



**UNIVERSITI KUALA LUMPUR  
BUSINESS SCHOOL**

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**FINAL EXAMINATION  
OCTOBER 2024 SEMESTER**

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|-----------------------|------------------------------------------|
| <b>COURSE CODE</b>    | <b>: EAB21203</b>                        |
| <b>COURSE NAME</b>    | <b>: ACCOUNTING INFORMATION SYSTEM 1</b> |
| <b>PROGRAMME NAME</b> | <b>: BACHELOR IN ACCOUNTING (HONS)</b>   |
| <b>DATE</b>           | <b>: 10 FEBRUARY 2025</b>                |
| <b>TIME</b>           | <b>: 9.00 AM – 12.00 PM</b>              |
| <b>DURATION</b>       | <b>: 3 HOURS</b>                         |

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**INSTRUCTIONS TO CANDIDATES**

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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. Answer **ALL** questions.
4. Please write your answers on the answer booklet provided.
5. All questions must be answered in **English** (any other language is not allowed).
6. This question paper must not be removed from the examination hall.

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**THERE ARE SEVEN (7) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.**

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(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).

(4 marks)

- (b) For each of the following records, indicate the appropriate related file structure, either master file, transaction file, reference file or archive file:

- i. Purchase order
- ii. List of authorized vendors
- iii. Sales orders that have been processed and recorded
- iv. Tax tables
- v. Hours each employee has worked during the current pay period

(5 marks)

- (c) Categorise each of the following activities into the expenditure, conversion or revenue cycles AND identify the applicable subsystem:

- i. Recording receipt payments for the goods sold
- ii. Determining the quantities of raw materials to order
- iii. Recording the order placed by customer
- iv. Preparing the weekly payroll for manufacturing employees

(4 marks)

- (d) Determine the most suitable system acquisition method for the situation described below, either commercial software, custom software, or Enterprise Resource Planning (ERP). Provide justification for your answer.

- i. A heating and air conditioning supply company with 20 employees that sells standard off-the-shelf products to wholesale customers in a local community needs a system to manage its business affairs.
- ii. A major oil company with diverse holdings, complex oil leases, and esoteric accounting practices needs a system that can coordinate its many enterprises.
- iii. A large organisation with multiple divisions needs an information system to support its operations. The information needs of the various divisions are diverse but standard within their respective industries.

(6 marks)

- (e) A purchasing agent for a large manufacturing firm has responsibility for selecting vendors for the materials and supplies used by the company. The agent directs a disproportionate number of purchase orders to a supply company owned by the agent's uncle, which charges above-market prices for its products. The agent's employer is not aware of the relationship between the agent and the supplier.

**Required:**

- i. Based on the situation described above, classify the fraud under the appropriate fraud scheme category.
- ii. Discuss the possible controls that can be implemented to either prevent or detect this type of fraud. Provide examples of how these controls can be applied effectively.

(1 marks)

(4 marks)

**[24 marks]**

## Question 2

- (a) During the sales process, an organisation may experience product returns for various reasons. Identify **THREE (3)** possible reasons for product returns.

(3 marks)

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

(4 marks)

- (c) Discuss any **FOUR (4)** relationship between Manufacturing Resources Planning (MRP II) and Enterprise Resources Planning (ERP) systems.

(8 marks)

- (d) A world-class company is a globally recognised organisation known for excellence, innovation, and continuous improvement. Briefly explain **FIVE (5)** characteristics of world-class company.

(10 marks)

**[25 marks]**



## Question 3

- (a) The purchases procedure refers to the systematic process a company follows to acquire goods and services, involving both physical and financial components. Based on the diagram shown below:

- i. Describe **THREE (3)** potential risks associated with the system depicted in the flowchart below.

(6 marks)

- ii. Describe **THREE (3)** physical controls needed to mitigate such risks.

(6 marks)

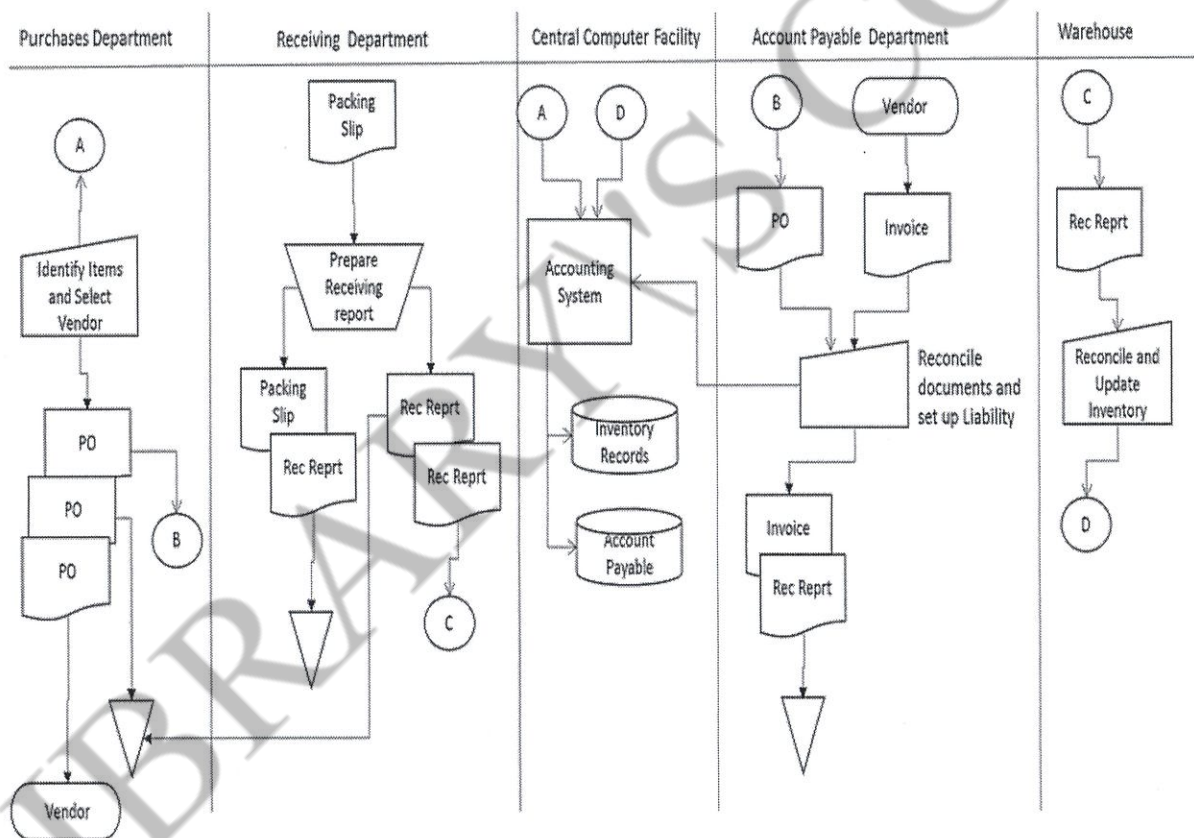


Figure 1: Flowchart Analysis Purchases and Account Payable Procedures

- (b) Bookies Group is currently one of the largest book distributors in Malaysia. Established in 1985, in Batu Caves, Bookies was originally a side project of founder and current president Nissa Rani, who at the time worked for a law firm. At the end of the first year of business, Bookies had grossed only RM20,000. The company now distributes books all over Malaysia and sees sales approaching RM105,000 per year. Recently the company has experienced an unusually high level of complaints from customers regarding incorrect shipments, disputes with suppliers over incorrect inventory receipts and the general lack of audit trail information for reviewing transactions. You have been hired as an independent auditor to inspect the internal controls currently in place at Bookies Group. Your focus at this phase of audit is on the fixed assets and payroll procedures.

### **Fixed Assets and Payroll Procedures**

In the various Bookies business departments, employees manually register their hours worked on timesheets, which they kept at their desk until Thursday, when the manager or supervisor of their department approves them. The manager or supervisor then forwards these timesheets to Bebby, the payroll clerk, who manually prepares cheques for each employees' approved timesheet. She then posts to employee records and the payroll register using laptop computer, which she allowed to take home for work. A copy of the cheque is made and filed in the payroll department. The cheque is then mailed to the employee. Two payroll summaries are then printed. One of this is sent to account payables department and the other is sent to the general ledger department.

Users in individual departments verbally report their fixed assets requirement to their respective managers. If the manager approved the request, he or she manually prepares and submits a fixed asset request form to the purchasing department. Upon receipt of the fixed asset request form, the purchasing department clerk manually prepares two copies of purchase order. One copy is sent to the supplier, and one is filed in purchasing department. Finally, the purchasing department manually prepares and sent a hard-copy fixed asset change report to the fixed asset department.

The account payables clerks receive the payroll summary and writes a cheque to the Imprest account for the exact amount of the payroll. When fixed assets are received, the receiving clerk reconcile the goods with the packing slip and invoice and then manually prepares a receiving report. The goods are sent to the user department while the packing slip, invoice, and receiving report are forwarded to the accounts payable

department. The accounts payable clerk reconciles the documents from receiving, manually writes a check to the suppliers, and manually prepares a journal voucher, which she subsequently sends to the general ledger department. The general ledger clerk posts journal vouchers and payroll summaries to the digital general ledger using department computer.

**Required:**

- i. Identify the **FOUR (4)** weaknesses depicted in the flowchart above.  
(8 marks)
- ii. Describe the **THREE (3)** physical controls that are needed to reduce or eliminate the risks identified above.  
(6 marks)  
**[26 marks]**



## Question 4

- (a) In the context of Accounting Information Systems (AIS), database is defined as physical repository of financial data. Briefly explain the **FOUR (4)** primary elements of the database environment.

(8 marks)

- (b) eXtensible Business Reporting Language (XBRL) was designed to provide the financial community with a standardised method for preparing, publishing, and automatically exchanging financial information including financial statements of publicly held companies. Discuss **FOUR (4)** categories of XBRL stakeholders.

(8 marks)

- (c) Reports are the formal tools for communicating information to managers. The report may express information in verbal, numeric, or graphical form or any combination of these.

- i. Briefly explain **TWO (2)** broad categories of management reports.

(4 marks)

- ii. Identify **FIVE (5)** attributes of effective management reports.

(5 marks)

**[25 marks]**

**END OF EXAMINATION PAPER**