

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



**MAY 2009 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

Two business organisations namely Kenneth Enterprise and Kudolo Enterprise were both registered in Azarbajan in 1960 to start business operations. In the following years, however, Kenneth enterprise expanded quickly by adopting a strategy of everyday low prices. Kenneth Enterprise used Information Technology (IT) to track sales in all its stores and to replenish its fastest selling products. Kenneth Enterprise also demonstrated its willingness to spend needed funds on IT by installing registers with bar-code scanners in each store during the late 1960s, which fed the sales data into the back-end store computers. This resulted in Kenneth enterprise data on sales being always current and accurate. The store managers of Kenneth Enterprise therefore knew what was selling well and what was not.

In time many orders were routed straight from the Kenneth enterprise store to the appropriate supplier, and the delivery went from that supplier directly to the store. Kenneth enterprise also developed an Extranet to work closely with the Intranets of key suppliers on problems such as how to increase sales on specific products.

By 1973, with its cutting edge Information System, Kenneth Enterprise was spending only two cents per dollar getting goods to its stores while Kudolo enterprise was spending five cents per dollar, from that differential alone, Kenneth Enterprise could sell the same product at a price of 3 percent lower than Kudolo Enterprise.

In 1980, Kenneth Enterprise was voted as the best Business Enterprise with annual sales of 20 billion dollars compared with Kudolo Enterprise's 5 billion dollars.

Kudolo Enterprise, in contrast used a promotion-driven business model, drumming up business by spending heavily on advertisement. In an attempt to catch up with Kenneth Enterprise, Kudolo Enterprise started investing 2 billion dollars to modernize its Information System in 1985. Kudolo Enterprise developed capabilities to collect the necessary data but it did not use them to forecast demand. Instead the business unit relied on the management's judgement.

Kudolo Enterprise continued to lose ground to its competitor while it gained the image of being old fashioned, outdated and inefficient.

QUESTION 1

- (a) Discuss **two (2)** reasons that made Kenneth enterprise adopt the strategy of everyday low prices.

(10 marks)

- (b) Explain why decisions that are supported by Information are more efficient than decisions not based on Information.

(10marks)

Total: 20 marks

QUESTION 2

- (a) Describe **three (3)** capabilities of the Internet. *(9 marks)*
- (b) Discuss any **two (2)** differences between Intranet and Extranet. *(6 marks)*
- (c) Describe **one (1)** Input Device used by Kenneth Enterprise and highlight on its efficiency. *(5 marks)*

Total: 20 marks

QUESTION 3

- (a) What lesson can be learnt from Kudolo's Enterprise Information System which incurred a cost of 2 billion dollars? *(4 marks)*
- (b) What is E-commerce? *(4 marks)*
- (c) Discuss **four (4)** reasons to show why Ghana is not yet ready for E-commerce. *(12 marks)*

Total: 20 marks

SECTION B

ANSWER ANY THREE (3) QUESTIONS FROM THIS SECTION

QUESTION 4

- (a) With regards to the controls in the Information Systems (IS) environment, distinguish between 'general controls' and 'application controls'.
(10 marks)
- (b) The systems Development Life Cycle (SALC) is concluded with the post-implementation review of the system.

You are required to explain when the review is due, and the purpose for it.

(10 marks)

Total: 20 marks

QUESTION 5

- (a) Bespoke applications systems that are developed in the Information Systems (IS) department have to pass through the following three stages:
- i. Requirements Analysis
 - ii. Systems Design
 - iii. Programming

Describe the testing associated with each of these **three (3)** stages of the systems development process.

(15 marks)

- (b) In the context of software testing, explain what is meant by:
- i. Performance testing
 - ii. Usability testing

(2 marks)

(3 marks)

Total: 20 marks

QUESTION 6

(a) What is “Wide Area Network (WAN)”?

(2 marks)

(b) List **five (5)** components of a Wide Area Network.

(10 marks)

(c) State any **four (4)** security issues associated with WANs.

(8 marks)

Total: 20 marks

QUESTION 7

(a) State **four (4)** security management measures for Internet users to observe to protect computer system resources from intruders.

(8 marks)

(b) i) What is a Computer Virus?

(2 marks)

ii) State any **two (2)** ways of preventing a virus infection of a computer system.

(2 marks)

(c) Explain **four (4)** effects that a Computer Virus can have on corporate computer systems.

(8 marks)

Total: 20 marks