



UNIVERSITI KUALA LUMPUR BUSINESS SCHOOL

FINAL EXAMINATION MARCH 2024 SEMESTER

COURSE CODE	: EAB21203
COURSE NAME	: ACCOUNTING INFORMATION SYSTEM 1
PROGRAMME NAME	: BACHELOR IN ACCOUNTING (HONS)
DATE	: 4 JULY 2024
TIME	: 9.00 AM – 12.00 PM
DURATION	: 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please **CAREFULLY** read the instructions given in the question paper.
2. This question paper has information printed on both sides of the paper.
3. This question paper consists of **FOUR (4)** questions.
4. Answer **ALL** questions.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. **This question paper must not be removed from the examination hall.**

THERE ARE EIGHT (8) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

Question 1

- (a) Discuss the comprehensive analysis contrasting the fundamental principles and operational scopes of an Accounting Information System (AIS) and a Management Information System (MIS).

(6 marks)

- (b) Based on the characteristic of useful information, all records in a file must be uniquely identifiable in at least one attribute, which is its primary key of the user interface. Drawing on your general knowledge of accounting, identify the primary key for the following types of accounting records. To illustrate, the first record is done for you as shown in below table:

Record type	Primary key
Accounts receivable	Customer Number
Accounts Payable	
Inventory	
Purchase orders to vendor	
Cash receipts from customers	
Employee payroll earning	
Cash disbursement to vendors	

(3 marks)

- (c) Transaction processing system (TPS) is an activity consisting of three major cycles which performs specific tasks and support different objectives in the business. Briefly explain the **THREE (3)** major transaction cycles in accounting information systems.

(6 marks)

- (d) Discuss the challenges and implications of general ledger systems lacking standardized data coding schemes, particularly analysing how this absence affects data integrity, reporting accuracy, and the overall efficiency of financial information processing.

(5 marks)

- (e) Although top management's attitude toward ethics often sets the tone for a company's business practices, it is sometimes the responsibility of lower-level managers to uphold a firm's ethical standards. Consider the scenario where Johnnah, an operations-level manager, discovers that her company is illegally dumping toxic materials, thereby violating environmental regulations.

Required:

- i. Discuss the potential ethical dilemmas Johnnah might face in this situation.

(3 marks)

- ii. Evaluate the actions she should take considering her position.

(2 marks)

[25 marks]

Question 2

- (a) A small air conditioning repair and parts supply company employs 25 workmen who perform operational services tasks and 3 office staffs focusing on administrative works. One of the office staff, Hasnold, has been with the company since it opened its doors. During that time, he has earned the trust of the owner and has proven to be a diligent employee who often works late, occasionally comes in on weekends for no additional pay, and has not taken a substantial vacation in over 10 years. Instead, he carefully plans his vacation days throughout the year to avoid the need for a replacement and ensure that none of the other office staff is burdened with his work. Hasnold's primary tasks include:

- Responsible for Point of Sales (POS) cash and credit sales
- Bills those customers who purchase on credit
- Opens the mail and posts cash receipts to AR records, and
- Prepares the daily cash deposits for the business.

Another office staff, Mat Larkin, handles purchasing of inventory and supplies from vendors, stocking, shipping merchandise, updating inventory records, and writing checks to vendors in payment of purchases.

The third office staff member, Mary Yam, performs the payroll transactions including recording employee time and attendance, preparing paychecks, posting payroll payments to employee accounts, and performing general ledger updates.

Required:

- i. Briefly explain **TWO (2)** internal control weaknesses from the case above.
(4 marks)
- ii. Provide **TWO (2)** specific recommendations for improving control stated in (i) above. Use the six categories of physical control activities specified in SAS 78/COSO for your analysis.
(4 marks)
- (b) In the case of return inwards, the seller needs to prepare a credit memo. Define what is a credit memo and explain its purpose.
(3 marks)

- (c) Multilevel security employs programmed techniques that permit simultaneous access to a central system by many users with different access privileges. Discuss the **TWO (2)** common methods of achieving multilevel security in a system.

(4 marks)

- (d) Rumaa Ijo is a garden center wholesaler in Sungai Buloh that sells and distributes a wide range of garden products and equipment including organic fertilizers, premium flower and grass seeds, organic pesticides, and garden spreaders. Rumaa Ijo customers are primarily small garden centers and landscape companies in Selangor area. Sales are on credit. Rumaa Ijo current information system includes manual procedures supported by independent (non-networked) PCs in each department. Communications between departments are entirely through hard-copy documents. Recently, they have been receiving complaints from suppliers regarding payment errors. Management believes that these complaints stem, in part, from their antiquated computer system. You have been hired to assess Rumaa Ijo's procedures and internal controls. The following is a description of its expenditure cycle.

Purchasing Process

The purchasing agent simply selects the suppliers among his friends when they want to purchase inventories and enters the information into the computer terminal to create a digital purchase order. He then prints three hard copies of the purchase order and sends one copy to the supplier; one copy to the AP department, where it is filed temporarily, and files the third copy in the purchasing department. When the goods are received, the receiving department inspects and verifies them using the packing slip, which is attached to the goods. The receiving clerk manually prepares two hard copies of a receiving report. One copy accompanies the goods to the warehouse for storage. The receiving clerk sends the second copy to the purchasing agent who closes the open purchase order. The purchase agent then forwards the receiving report to the inventory control clerk. The inventory control clerk receives the receiving report and updates the inventory subsidiary. At the close of business, the clerk prepares an inventory summary, which he sends to the general ledger clerk.

Accounts Payable and Cash Disbursements Procedures

The AP clerk receives the supplier's invoice and reconciles it with the purchase order in the temporary file. From her computer terminal, the clerk records the purchase in the purchases journal and records the liability by adding a record to the AP subsidiary ledger. The purchases order and invoice are then filed in the department. Each day, the AP clerk visually searches the AP subsidiary ledger from her terminal for invoices that are due to be paid. The clerk prepares the check and records it in the digital cheque register. The negotiable portion of the cheque is mailed to the vendor, and a cheque copy is filed. The clerk then closes the liability in the AP subsidiary ledger and prepares a journal voucher, which she sends to the general ledger clerk. Upon receipt of the inventory summary and journal voucher, the general ledger clerk updates the inventory control, AP control, and cash accounts.

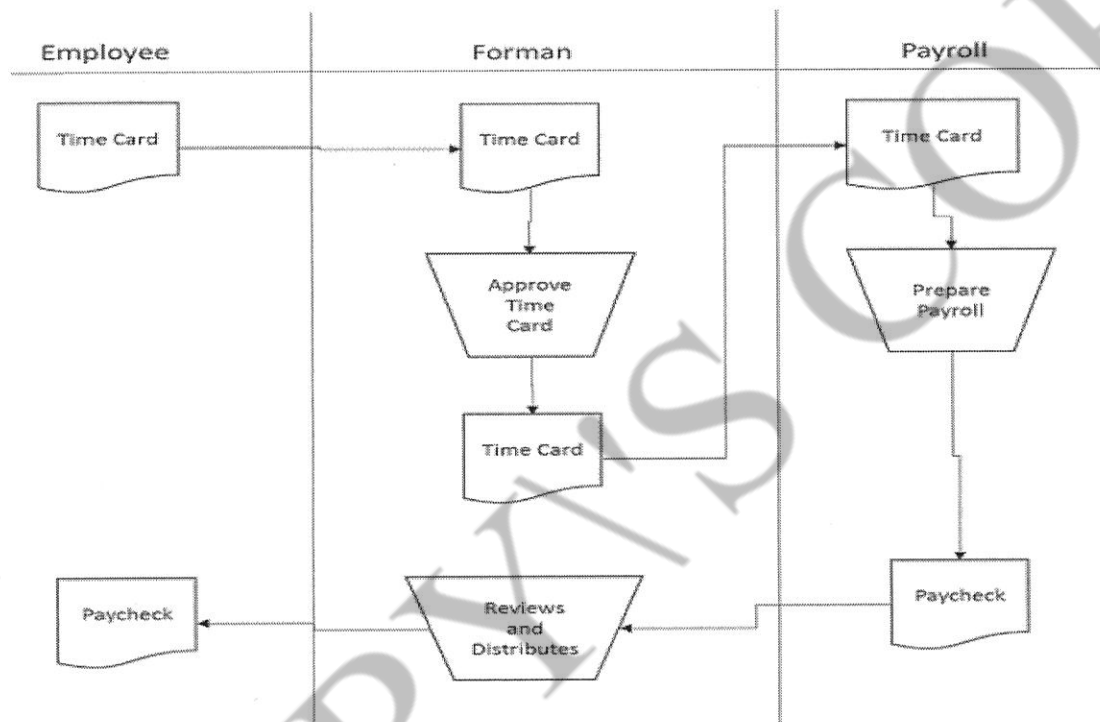
Required:

- i. Analyze **FOUR (4)** physical internal control weaknesses from the expenditure cycle shown above.
(8 marks)
- ii. Accounts Payable (AP) packet consists of purchase order, receiving report and invoice. State the purpose of preparing AP Packet.
(2 marks)

[25 marks]

Question 3

- (a) Payroll processing procedures refer to the systematic steps and methods used to manage the calculation, distribution, and reporting of employee wages. These procedures ensure that employees receive accurate and timely payments for their services, while also complying with tax laws and regulations. Based on the diagram below, answer the following questions.



Required:

- i. Identify the **TWO (2)** risks inherent in the payroll processing flowchart above. (4 marks)
 - ii. Describe the **TWO (2)** internal controls mechanism that can mitigate the risks. (4 marks)
- (b) Lean manufacturing evolved from the Toyota Production System (TPS), which is based on the just-in-time (JIT) production model. It improves efficiency and effectiveness in product design, supplier interaction and employee management. Briefly explain any **THREE (3)** core principles of lean manufacturing. (6 marks)

- (c) State the functions of the following source documents typically prepared in a batch processing system, in its rightful sequence.

Bill of materials
Work order
Sales forecast
Material requisition
Move ticket
Production schedule
Route sheet

(7 marks)

- (d) In digital transformation and automation, there are three phases namely the traditional method, Island of Technology and Computer Integrated Manufacturing (CIM). Draw a diagram to illustrate the differences for these three phases in term of direct labor, direct materials and overhead costs.

(4 marks)

[25 marks]

Question 4

- (a) Define the term eXtensible Business Reporting Language (XBRL).
(1 marks)
- (b) Critically evaluate **THREE (3)** challenges faced by Malaysian companies in implementing XBRL, considering factors such as technological infrastructure, regulatory requirements, and stakeholder readiness in your analysis.
(6 marks)
- (c) In order to achieve accountability, business entities frequently organize their operations into units called responsibility centers. Briefly explain the **THREE (3)** common forms of responsibility centers.
(6 marks)
- (d) The operational problems inherent in the flat file approach to data management give rise to the database concept. With the aid of a diagram, discuss the flat file approach versus the database approach.
(8 marks)
- (e) A database serves as a physical repository for financial data, and each organization chooses a specific database processing method to maintain within its operations. Distinguish between centralized and distributed database processing systems within an organizational context.
(4 marks)

[25 marks]**END OF EXAMINATION PAPER**