



"Investing in Africa's Future"

COLLEGE OF BUSINESS AND MANAGEMENT SCIENCES

NMAC 302: ACCOUNTING INFORMATION SYSTEM

END OF FIRST SEMESTER EXAMINATIONS

NOVEMBER 2024

LECTURER: R. CHIHOWA

TIME: 3 HOURS

INSTRUCTIONS

ANSWER ***ALL*** QUESTIONS on the Africa University answer booklet provided

MARKS ALLOTTED TO EACH QUESTION ARE SHOWN

CLEAR AND NEATLY PRESENTED WORK WILL BE AWARDED MARKS FOR PRESENTATION

QUESTION 1 (25 Marks)

- a) Identify the key components of an AIS and explain their roles.(5 Marks)
- b) Describe the interrelationship between business processes and an AIS. Why is this relationship significant?(5 marks)
- c) How are Accounting Information Systems documented and why is it important to document such systems?(5 marks)
- d) Briefly explain how cloud computing is beneficial in accounting?(5 Marks)
- e) Distinguish between logical and physical access controls- between preventive and detective controls and give an example of each control.(5 Marks)

QUESTION 2: (25 Marks)

- a. Dauti ltd is considering outsourcing its payroll processing function to a third-party service provider. The Board of Directors are not sure whether there are advantages or disadvantages in outsourcing payroll processing.
 - i. Identify and discuss at least three advantages of outsourcing payroll processing for Dauti ltd. **(4 marks)**
 - ii. Identify and discuss at least three potential disadvantages or risks associated with outsourcing payroll processing for Dauti ltd. **(4 marks)**
 - iii. What are the major considerations when purchasing a software **(4 Marks)**
- b. Karewo Ltd, a medium sized company. It has been relying on a manual accounting system, which has led to errors in financial reporting and inefficiencies in data processing. The management has decided to develop a new Accounting Information System (AIS) to automate processes and improve accuracy. You are part of the team tasked with guiding the development of this new AIS.
 - i. Identify and describe each phase of the AIS development life cycle that Karewo Ltd should follow. Include the key activities and deliverables for each phase. **(7 Marks)**
 - ii. Discuss potential challenges that the team might face during the development process. For each challenge, provide recommendations on how to address it. **(6 Marks)**

QUESTION 3: (25 Marks)

You are the CEO of Maybe Ltd a large agriculture related company looking to implement an Enterprise Resource Planning (ERP) system to streamline its operations. The company has been facing challenges with data silos, inefficient processes, and a lack of integration between its various departments (finance, HR, inventory, marketing etc.). The Board of Directors is keen on understanding the implications of adopting an ERP system before proceeding with the implementation.

- i. Identify and explain the key characteristics of modern ERP systems. How do these characteristics enhance organizational efficiency? **(8 Marks)**
- ii. Discuss the common challenges organizations face during the implementation of ERP systems. What strategies can be employed to overcome these challenges? **(10 Marks)**
- iii. Analyse the benefits and risks associated with implementing an ERP system in a manufacturing company. Provide examples to support your analysis. **(7 Marks)**

QUESTION 4 (25 Marks)

You are CFO of How mine Ltd which is evaluating its operational efficiency in three critical business cycles: the revenue cycle, expenditure cycle, and conversion cycle. The management team has requested a comprehensive analysis to enhance overall performance.

- i.** Describe the revenue cycle and its key components (include key source documents). **(6 Marks)**
- ii.** Discuss the importance of effective management of the revenue cycle for a company's financial health. **(4 Marks)**
- iii.** Define the expenditure cycle and outline its main stages (include key source documents). **(6 Marks)**
- iv.** Explain how optimizing the expenditure cycle can impact a company's profitability **(4 Marks)**
- v.** Explain the conversion cycle and its significance in the overall business process. **(5 marks)**

END OF EXAMINATION