UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

MAIN EXAMINATION 2005

TITLE OF PAPER: ACCOUNTING INFORMATION SYSTEMS

DEGREE AND YEAR: BCOM V

COURSE NUMBER: AC 507

TIME ALLOWED: TWO (2) HOURS

INSTRUCTIONS: 1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B)

2. THE CASE STUDY SECTION (A) IS COMPULSORY

3. ANSWER ANY TWO QUESTIONS FROM SECTION B.

Note MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH AND FOR ORDERLY PRESENTATION OF WORK

THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

SECTION A: CASE STUDY- COMPULSORY

Emandl'endvodza Products, a textile and apparel manufacture, acquired its own computer in 1978. The first application to be developed and implemented was production and inventory control. Other applications that were added in succession were payroll, accounts receivable, and accounts payable.

The applications were not integrated owing to the piecemeal manner in which they were developed and implemented. Nevertheless, the system proved satisfactory for several years. Generally, reports were prepared on time and information was readily accessible.

Emandl'endvodza operates in a very competitive industry. The combination of increased operating costs and the competitive nature of the industry have had an adverse effect on profit margins and operating profits. Ed Willed, Emandl'endvodza's President, suggested that some special analyses be prepared in an attempt to provide information that would help management improve operations. Unfortunately, some of the data were not consistent among the reports. In addition, there were no data by product line or by department. These problems were attributed to the fact the Emandl'endvodza's applications were developed piecemeal, and as a consequence, duplicate data that were not necessarily consistent existed on Emandl'endvodza's computer system.

Willed was concerned that Emandl'endvodza's computer system was not able to generate the information his managers needed to make decisions. He called a meeting of his top management and certain data processing personnel to discuss potential solutions to Emandl'endvodza's problems. The consensus of the meeting was that a new information system that would integrate Emandl'endvodza's applications was needed.

Emandl'endvodza's Controller suggested that the company consider a data base system that all departments would use. As a first step, the Controller proposes hiring a data base administrator on a consulting basis to determine the feasibility of converting to a data base system.

REQUIRED

a)   Discuss the advantages and disadvantages of a data base system for Emandl'endvodza Products.   [15 marks]

b)   What factors should Emandl'endvodza Products consider before converting to a data base system?   [20 marks]

c)   Describe the duties that the data base administrator would be expected to perform at Emandl'endvodza Products   [15 marks]

SECTION B: Answer any three questions

Question 1.

What major phases are involved in database development and how is each phase important.?

[25 marks]

Question 2

Discuss the major applications controls in computer systems, highlighting also their importance in minimising risks in an accounting information system.

[25 marks]

Question 3

Discuss the major security measures that need to be put in place for computer hardware.

[25 marks]

Question 4

a. Describe the application controls involved in the general ledger and financial reporting cycle

[10 marks]

b. Discuss the advantages and limitations of the file-oriented approach to data management.

[15 marks]