

**THE INSTITUTE OF CHARTERED
ACCOUNTANTS (GHANA)**



**MAY 2008 EXAMINATIONS
(PROFESSIONAL)**

PART 2

**MIS AND BUSINESS SYSTEMS
(Paper 2.5)**

TIME ALLOWED: 3 HOURS

SECTION A

ANSWER ANY 2 OF THE 3 QUESTIONS BASED ON THE SCENARIO

B2C Ventures, a Shopping Centre Complex operating from a large open floor shop with a giant warehouse, distributes a wide variety of goods for sale.

Distribution of goods to the Sales Outlets, are made upon request from the sections of the store complex. Keeping track of supplies from suppliers to warehouse and distribution to the store complex is a major problem. Records are kept manually.

At the Sales Outlets, sales transactions are being manually recorded.

Management reports for decision making are difficult to get. Sales figures, stock levels, moving stocks reports take weeks to generate. When generated these reports are outdated and inaccurate for strategic decision making.

The newly appointed Accountant has been tasked to automate the operations of the Shopping Centre Complex. An IT consultant has been contracted to get the appropriate technology (ICT) to link the operations of the warehouse, supplies and the sale points to produce management reports for decision making so as to give the company comparative advantage. This will necessitate the implementation of a Local Area Network (LAN) and an integrated package.

The design also links the Local Area Network to the internet for e-business.

Answer any two (2) questions.

QUESTION 1

- (a) i. What is a Local Area Network (LAN)? **(2 marks)**
- ii. Explain any **four (4)** benefits that the integrated system brings to the company. **(8 marks)**
- iii. Describe the most suitable LAN topology for the company. **(4 marks)**
- (b) Recommend, with explanation, any **three (3)** suitable applications packages to run the business to produce management reports for management decision making. **(6 marks)**

(Total: 20 marks)

QUESTION 2

It is proposed that the operational system will allow for e-business.

- i. What is e-business? *(4 marks)*
- ii. Explain any **two (2)** each of the business risks and opportunities associated with e-business. *(8 marks)*
- iii. To ensure that appropriate controls and security measures are put in place for business continuity and to prevent disaster, recommend any **four (4)** measures to keep the system from unauthorised access or complete system malfunction. *(8 marks)*

(Total: 20 marks)

QUESTION 3

- (a) Explain **three (3)** advantages and **three (3)** disadvantages of using Integrated Allocation Software over a standalone application software. *(12 marks)*
- (b) Suggest **four (4)** benefits that the company could derive from the computerised system. *(8 marks)*

(Total: 20 marks)

SECTION B

ANSWER ANY THREE (3) QUESTIONS FROM THIS SECTION

QUESTION 4

The management of your company has decided to undertake a business re-engineering of its operations to take advantage of emerging opportunities in Information Communication Technology (ICT) to gain competitive advantage over its competitors.

- (i) What is Management Information System (MIS)? *(2 marks)*
- (ii) Describe the stages in the System Development Life Cycle (SDLC). *(18 marks)*

(Total: 20 marks)

QUESTION 5

- (a) What is meant by the term 'project management'? *(2 marks)*
- (b) Describe any **four (4)** types of resources that can be assigned to projects. *(12 marks)*
- (c) In the context of project management, explain the term 'resource levelling'. *(6 marks)*

(Total: 20 marks)

QUESTION 6

Tomalik Ltd, a manufacturing company, has evolved a plan to expand the horizon of its market. In order to achieve this, the company may either secure a software package for its operations at a cost of GH¢25,000 or contract a software firm, soft-2, to develop a bespoke program for it at a cost of GH¢40,000.

It is envisaged that the bespoke program will be completed, tested, and implemented without much delay.

It is estimated that the bespoke program approach will have a 0.6 probability of ensuring successful operations, while the corresponding probability for the package approach is 0.7.

If the bespoke approach is successful, Tomalik Ltd plans to invest a further GH¢25,000 to enter the foreign market or GH¢5,000 to remain entirely in the local market.

The company anticipates a 0.8 probability of success in the foreign market and 0.7 probability of success in the local market.

If the package approach is successful, a further GH¢27,000 will be invested to enter the foreign market with a probability of success of 0.6 and GH¢7,000 to remain entirely in the local market, with a 0.5 probability of success.

Success in the foreign market will fetch the company GH¢140,000 with the bespoke approach and GH¢180,000 with the package approach.

Success in the local market will fetch the company corresponding amounts of GH¢50,000 and GH¢70,000 respectively.

Required:

Using a decision tree, determine which software approach Tomalik Ltd should adopt, and which market it should enter in the event of success.

(20 marks)

QUESTION 7

- (a) State and explain **four (4)** characteristics of management information systems. **(8 marks)**

- (b) Explain **four (4)** Transaction Processing Systems, giving examples of how they are applied in an organisation. **(12 marks)**

(Total: 20 marks)