UNIVERSITY OF NATAL
EXAMINATIONS: NOVEMBER YEAR END 2005

MODULE NAME AND CODE: ACCOUNTING INFORMATION SYSTEM
220 (ACIS220P2)

DURATION: 3 HOURS TOTAL MARKS: 120

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EXTERNAL EXAMINER : MRS A. KRUGER

This paper consists of 11 numbered pages. Please ensure that you have them all.

INSTRUCTIONS:
1. Answer ALL questions. Start each question on a new page.
2. Ensure that your name and student number are recorded on the answer book/s.

Multiple Choice/True or False Questions
1. All questions carry equal marks and there will be negative half marks deducted for incorrect answers.
2. Write only the number of the answer you think is MOST CORRECT under the corresponding question number.

Short Questions
1. Please ensure that your answers are clear and concise.

Essay Questions
1. This section consists of two COMPULSORY essay questions. Please read the questions carefully.

SUGGESTED TIME GUIDE

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120 180

It is in your own interest not to exceed the time guide for any one question.
SECTION A – COMPUTERISED ACCOUNTING

ANSWER ALL OF THE FOLLOWING QUESTIONS.

PART 1: MCQ / True or False (15 Marks : 22 Minutes)
Note that ½ a mark will be deducted for each incorrect answer

Question 1
True or False? You can create up to 9 999 general ledger sub accounts.

Question 2
True or False? It is not important what period transactions are entered in, as Pastel will know where to allocate them anyway.

Question 3
True or False? It is possible to create a new customer account while processing customer invoices.

Question 4
True or False? It is possible to produce an income statement that only includes data for the first month of the year.

Question 5
When transferring a manual trial balance onto the Pastel system, you satisfy yourself that the trial balance is in balance by

a) Entering contra accounts
b) Ensuring that the system states that the journal is ‘in balance’
c) Entering each transaction separately
d) Making use of a ‘dangling debit’
e) None of the above
Question 6
When capturing suppliers’ and customers’ invoices, amounts are entered in the following format

a) Inclusive of VAT
b) Exclusive of VAT
c) One item at a time
d) All items are entered together
e) None of the above

Question 7
True or False? The zoom facility in Pastel Accounting, is used to quickly search for records, perform enquiries and change existing or even create new records.

Question 8
True or False? Open batches will be included in the reports you run in Pastel Accounting.

Question 9
True or False? Pastel Accounting will allow you to create a balance sheet (but not an income statement or a trial balance) when there are unallocated items.

Question 10
True or False? Pastel Accounting allows you to create sub accounts for an account that is currently being used.

Question 11
True or False? When working in the Edit function, you accept a change to an account by clicking on the green tick.
Question 12
True or False? It is necessary to print each supplier’s invoice before moving onto the next invoice.

Question 13
True or False? Balance sheet accounts are numbered 0001 to 4999.

Question 14
True or False? Income statement accounts are numbered 0001 to 4999.

Question 15
True or False? It is not possible to correct bank reconciliation errors once the cashbook has been updated.
PART 2: Short questions (25 Marks : 38 Minutes)

Question 1
In general terms, explain how to enter data from a manual system onto the Pastel system in respect of customers and suppliers. (10)

Question 2
Your best friend was recently hired by a small accounting practice. Unfortunately she told a story to get the job: she told the partner that she is proficient in Pastel V6. She is busy with the month’s bank reconciliation and is confused as to what to do. She has compiled a list of questions. Provide your friend with solutions to her problems.

1. She has noticed that there are amounts on the bank statement in respect of service fees. She had not done anything in respect of these amounts yet. (3)
2. She has entered the bank statement balance of the 1st day of the month that she is reconciling. (2)
3. She has cheques that appear in the cash book and do not appear on the bank statement. (2)

Question 3
Explain the major difference that exists between a manual trial balance and the one produced by the Pastel system. (3)

Question 4
Explain the significance of the letters “G”, “C” and “S”. (5)
SECTION B: SYSTEMS DEVELOPMENT AND SECURITY

Part 1: MCQ / True or False (10 Marks : 15 Minutes)

Note that ½ a mark will be deducted for each incorrect answer.

Question 1
Which of the following is NOT a quality attribute of accounting information

a) Relevance
b) Reliability
c) User-targeted
d) Authoritative
e) Comparability

Question 2
Which of the following users of information is the odd one?

a) Auditors
b) Investors
c) Financial institutions
d) The financial director
e) SARS

Question 3
True or False? During the conceptual design stage of the Systems Development Lifecycle (SDLC), the first task is to document the workings of the existing system. This is vital for the remainder of the stage of the SDLC.
Question 4
Which of the following positions will not be included in a project development team?

a) Users
b) Auditors
c) Managers
d) Accountants
e) Suppliers

Question 5
Which of the following tasks is not an activity that would be included in the feasibility study?

a) To investigate and report on the existing system, its procedures and costs
b) To define the system’s requirements
c) To establish whether these requirements are being met by the existing system
d) To establish whether the requirements could be met by an alternative system
e) To document the workings of the existing system

Question 6
True or False? There are 4 approaches to Systems Changeover (that takes place during the Systems Development Lifecycle). Although a direct changeover is the most expensive, it is also the safest method of changeover available.

Question 7
True or False? Bespoke software is another term for off-the-shelf software.

Question 8
True or False? Physical access controls are designed to prevent intruders from getting near the various programmes contained in an information system.
Question 9
True or False? Input controls are controls put in place to ensure that all input is valid, accurate and timely.

Question 10
Which of the following is NOT a standby facility that could be used in a disaster recovery programme:

a) Computer bureaux
b) Pooling of resources
c) Disaster standby companies
d) Backups of all programmes
e) Hardware duplication
PART 2: Short questions (40 Marks : 60 Minutes)

Question 1
List the tasks that are included in Information Management. (6)

Question 2
What role does the Information Systems Steering Committee play in the Systems Development Process, and who normally makes up the committee? (7)

Question 3
There are three areas of feasibility that a feasibility study will typically concentrate on. From an accountant’s perspective, one of the most important areas will be that of economic feasibility. Discuss this statement in relation to costs and benefits (10)

Question 4
There are a number of options available to an organisation when considering how to finance the acquisition of a new system. Discuss this statement, and consider the advantages and disadvantages of each method. (10)

Question 5
List the advantages and disadvantages of using an off-the-shelf package (7)
PART 3: Essay Questions (30 Marks : 45 Minutes)

Question 1 (15 marks)

You have recently accepted a new position as A4 Ltd’s Computer Officer. One of your first tasks has been to identify problem areas that exist at present in the computer system. You have also been tasked with finding solutions to these problem areas.

The potential problems identified thus far include:

1. The company develops highly sensitive state-of-the-art medical equipment and has confidential information stored on its system. Although there is security present at all times at the entrance to the computer department, the guards are unsure of what is required of them. In addition, you have seen that it is actually possible for unauthorised personnel to gain access to the computer facilities.

2. Lately, there has been a spate of attempted theft of company secrets, and 4 employees have already been caught trying to smuggle information out of the building. The Board of Directors is very concerned that there have been successful, undetected thefts. You have been unable to ascertain from Human Resources as to whether controls are in place to screen potential employees.

3. The company depends heavily on its computer system; all research data is housed on the system, and there is currently only one set of backup files for all work kept on the system. The backups are kept in the same building as the rest of the computer facilities.

4. The company’s virus protection software has not been updated in several years.
5. Everybody is working overtime at present, and management has allowed staff members to take work home with them in the evenings and on weekends to allow them to catch up.

Required:
You are required to write a report to the Board of Directors regarding problems identified, and make suggestions on how to improve matters.
Note: Limit your answer to information contained in the question.

Question 2 (15 marks)

Roxy Ltd is a medium-sized local company. The company has recently employed you as a consultant to the company’s computer department as the Chief Security Officer recently retired. The company’s CEO has some concerns regarding whether there are appropriate controls in place to deal with several matters, and he has asked you the following questions:

- What is disaster risk management concerned with?
- How should natural disasters be dealt with?
- Is it possible to prevent all natural disasters? And if not, what should be done
- How does one go about analysing vulnerabilities and threats that the company could be exposed to?

He would also like to know what reports you would be presenting him with, so that he can assess how well the company is prepared for potential problems.

Required:
Draft a report to the company’s CEO in which you provide answers to his various questions.