

ACT B304F TMA 1

Due date: 7th March 2016

Instructions: This is an individual assignment. Answer all questions.

As a mechanism to maintain academic integrity, you are required to submit both hard and soft copies of your assignments as below:

- i. Submission of hard copy
You should put a hard copy of the assignment in the collection box between 9:00 am and 6:00 pm on or before the submission due date.
- ii. Submission of soft copy
You should upload a soft copy of the assignment to the OLE of the course on or before 6:00 pm on the submission due date. Files uploaded to the OLE should be in MS Word format.
- iii. Late submission
10% of the marks awarded to the assignment will be deducted for each calendar day it is overdue until both hard and soft copies are submitted.

Please note that only the hard copies of your assignments will be graded and returned.

Please read the following case before you attempt Questions 1 and 3.

Accounting Information Systems in Caesar Ltd.

Caesar Ltd is a kitchenware manufacturer. The company uses a periodic inventory system to record inventory levels. When customer orders are received, the sales department will send a copy of the customer order to the production floor. The customer order will initiate the production process and indicate the potential need of parts not available in inventory. The inventory clerks search for parts. If parts are out of stock, the inventory clerks will issue two copies of a purchase requisition. The production manager approves the purchase requisition. One copy of the approved purchase requisition is sent to the purchasing manager and the order copy is sent to the accounting department.

The buyer checks the suppliers' prices for the required parts and recommends two suppliers. The purchasing manager chooses the supplier and four copies of a purchase order are issued. The first copy is sent to the supplier, the second copy is

kept by the purchasing manager, the third is sent to the warehouse and the last copy is sent to the accounting department. All purchase order copies are filed by supplier number.

It usually takes one week for the ordered parts to arrive. When the parts arrive, the warehouse manager and the inventory clerks inspect and count the parts. The purchase order copy is used as the basis for comparison. A receiving report in three parts is prepared. If prices and quantities received agree with the purchase order and with the information on the packing slip, the parts are accepted. If any difference exists, the production manager will come and decide whether to accept or to reject the parts.

One copy of the receiving report is sent to the purchasing manager and another copy is sent to the accounting department. The original copy is kept at the warehouse. The accounting clerk files the receiving report along with the purchase requisition and the purchase order by supplier number. The clerk also prepares the necessary journal entry and credits the related supplier in the subsidiary ledger. When the supplier invoice is received, the accounting clerk matches the information to the purchase requisition, purchase order and receiving report and prepares a disbursement voucher. This voucher initiates the journal entry for the disbursement of cash and the cashier uses the voucher to prepare a cheque for the treasurer to sign before the cheque is sent to the suppliers.

Question 1 (30 marks)

- i. Using the information in the case study, draw a document flow chart for Caesar Ltd.
- ii. Using the information in the case study, draw a level 0 DFD and a context diagram for Caesar Ltd.

Question 2 (25 marks)

The bill of materials form that Caesar Ltd uses in the production floor is 1 this:

Bill of Materials		
Product: 001 Desk		Normal Batch Quantity: 10
Material No.	Description	Quantity
1	Desk top	1
5	Leg	4
22	1inch Nail	10

Caesar Ltd. Purchase Order					
PO No.: 123456					
To: ABC Wood Ltd.		Vendor No.: 005 30 Good Shepherd Street, Ho Man Tin, Kowloon			
Date Ordered: 15-1-2016		Date Needed: 25-1-2016		Terms: 2/10, n/30	
Purchasing agent: Peter Lee					
Purchase request No.	Part No.	Desc.	Quantity	Unit Price	Total Price
22	1	Desk Top	100	50	5,000
28	5	Leg	400	10	4,000
Prepared by: Peter Lee		Approved by: June Poon		Total amount: 9,000	

Develop a set of relational database table for keeping the data of the bill of materials and the purchase order. Your design should be in third normal form and the database anomalies should be eliminated. You need to identify the primary key, foreign key and non-key attributes in your design.

Question 3 (25 marks)

The management of Caesar Ltd wants to improve the company's operations and at the same time improves its financial position. They find a software solution provider and the consultant suggests Caesar Ltd to implement an electronic data interchange (EDI) system.

Required:

Explain and discuss one possible implementation of an EDI system at Caesar Ltd. What areas should the management of Caesar Ltd concentrate on and what are the related problems and solutions associated with implementation EDI?

Question 4 (20 marks)

Discuss the following:

- i. Many new accounting information system development projects underestimate transaction volumes because they do not take into account how the new system can actually increase demand. Explain how this can happen, and give an example.
(10 marks)
- ii. Most companies in Hong Kong underestimate the cost and time requirements of the system development life cycle. Why does this occur? In what stages do you think the underestimates are most dramatic? Why?

Please explain your answers in detail.

(10 marks)

[End of TMA 1]