

RUTGERS

Rutgers Business School
Newark and New Brunswick

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**Accounting Information
Systems**

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A.I.S. Class 23: Outline

- **A.I.S. and Financial Accounting**
- **Ash Accounting**

A.I.S. and Financial Accounting

- Imagine you are an accounting professor. A prospective student who is considering majoring in accounting has asked you to explain the relationship between the material studied in A.I.S. and that studied in Intermediate Accounting. Explain how the material in each class complements the other, why both are needed, and the nature of the challenges currently facing the accounting profession with regard to the provision of valuable business information. *Be challenging!*

A.I.S. and Financial Accounting

■ An Accounting View

- * Accounting methods were developed and and have been working for over 500 years
- * Financial reporting is crucial to our capital markets and the successful functioning of our economy
- * Financial reporting is controlled by legislation, regulation, and professional (accounting) standards
- * The system of ledgers, accounts, debits and credits has been continuously refined
- * All that really matters is the data needed to produce financial statements
- * Information systems are simply an efficient tool for providing the required reports

A.I.S. and Financial Accounting

■ A Systems View

- * Traditional accounting has focused only on certain events, on a limited amount of data regarding them, and on summary information
- * Database Accounting Information Systems allow for capturing a fuller set of events and a richer base of data regarding them
- * Detail is maintained and summaries can be materialized from it
- * All that really matters is the actual events that have taken place
- * Financial reports are just one possible output that can be produced from the rich data set maintained

Ash Accounting

- Stage 1
 - * Flowcharting existing system
- Stage 2
 - * Steps 1 – 6: Logical data modeling
- Stage 3
 - * Step 7: Logical process modeling: DFDs
 - * Step 8: Physical design: Data Repository Structure
- Stage 4
 - * Internal Controls
- Stage 5
 - * Step 9: Implement the design – tables, forms and macros

Ash Accounting

■ Stage 6

* Step 9: Implement the design – queries & reports

- Some queries were already needed for Forms – many more now needed
- Still some issues relating to Switchboards
- Reports are our main topic for today, and are typically the main weakness of projects . . .
- . . . though Switchboards are also usually a problem . . .
- . . . and currently many groups still do not have the right tables

Ash Accounting

■ ACCESS

* Database Utilities

● Compact and Repair Database

- Office Button, Office Options, Current Database, Compact on Close
- Office Button, Manage, Compact & Repair

● Switchboard Manager

- Database Tools, Switchboard Manager

● Startup

- Office Button, Office Options, Current Database, Display Form
- Office Button, Office Options, Current Database, Ribbon and Toolbar Options

Ash Accounting

- **PEACHTREE**
 - * Take a look at the reports available

Ash Accounting

- What kind of CSB&CC reports do we need?
 - * Client Acceptances
 - * Assignment Details
 - * Budgets
 - * Invoices
 - * Fees Received
 - * Fees Written Off
 - * WIP
 - * Combined Percentage Report
 - * Accounts Receivable
 - * Aged Debts

Ash Accounting

- What kind of CSB&CC reports do we need?
 - * Revenue
 - * Sales Tax ?
 - * Unearned Revenue ?
 - * Credit balances ?
 - * Prior Revenue written off
 - * Revenue Analyses
 - Month
 - Service
 - Type of customer

Ash Accounting

- Report these specific amounts and reconcile:

Accounts Receivable 3/31/2009	XXXXXXX	
Less: Credit Balances 3/31/2009	<u>XXXXXXX</u>	
		XXXXXXX
Account Receivable 12/31/2008	XXXXXXX	
Less: Credit Balances 12/31/2008	<u>XXXXXXX</u>	
		(XXXXXXX)
		XXXXXXX
Cash Receipts 1 st Quarter 2009		<u>XXXXXXX</u>
		<u>XXXXXXX</u>
Sales Revenue 1 st Quarter 2009	XXXXXXX	
Less: Reversal of prior year Revenue	<u>(XXXXXXX)</u>	
		<u>XXXXXXX</u>

Ash Accounting

- What kind of reports do we need – key reports
 - * **Human Resource Management**
 - WIP
 - Payroll Register
 - Checks
 - * **Purchases**
 - Payment Checks
 - Analysis of Expenses by type – showing dollar value and percentage of total
 - * **Fixed Assets**
 - Fixed Assets Note
 - * **All**
 - Financial statement numbers! . . .

Ash Accounting

- Financial Reporting
 - * Chart of Accounts
 - Cash
 - Accounts Receivable
 - Allowance for Doubtful Accounts
 - Inventory
 - Supplies
 - Prepaid Insurance
 - Property, Plant & Equipment
 - Accounts Payable
 - Interest Payable

Ash Accounting

■ Financial Reporting

* Chart of Accounts

- Salaries Payable
- Long-Term Debt
- Common Stock
- Additional Paid-In Capital
- Retained Earnings

- Revenues
- Selling, General and Administrative Expenses
- Interest Expense

Ash Accounting

- Stage 6 Reporting
 - * Some ACCESS features
 - Update Queries
 - Append Queries
 - * Materializing data and reports
 - * Storing historical views of data
 - A practical compromise . . .
 - * Produce all reports based on *parameters* for period
 - Start Date and End Date

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■ Sales Tax

* NJ

- Delivery – generally taxable in NJ (Ash Accounting N/A)
- Customer pick-up – generally taxable in NJ (Ash Accounting N/A)
- Shipping to NJ address – generally taxable in NJ
- Sales Tax (NJ)
 - Computers etc. 7%
 - Clothing 0%
- Delivery charge taxable (Ash Accounting N/A)
- Shipping charge not taxable
- Ash Accounting in any case does not pass on Shipping Charges
- Ash Accounting customers do not all have NJ Sales Tax Resale Certificates

* Out of State

- Ash Accounting has no nexus – no Sales Tax ?

Ash Accounting

