BSA 2206 – Accounting Information Systems II
BSA 2: SEM TWO
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Topic 1.2: Financial Accounting systems

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Tuesday / Friday: 01:00pm -03:00pm
Tuesday/Friday : 05:30 pm - 07:30 pm

Financial Accounting systems

- Objectives of Financial reporting
- Qualitative characteristics of accounting information
- Elements of Financial Statements of a business enterprise
- The accounting cycles
- Preparing Financial systems in Microsoft Excel
- Accounting in Excel
- Creating an accounting model

Financial Accounting System

o Financial Accounting Systems maintains the database that generates financial statements.

o The elements of an accounting system are structured by the requirements of financial statements.

o Ledger accounts and journals are the main building blocks of the process.

o General ledger system functions as the primary database of any accounting system, manual or computerized.

o The journal system operates as a check to the data entry in the ledger system.

o Journal and ledger systems play a vital role in the accounting process.

o They facilitate the financial and operating controls.

The Accounting Cycle

1. Recognizing and analyzing the transactions.
2. Recording the transactions in the journal.
3. Posting the entries to the ledger
4. Making adjusting entries
5. Preparing the financial statements
6. Closing the ledger accounts and preparing for the beginning of the new accounting period.

Structure of the Accounting System

Items	Examples
1. Financial statements and reports -Periodic-prepared at the end of the accounting period, summarize accounting transactions, provide information on performance and financial position	Income statement, statement of financial position (Balance sheet)
2. Journals: Book of original entries. Recognizing and Recording of transactions, identification of debits and credits, and posting to the ledger accounts. Date, value, account classification.	Sales journal, accounts receivable, purchase journal, accounts payable journal, cash receipt, General journal.
3. Ledger accounts: Accounting transactions are classified and summarized in the ledger accounts. **A** database for accounting transactions data classifying data into common categories and providing input to periodic summary statements.	Assets accounts: Cash, property, plant, inventory, receivables. Liabilities: Accounts payable, expenses payable, bonds payable. Owner's equity: capital, retained earnings Revenues: sales, fees, interests, commissions Expenses: Cost of goods sold, operating expenses, utility expenses.

Accounting systems templates

GENERAL JOURNAL FOR MERCHANDISING COMPANY

Data last entry date: 25/01/17

Date	Transaction Code	Supplier/Customer Code	Description	CoA	Account Name	Debit Balance	Credit
24/01/17	R-092	S003	Purchase Return 1 Unit Mobile Phone C	2110	A/P - Trade	369,33	
24/01/17	R-092	S003	Purchase Return 1 Unit Mobile Phone C	5300	Purchase Discounts - All Products	59,25	
24/01/17	R-092	S003	Purchase Return 1 Unit Mobile Phone C	5400	Purchase Returns and Allowances - All Products		395,00
24/01/17	R-092	S003	Purchase Return 1 Unit Mobile Phone C	2130	VAT - Input		33,58
25/01/17	R-870	C005	Sales Return	4300	Sales Returns and Allowances - All Products	790,00	
25/01/17	R-870	C005	Sales Return	2140	VAT - Output	71,10	
25/01/17	R-870	C005	Sales Return	1250	Account Receivables		782,10
25/01/17	R-870	C005	Sales Return	4200	Sales Discounts - All Products		79,00

ABC's Ledger Accounts

Cash A/C — Page 1.
Shs. / Shs.
Oct. 1 Capital 20,000,000
20 Land 500,000
Oct. 2 Land 3,000,000
17 Vehicle 10,000,000
30 Drawings 800,000

Capital A/C — Page 2
Shs. / Shs.
Oct. 1 Cash 20,000,000

$ in mln	2019	2020	2021
Revenue	2,922	2,984	3,040
Cogs	(1,401)	(1,383)	(1,367)
Gross Profit	**1,521**	**1,601**	**1,673**
Operating expenses	(1,212)	(1,245)	(1,068)
EBITDA	**309**	**356**	**605**
D&A	(31)	(44)	(41)
EBIT	**278**	**312**	**564**
Interest expenses	(50)	(67)	(55)
EBT	**228**	**245**	**509**
Taxes	(208)	(210)	(209)
Net Income	**20**	**35**	**300**

40_Statement-of-Financial-Position.xlsx

Preparing Financial Statements

- Excel basics: add, subtract, multiply, and divide values in MS. Excel sheets or workbooks.

- Start; All programs, MS Office

- MS Excel window; title bar, menu bar, Toolbar, formula bar, status bar, formatting, cell, worksheet, workbook.

- Cell referencing : (=); Two levels: Relative-Cells referenced in the formula change when one drags that formula.

  - Obsolete: referencing is used where one does not want the cells referenced on the formula to change when dragging.

  Financial accounting modeling basics.xls

Financial Accounting in Excel Steps: