question 6 (10 marks) : Describe the 5 styles of business intelligence discussed in class and discuss what styles were used in ERPSim?

ANS

Enterprise Reporting – Broadly deployed pixel-perfect report formats for operational reporting and scorecards/dashboards targeted at information consumers and executives.

Cube Analysis – OLAP slice-and-dice analysis of limited data sets, targeted at managers and others who need a safe and simple environment for basic data exploration within a limited range of data.

Ad Hoc Query and Analysis – Full investigative query into all data, as well as automated slice and- dice OLAP analysis of the entire database – down to the transaction level of detail if necessary. Targeted at information explorers and power users.

Statistical Analysis and Data Mining – Full mathematical, financial, and statistical treatment of data for purposes of correlation analysis, trend analysis, financial analysis and projections. Targeted at the professional information analysts.

Alerting and Report Delivery - Proactive report delivery and alerting to very large populations based on schedules or event triggers in the database. Targeted at very large user populations of information consumers, both internal and external to the enterprise.

In ERPSim, the Enterprise Reporting style as the professor showed the financial performance of the different teams during the game. Cube analysis was used as we were able to use Access and Excel to slice the data and be able to select KPIs and dimensions. Ad hoc query and analysis was used as we connected Excel with Access in order to construct pivot with ad hoc queries.

Answers True of False

5 F

6 F

7 T

8 T

9 F

10 F

11 F

12 F

13 T

14 T

15 T

16 T

17 F

18 F

19 F

20 T

Answers Multiple Choice:

1 B

2 A

3 A

4 B

5 d

6 c

7 c

8 c

9 c

10 D

11 B

12 E

13 B

14 C

15 B

16 a

17 d

18 a

19 A

20 C

21 A

22 C

23 B

24 A

25 A

26 A

27 C

28 A

29 C

30 D

31 B

32 D

33 B

34 A

35 C

36 A

37 C

38 A

39 C

40 A