

IMIS DIPLOMA QUALIFICATIONS

The Business Context of Information Systems (D2)

Tuesday 3rd June 2014 14:00hrs – 17:00hrs

DURATION: 3 HOURS

Candidates should answer ALL the questions in Part A and THREE of the five questions in Part B. Part A carries 40% of the marks available and Part B carries 60%. Candidates should allocate their time accordingly.

No reference material of any kind may be taken into the examination.

[Turn over]

PART A. Answer ALL questions in this section**Question A1**

A group of friends plan to start a new business and agree that this business should be in the form of a Partnership.

Identify THREE disadvantages or risks that may occur in relation to this form of business structure.

(5 marks)

Question A2

The Acid Test Ratio, also known as the Quick Ratio, differs slightly from the Current Ratio.

a) What asset is excluded in the calculation of the Acid Test Ratio?

(1 mark)

b) Why is it argued that this factor should be excluded when measuring the solvency of a business?

(4 marks)

(Total 5 marks)

Question A3

The long term financial structure of a company has two principle components:

Ordinary Share Capital – also known as Equity

Loan Capital – also known as debt capital or fixed cost capital

a) Define the calculation of the balance sheet gearing ratio.

(2 marks)

b) Explain the term 'highly geared' and give ONE disadvantage of highly geared companies.

(3 marks)

(Total 5 marks)

Question A4

Define and briefly explain what is meant by Indirect Cost or Overhead.

(5 marks)

Question A5

Identify THREE different reasons why businesses would seek to obtain and hold full and detailed information about their customers.

(5 marks)

Question A6

The Balance Sheet has several different sections:

Fixed Assets	(F)
Current Assets	(C)
Reserves	(R)
Liabilities	(L)

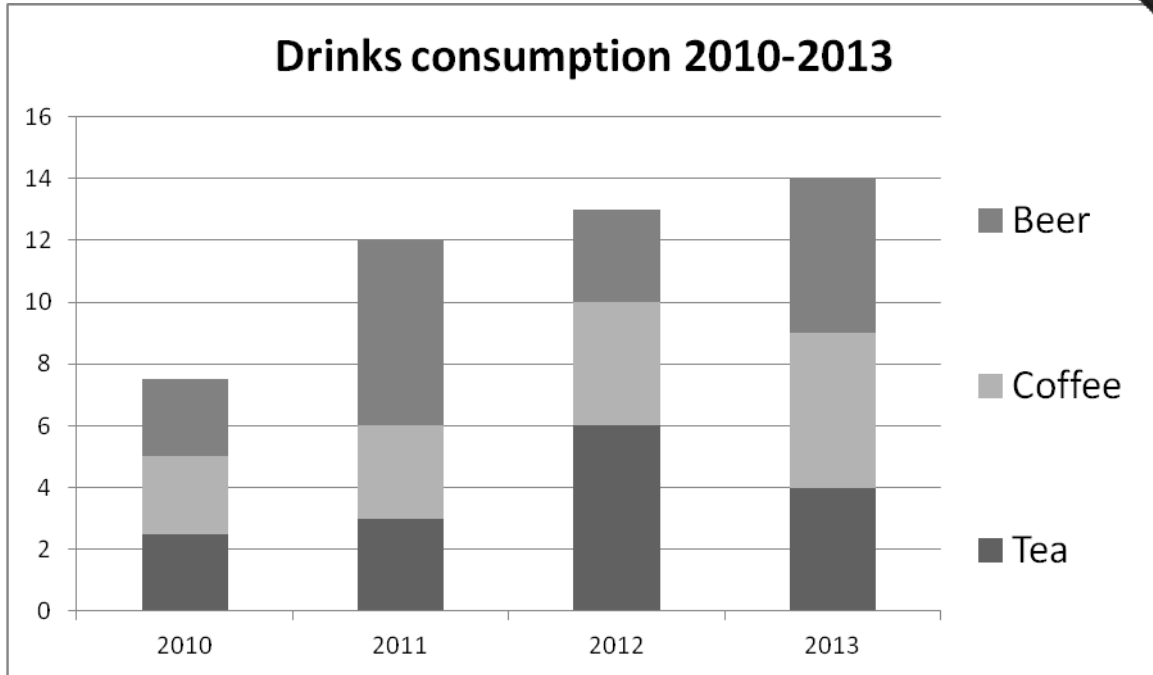
Each of items below would be represented somewhere within a Balance Sheet.

Indicate in which of the four sections of the balance sheet they would appear, you may use the indicated letter codes (above) in your answer.

- Taxation that the company is due to pay but has not yet paid.
- Debtors.
- This year's profit retained within the business.
- A motor lorry owned by a business that buys and sells commercial vehicles.
- A motor lorry owned by a business that buys and sells fruit and vegetables.

(5 marks)

Question A7



- a) What specific type of chart is being used here to present the data? **(2 marks)**
 - b) In which year was Beer consumption at its highest? **(1mark)**
 - c) Which drink showed the most consistent growth trend between 2010 and 2013? **(2marks)**
- (Total 5 marks)**

Question A8

Define what each of the following acronyms or abbreviations refer to in modern manufacturing:

- a) CAM
- b) TQM
- c) CNC
- d) JIT
- e) CAD

(5 marks)

PART B. Answer THREE questions only from this Section.

Question B9

a) Identify and explain THREE benefits of Budgetary Control.

(12 marks)

b) Identify and explain TWO problems associated with Budgetary Control.

(8 marks)

(Total 20 marks)

Question B10

Discuss FOUR ways in which national governments may act to improve and encourage business prospects when the economy is depressed.

(20 marks)

Question B11

Movements in interest rates within the economy can have a direct impact on a business and also have indirect effects in changing future strategy.

Discuss FOUR effects on business that may result from increased interest rates within the wider economy.

(20 marks)

Question B12

In many organisations the Human Resources function operates an Employee Appraisal Scheme in which each employee meets regularly with their line manager.

From the employers point of view, identify and discuss FOUR purposes of Employee Appraisal.

(20 marks)

Question B13

- a) Carefully draw a simple and typical Stock Control Chart that clearly illustrates and identifies:

- The maximum stock level
- The Re-order quantity
- The Lead time
- The Re-order level
- The minimum stock (buffer stock) level
- The typical movement pattern of stock levels
- Each axis of the chart correctly labelled

(14marks)

- b) Explain TWO factors that may influence the choice of the Minimum Stock (Buffer Stock) level for a particular stock item.

(6 marks)

(Total 20 marks)