

ACCOUNTING SYSTEM: A DESCRIPTIVE STUDY

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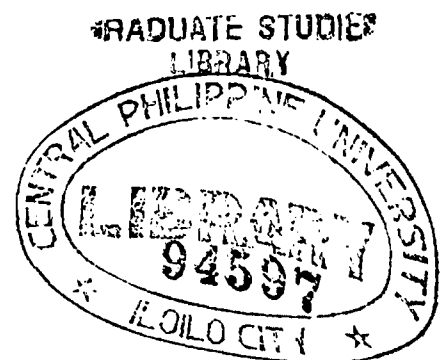
MASTERS IN BUSINESS ADMINISTRATION

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by

GLORIA GONZALES BIADO

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## INTRODUCTION

We are surrounded by systems. There are systems in transportation, the distribution of goods and services, education, manufacturing and almost every other human economic activity.

Lucas, in his book, *The Analysis, Design and Implementation of Information System*, stated that the system develop is a change agent in the firm. A great deal of satisfaction can come from implementing a system that substantially changes and improves the organization. He further explained that systems can often improve the working environment of their users as well as contributes to the firm's operations.<sup>1</sup>

I.T. Hawryszkiewicz, in his book, *Introduction to Systems Analysis and Design*, stated that it is necessary to set up the right procedures to ensure that all the organization's personnel have all the data needed for their work. To do this, there are numerous things to be done. Equipment must be chosen and new procedures designed.<sup>2</sup>

The following are the initial data from a newly registered corporation that awaits implementation of its accounting system.

## ORGANIZATION

On January 31, 2000, Jaybee Global Foods, Inc.\* was registered with the Securities and Exchange Commission. It was registered with the Bureau of Internal Revenue RDO No. 75 on February 21, 2000.

\* not the real Corporate name, to protect the existing Corporation

<sup>1</sup> The Analysis, Design and Implementation of Information System, Henry C. Lucas Jr. 4<sup>th</sup> edition pp. 6

<sup>2</sup> I.T. Hawryszkiewicz, Introduction to Systems Analysis & Design, 2<sup>nd</sup> Edition pp. 7

The main office is located in a town around 48 kms. from Iloilo City. It opened branch and outlets in Iloilo City and after registering with the Bureau of Internal Revenue, RDO No. 74 on June 2, 2000.

## **PRIMARY PURPOSE**

The main purpose of the corporation is to engage in, conduct, and carry on the business of buying, selling, distributing marketing at wholesale and retail insofar as maybe permitted by law, all kinds of goods, commodities, wares and merchandise of every kind and description; to enter into all kinds of contracts from the export, import, purchase, acquisition, sale at wholesale or retail and other disposition for its own accounts as principal or in representative capacity as manufacturer's representative, merchandise broker, indenter, commission merchant, factors or agents, upon consignment of all kinds of goods, wares merchandise or products whether natural or artificial.

The Corporation was also organized to take over the marketing of meat produced by a local breeding farm. Before its incorporation and affiliate breeding Company functioned as a marketing company as well.

## **CAPITALIZATION**

Authorized capital stock of the corporation is P 20,000,000 divided into 20,000 shares with a par value of P 1,000 per share.

As required by law at least 25% of the authorized capital stock has been subscribed, and at least 25% of the total subscription has been paid.

Amount subscribed by five stockholders amounted to P 5,000,000 and paid up capital stock amounted to P 1,250,000

## **OTHER MATTERS**

The Corporations pays a monthly rent of P 80,000 per month. The contract of lease is for five years. It is three story building located within the district of Jaro, Iloilo City. It has an estimated floor area of 300 sq. m.

There are four sales girls that also serve as cashiers. Three personnel are assigned to package and deliver orders. The store sells assorted products, varying cuts of pork, beef and chicken. These are kept fresh by three freezers.

The corporation has a fully air-conditioned store, a telephone, a cash register machine, comfort rooms one for men and one for women.

The office occupying the second floor has one unit of air-condition, one unit of component, two units of telephone located at accounting division and administrative divisions, one fax machine, two units computers and one printer. Each personnel is provided with a table and a chair. Accounting department is separated from each other departments by wooden dividers.

As part of accounting control system, the company uses sales invoices to support sales and issues official receipts when customers pay their accounts. Delivery receipts are used as supporting documents for orders on accounts, and check voucher for payment of Company's expenses.

For security purposes, the company avails of the services of three security guards. The company uses Bundy clock to record incoming and outgoing of personnel. A logbook is maintained for visitors.

#### **DECISION TO PREPARE AN ACCOUNTING SYSTEM MANUAL**

The chief accountant approved the proposal to prepare an accounting system manual.

## **Objectives of the Study**

1. To be able to prepare an accounting manual to document and describe the accounting system of Jaybee Global Foods, Inc.
2. To document the job description of each personnel assigned to perform accounting related tasks.
3. To define each account used in recording and preparation of financial statement.
4. To show samples of accounting accountable pre-numbered forms and payroll-related documents.