

**UNIVERSITY OF SWAZILAND**

**FACULTY OF COMMERCE**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**SUPPLEMENTARY EXAMINATION 2009**

**TITLE OF PAPER:** ACCOUNTING INFORMATION SYSTEMS

**DEGREE AND YEAR:** BCOM IV (FULL TIME)  
BCOM V & VII (IDE)

**COURSE NUMBER:** COM 401/IDE COM 401/ IDE 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**

### ***This section is compulsory***

Super Electronics Company is a wholesale distributor of electronic parts and products. Although the company is located in Mbabane, it maintains several warehouses in all four regions from which it distributes its inventory items to franchise dealers located throughout the country. The dealers place orders weekly, and Super Electronics delivers them via its own set of trucks.

The company has been profitable since its opening in 1995 mainly because the electronics market has continually grown. Recently however the inventory and purchasing costs have grown faster. Consequently, the profit levels have been shrinking. An investigation by hired consultants revealed the following. Among the 10,000 items carried in inventory, several have been excessively stocked and some have become obsolete. Other merchandise items have been out of stock when ordered by the dealers. Apparently, the inventory clerks do not order in a systematic manner, and the dealers vary their orders considerably based on the changing demands of their retail customers. Another problem is that inventory items are often difficult to locate in the warehouses. Thus, the truck loading process is sometimes delayed, and trucks cannot depart for their route until two or three days have elapsed.

With respect to purchasing, suppliers of merchandise are changed quite frequently, often on the whims of buyers. Partly because of these frequent changes, the accountants sometimes overlook purchase discounts when preparing disbursement checks. No long term purchasing contracts are signed, although some parts and products have been consistent sellers in dealers' stores.

### **Required:**

- a. Describe inventory and financial decisions that can apparently be improved. (15)
- b. Explain what managerial and system changes are needed to aid in making these decisions. (15)
- c. Describe the benefits that the company can expect it implements a Web-based purchasing system. (10)
- d. Describe the control procedures that are necessary if the company implements a Web-based purchasing system. (10)

## **SECTION B**

*Answer any two questions from this section.*

### **Question 1**

- a. A local revenue authority has computerised its accounting system with a view to improving efficiency in operations. In the process of doing so it becomes evident that the revenue authority will have to address several control issues. Why is it likely to be more complex to control such a system compared to a predominantly manual system that this authority was using before. (15)
- b. How can the above issues relating to complexity of computer-based information systems be addressed? (10)

### **Question 2**

The Manzini city with a population of about 10 000 people purchased software and began developing application programs with in-house programmers. Four years later, only one major application had been developed and it was neither complete nor functioning properly. Moreover, non of the application software running on the system met the users' minimum requirements. Both the hardware and the software frequently failed. A similarly configured system, fully programmed with canned software could have saved the city about E 500,000. Moreover, the city's annual data processing costs exceeded the annual costs of a new turnkey system with packaged software.

- a. Why do you think the city was unable to produce quality workable systems? (10)
- b. Would the city have been better of purchasing canned software? (15)

### **Question 3**

When an audit was conducted on a local bookstore, it revealed several weaknesses in its accounting information systems in terms of its purchasing procedures. Discuss the possible weaknesses that could arise, highlighting their effects and also explain fully the controls needed to be put in place to counteract such weaknesses. (25)