

**BINDURA UNIVERSITY OF SCIENCE EDUCATION**  
**FACULTY OF COMMERCE**  
**DEPARTMENT OF ACCOUNTANCY**

-- DEC 2019

**Programme:**

Bachelor of Accountancy Honours Degree.

**ACCOUNTING INFORMATION SYSTEM (AC213)**

**EXAMINATION PAPER**

TIME ALLOWED: 3 HOURS

(100 MARKS)

**INSTRUCTIONS TO CANDIDATES:**

1. Answer all questions.  
Section A -15 multiple choice questions each carries 2 marks  
Section B - Structured questions
  2. No cell phones are allowed in the examination room.
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**SECTION A-Multiple choice questions (30 marks)**

1. Effective information has all of the following characteristics except
  - A. Relevance
  - B. Completeness
  - C. Summarization
  - D. Structure
  
2. Data processing does not involve
  - A. Calculating
  - B. System maintenance
  - C. Comparing
  - D. Merging
  
3. The type of transaction most suitable for batch processing is
  - A. Airline reservations
  - B. Credit Authorization
  - C. Payroll processing
  - D. adjustments to perpetual inventory
  
4. In the payroll system, which function should distribute paychecks?
  - A. Personnel department
  - B. Timekeeping
  - C. Paymaster
  - D. Payroll
  
5. The formal product of the systems evaluation and selection phase of the Systems Development Life Cycle is
  - A. The report of systems analysis
  - B. The systems selection report
  - C. The detailed system design
  - D. The systems plan
  
6. When developing the conceptual design of a system,
  - A. All similarities between competing systems are highlighted
  - B. Structure diagrams are commonly used
  - C. The format for input screens and source documents is decided
  - D. Inputs, processes, and outputs that distinguish one alternative from another are identified
  
7. In the construct phase, when performing design tasks, the design team first focuses on:
  - A. System Inputs

- B. System Outputs
  - C. System Processes
  - D. A and B
8. Accountants and auditors use documentation describing
- A. How to run the system
  - B. How to use the system
  - C. How to debug errors and perform maintenance on the system
  - D. All of the above.
9. Which of the following is not an advantage of commercial software? Commercial software
- A. can be installed faster than a custom system
  - B. can be easily modified to the user's exact specifications
  - C. is significantly less expensive than a system developed in-house
  - D. is less likely to have errors than an equivalent system developed in-house
10. All of the following are facts about AIS except:
- A. They should all involve some form of internal control
  - B. They always incorporate information technology
  - C. They usually provide general-purpose financial statements as outputs
  - D. They can involve three types of storage files
11. \_\_\_\_\_ are specifically tailored to auditor tasks
- A. General-Use Software
  - B. Generalized Audit Software
  - C. Automated Work-paper Software
  - D. A and B
12. Example(s) of Electronic Data Interchange business documents include
- A. Credit memos
  - B. Account Payable
  - C. Customs documents
  - D. A and C
13. \_\_\_\_\_ is a specialized subset of eXtensible Markup Language for reporting financial information
- A. eXtensible Business Language
  - B. eXtensible Business Reporting Language

- C. eXtensible Reporting Language
  - D. A and C
14. External auditors examine an organization's computer-based AIS to evaluate
- A. How financial statements are affected by control procedures over computer processing.
  - B. How computer processing affects the financial statements
  - C. How external control procedures affect financial statements
  - D. B and C
15. The term "Integrated test facility" is associated with:
- A. Auditing through-the-computer
  - B. Auditing around-the-computer
  - C. Auditing of manual accounting systems
  - D. Non-auditing procedures performed by a firm's accounting subsystem employees

**SECTION B – 70 Marks**

**QUESTION 1**

- (a) Explain the following terms as they are used in Accounting Information Systems (AIS):
- i. Value chain analysis. (3 marks)
  - ii. Data processing cycle. (3 marks)
  - iii. Enterprise Resource Planning (ERP). (3 marks)
- (b) With the aid of a diagram, distinguish between AIS and Management Information System (MIS). (8 marks)

**[Total 20 marks]**

**QUESTION 2**

Culpe's Cues Company is a small manufacturing operation that makes and sells pool cues for sporting goods stores and billiard halls in Baltimore, Maryland, and the surrounding local area. James Culpe and his wife, Rebecca, are the owners and only employees.

James Culpe purchases all of the materials needed to make pool cues, including wood, paint, hardware, and supplies. All purchases are made from local suppliers, and all payments are made in cash at the time of purchase. James Culpe is responsible for making the pool cues. He also handles all telephone calls and replacements, and he personally delivers all finished products.

All sales are conducted on account via the internet. Orders are received electronically through the company's website at [www.culpecues.com](http://www.culpecues.com). Rebecca Culpe prints the orders and forwards them to her husband in the workshop. MrsCulpe is also responsible for website design and maintenance, as well as all accounting and customer collections.

**Required:**

- a) What are the business processes that apply to this business? (5 marks)
- b) How would the business processes change if Culpe's Cues :
  - i. Expanded to a regional focus? (5 marks)
  - ii. Began selling pool balls and other billiard equipment in addition to cues? (5 marks)
- c) Develop one documentation technique to explain the business activities forCulpe's Cues Company. (10 marks)

**[Total: 25 marks]**

**QUESTION 3**

Shuttle-Eze operates airport shuttle vans in 12 large cities: Los Angeles, San Diego, San Fransico, Phoenix, Las Vegas, Houston, Dallas, Chicago, New York City, Washington DC, Miami, and Orlando. Shuttle-Eze operates passenger vans to shuttle travelers to and from the airports for a \$25 fee per person.

**Required:**

- a) Design the tables that the company would need in its database to operate these shuttles. Remember that they must collect, record, and track information about customers, payments, flights, gates, vans, drivers, and pick-up and delivery addresses. You may wish to add other types of data. (20 marks)
- b) Describe the advantages and disadvantages for Shuttle-Eze of using a centralized database as opposed to a separate database for each location. (5 marks)

**[Total: 25 marks]**

\*\*\*\*\*END OF EXAMINATION PAPER\*\*\*\*\*