

THIS PAPER IS NOT TO BE REMOVED FROM THE EXAMINATION HALLS

UNIVERSITY OF LONDON

291 0317 ZB

BSc Examination
for External Students

**COMPUTING AND INFORMATION SYSTEMS AND
CREATIVE COMPUTING**

Accounting Information Systems

Dateline: Thursday 7 May 2009 : 10.00 – 12.15 pm

Duration: 2 hours 15 minutes

Candidates should not attempt more than **THREE** questions. All questions carry equal marks and full marks can be obtained for complete answers to **THREE** questions.

A hand held calculator may be used when answering questions on this paper but it must not be pre-programmed or able to display graphics, texts or algebraic equations. The make and type of machine must be stated clearly on the front cover of the answer book.

© University of London 2009

UL09/909

Page 1 of 2

1. The following information relates to three projects, which Zephur Ltd are considering undertaking:

Project	A	B	C	
	£	£	£	
Initial Capital Outlay	90,000	110,000		
200,000				
Costs per unit				
Materials	7	10	10	
Direct labour	10	12	12	
Selling price per unit	20	25	32	
Units produced and sold	Project	A	B	C
Years	1	10,000	15,000	8,000
	2	12,000	15,000	10,000
	3	15,000	16,000	15,000

Required:

- (a) Calculate the Net Present Value (NPV) using a discount rate of 16% and Internal Rate of Return (IRR) for each project (12 marks)
- (b) Discuss the limitations of the investment appraisal techniques and advise management on which project to invest in. (13 marks)
2. Contrast the difference between financial accounting and management accounting. Include a discussion of the main techniques used in each branch of accounting. (25 marks)
3. Explain the differences between the profits obtained from the traditional system and the ABC system. Which system provides a better estimate of profitability? (25 marks)
4. (a) Briefly define the terms fixed assets, current assets, current liabilities, working capital, gross profit and net profit. (12 marks)
- (b) Financial statements are published for shareholders. What decisions are made by the shareholders and how useful are the published accounts in this process? (13 marks)
5. What are the problems of applying ratio analysis to financial accounts? (25 marks)

END OF EXAMINATION