

Accounting information system

Business



Accounting Information System: Click on the file below to access the Accounting Information System based on excel sheet: Flow Chart: Input Transactions

Process

Journal Entries

Adjustments

Trial Balance

Output

Profit & Loss Account

Balance Sheet

REPORT

The Accounting Information System for this company has been setup as a complete system to reflect the whole procedure of processing the accounting transactions. It starts from recording journal entries (double entry system) and the adjusting entries, continues to the preparation Trial Balance, and finally to Profit and Loss statement and Balance Sheet. As per the system, all the 30 transactions have been processed, starting from the Journal entries to adjustments, to trial balance, to profit and loss statement and finally the balance sheet, reflecting the effectiveness of the information processing system.

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The company has invested all the prize money in the business and constantly strives to enhance its products' sales. The money invested has been utilised towards purchase of different products to be resold to customers at a different price. The business has recorded a 25% gross profit margin on total sales, which is a sign that the company is using its investment in an effective way to generate profits.

The resulting net loss of the company is due to the expenses incurred by the company on wages and rent. This tendency should be curbed to maintain a profit level for the company in future. However, this doesn't at all symbolise the ineffectiveness of business operations, as the company has recorded a sufficient level of sales and gross profit, but the operating expenses amounted to more than the gross profit. Therefore, the net loss of this period can easily be converted to profit by minimising and reducing the operating expenses and maintaining the current sales level.