

Analysis and Study of Account Management System

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ABSTRACT

The root of all business analysis and forecasting is the record keeping system. Accounting is a subject that is taught everywhere with common principles, but the methods of entering business transactions can be entirely different across the wide variety of accounting software on the market. Attempt to understand the principles of accounting, and then do your best to adapt those principles to the particular software that you have.

Double-entry accounting was invented long before computers came along. Along with double-entry accounting came a new vocabulary; the most common terms of which are debits and credits. For those of you who have formally studied accounting the following section may be a review from a different perspective. Formal accounting is not necessary for the use of most accounting programs, but a working understanding of

whether an entry for a transaction should be a debit or credit will reduce the confusion of entering transactions. As you work with your accounting program you will become more familiar with how it operates and begin to think in terms of debits and credits.

The first thing one need to do when learning about debits and credits is to concentrate on the accounting definition for debit and credit and forget any other connections for a second. For instance, a debit is not a debt, though they both were derived from the same Latin root. Credit, as it is used for lending, comes closer to having the same meaning, but it isn't exact.

*The research on **Analysis and Study of Account Management System** is completely attached with database system. In this research we can attach visual basic 6.0 programming language, database with Crystal Reports. We can attach with database of an Accounting System and*

generate the Analysis and Study of Account Management System. If we required enter information on the form and create the print using print command then we are making an Account Management System. So my research is that if we required enter the data of Groups, Multigroups, Ledgers, Vouchers, Daybook, and Month Summary then we can create the Trial Balance, Profit Loss and Balance Sheet of the organization. This research is used for maintained the account system of organization which is very tough task and which is better for the organization to make an efficient Accounting system. This research is completely based on coding.

Keywords: - Visual Basic 6.0 Programming, Database, Visual Basic Programming Control i.e. ADO and Reporting tool Crystal Report.

INTRODUCTION

When a business is very small, all the double entry accounts can be kept in one book, which we would call a 'ledger'. As the business grows it would be impossible just to use one book, as the large number of pages needed for a lot of transactions would mean that the book would be too big to handle. Also, suppose the firm has several bookkeepers. They could not all do their

work properly if there were only one ledger. The answer to this problem is for us to use more books- more ledgers. When we do this, we put similar types of transactions together and have a book for each type. In each book, we will not mix together transactions, which are different from each other.

When a transaction takes place, we need to record as much as possible of the details of the transaction. For example, if we sold goods to A Smith on credit. We would also want to record the address and contact information of A Smith and the date of the transaction. Some businesses would also record information like the identity of the person who sold them to A Smith and the time of the sale. Ledger accounts cannot give us all this information so, as a further system of keeping records, firms will also keep books of original entry.

Books of original entry are the books in which we first record transactions. These are not accounts; they are simply books that records the details of a transactions, almost like a diary. The firm will have a separate book for each kind of transaction. The type of the transaction will affect which book it, is entered into. Sales will be entered in one book, purchases in another book, cash in another book, and so on. The books of

original entry are used to record the following:

- The date on which each transaction took place - the transactions should be shown in date order;
- Details relating to the sale are entered in a 'details' column;
- A folio column entry is made cross-referencing back to the original 'source document', e.g. the invoice;
- The monetary amounts are entered in columns included in the books of original entry for that purpose.

Types of books of original entry

Books of original entry are also known as either 'journals' or 'daybooks'. The term 'day book' is, perhaps, more commonly used, as it more clearly indicates the nature of these books of original entry - entries are made to them every day.

The commonly used books of original entry are:

- Sales daybook (or Sales journal) - for credit sales
- Purchases daybook (or Purchases journal) - for credit purchases

- Returns inwards daybook (or Returns inwards journal) - for returns inwards
- Returns outwards daybook (or Returns outwards journal) - for returns outwards
- Cashbook - for receipts and payments of cash and cheques
- General journal (or just 'The journal' if the term 'Daybook' is used for other books of original entry) - for other items

The cashbook is a combined account of the cash account and the bank account. It is the only one of the six daybooks that is both an account and a daybook at the same time. Apart from the cashbook, all the other double-entry accounts are kept in one of the three ledgers.

Source documents

All the daybooks are constructed on the basis of transfers from original source documents. These are items of business use that contain financial data related to business transactions. The main source documents a firm is likely to use are as follows:

- Purchase invoice: Received by the firm from suppliers when buying goods on credit
- Sales invoice: Sent by the firm when selling goods on credit
- Debit notes: Received by the firm from suppliers when goods purchased are returned to the original supplier
- Credit notes: Sent by the firm to customers who have returned the goods
- Cheque counterfoils: From the chequebook to show cheques paid out
- Paying slip; Evidence of money paid into bank accounts
- Till rolls: Evidence of cash being received
- Petty cash vouchers: Slips to indicate small amounts of cash being paid
- Bank statements: A summary of the bank account from the banks point of view.

PROBLEM FORMULATION

Before developing research we keep following things in mind so that we can develop powerful and quality research.

PROBLEM STATEMENT

Problem statement was to design a module:

- Which will be user friendly?
- Which will restrict the user from accessing other user's data?
- Which will help the user in viewing his data and privileges?
- Which will help the administrator to handle all changes?
- In which further additions can be made without changing its design drastically.
- Which would restrict the server traffic?

In accounting, finance and economics, an **accounting identity** is an equality that must be true regardless of the value of its variables, or a statement that by definition (or construction) must be true. Where an accounting identity applies, any deviation from numerical equality signifies an error in formulation, calculation or measurement.

The term accounting identity may be used to distinguish between propositions that are theories (which may or may not be true, or relationships that may or may not always hold) and statements that are by definition true. Despite the fact that the statements are by definition true, the underlying figures as measured or estimated may not add up due

to measurement error, particularly for certain identities in macroeconomics

The most basic identity in accounting is that the balance sheet must balance, that is, that assets must equal the sum of liabilities (debts) and equity (the value of the firm to the owner). In its most common formulation it is known as the accounting equation:

Assets = Debt + Equity

Where debt includes non-financial liabilities Balance sheets are commonly presented as two parallel columns, each summing to the same total, with the assets on the left, and liabilities and owners' equity on the right. The parallel columns of Assets and Equities are, in effect, two views of the same set of business facts.

FUNCTIONS TO BE PROVIDED

The various features that the proposed system will possess will be:

- The system will be user friendly and completely menu-driven so that users shall have no problem in using all the options provided.
- The system will be efficient and fast in response by careful programming.
- The system will be customized according to the needs of the organization.

- It will provide overall security to database both from user as well as administrator side.

OBJECTIVE

According to the situation of the problem, a solution is provided to use a Visual Basic programming connects with database of Accounting System according to requirement of the user.

The purpose and goal of accounting system is to enter financial transaction records so that when financial statements and reports are run, the company's assets are equal to its liabilities plus owners' equity (net worth). This formula is expressed in accounting terms as:

Assets = Liabilities + Owners' Equity (Net Worth)

In the double-entry accounting method every journal entry transaction is recorded in the journal once, but affects two different accounts (using a Chart of Accounts):

1. The first entry shows a change on the assets side - the debit entry.
2. The second entry shows a change on the equities side - the credit entry.

The double-entry method can be very confusing at first but when entries are properly recorded the account books will balance because the total of all credit entries

will be equal to the total of debit entries. The double-entry accounting method is used by most businesses throughout the world. However, some businesses that have strictly cash transactions may use the single entry bookkeeping method instead. The single bookkeeping method records entries once and is an accounting method much like the way people record checks and deposits in a checking account register.

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RESEARCH METHODOLOGY

What is Algorithm in Computer Science?

Algorithm is a process of problem-solving in step by step to get result. Algorithm is very importance for programmers to do computer programming because it figures out the programming process. Algorithm is a part of problem-solving techniques. After the problem has been raise, we have to analyze the problem first then the inputs and outputs are defined. After that we start to design the algorithm that is a process to transform inputs into outputs.

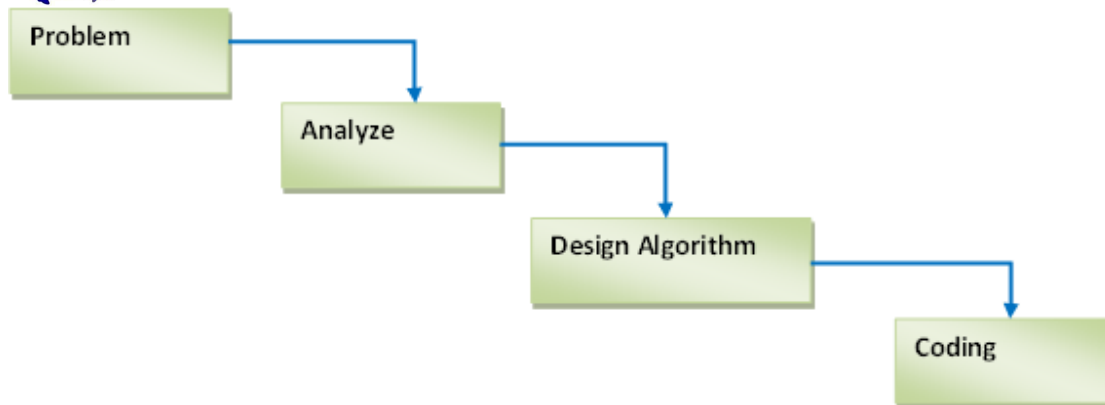


FIGURE. Problem – Solving Technique



FIGURE. Flow – Chart of a Problem

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Analyze: - I analyze this problem which is serious and it should have easy solution. Then I have made an algorithm which is necessary to solve this problem. With the help of this algorithm and database model diagram in my research I am able to access the data of accounting system or also able to generate the well – defined Account Management System of the organization with the programming and support with database and give the results better for any organization.

Design Algorithm: - The steps of this algorithm used in my research are as follow:

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1. Firstly I have made a database which is Account.mdb in MS Access. This database has several tables which are necessary for my research project.
2. My research project front-end is Visual Basic 6.0 and back-end is MS Access and platform used in this research is Window XP.
3. Then I have made the Group Master, Subgroup, Ledger, Multiledger, Voucher Master Forms which are used in visual basic programming language and make a connection provider with ODBC Connection and ADO which is used in VB components.
4. I connect this form with database and database table through the connection provider OLEDB.
5. These forms have the groups, subgroups, ledger, Multiledger etc. then I create all accounting reports which are used to generate the printout.
6. Finally I am able to create the profit loss, trial balance and balance sheets with the help of above forms and full analysis, study and implementation of accounting system and maintain the account of any organization which has the better and efficient

system of any organization. All the work is based on Visual basic programming, Database system and crystal reports.

RESULT

EXPERIMENTAL RESULTS

6.1 AN ANALYSIS & STUDY OF ACCOUNT SYSTEM

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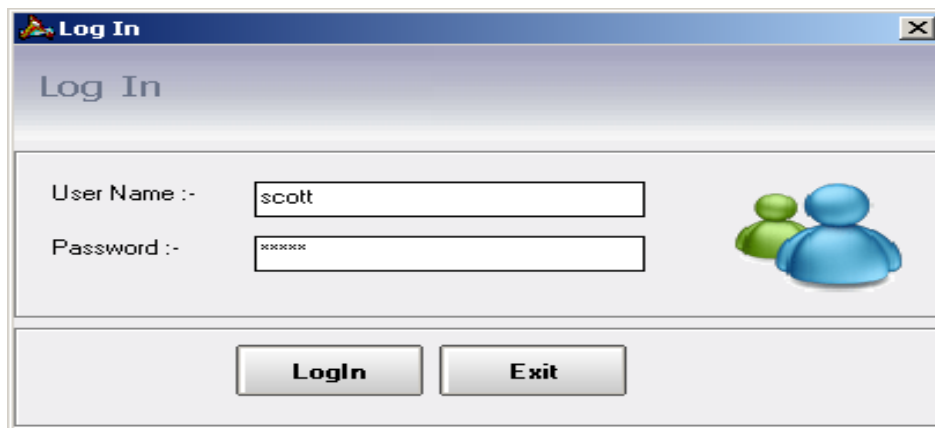


FIGURE 7. My Research Login Form

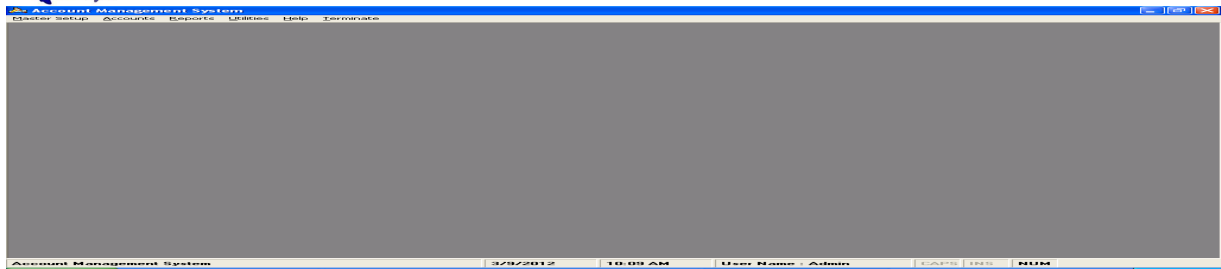


FIGURE 8.The Main MDI Form

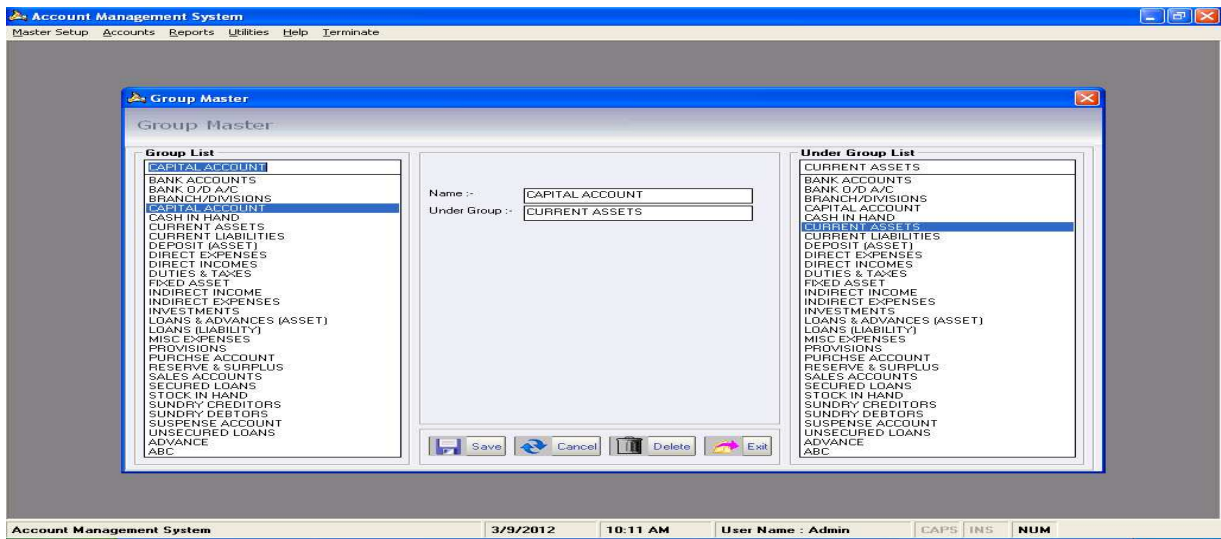


FIGURE 9.The Group Master Form

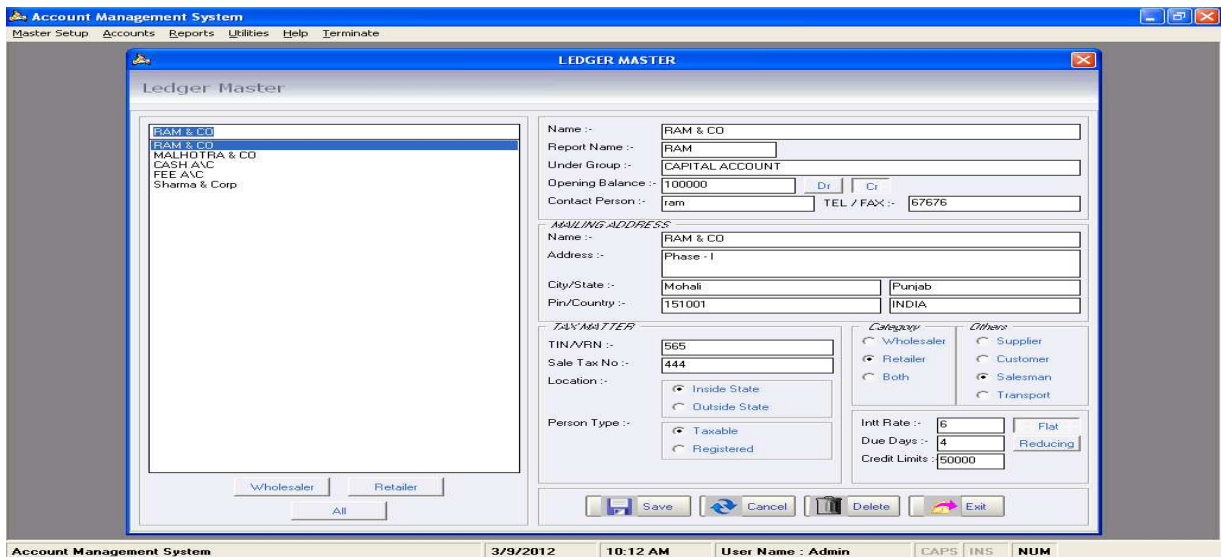


FIGURE 10.The Ledger Master Form

Voucher Entry

Voucher Master

Contra No.: Date: 9 / 6 / 2009

Debit Account:

SrNo	Particulars	Debit	Credit
1	RAM & CO	2000	0
2	FEE ANC	0	2000

Narration: Fees Receipt

Bill No.: 25
Inst.No.: 56
Inst.date: 9 / 6 / 2009
Inst.detail: Nothing

Buttons: Save, Cancel, Delete, Exit

Account Management System | 3/9/2012 | 10:12 AM | User Name : Admin | CAPS | INS | NUM

FIGURE 11.The Voucher Master Form

Report Center

Accounts

Events And Schedules

Exit Report Center

Account Management System | 3/7/2012 | 2:37 PM | User Name : Admin | CAPS | INS | NUM

FIGURE 12.The Account Report Form

P.No : 0164-2281226
Email : softelays@yahoo.com

Softel System And Web Solution Provider
Street 1, Sharma Complex Powerhouse Road, Bathinda
Punjab

Trial Balance View As On : Wednesday, March 07,
GroupWise View

Ss.No	Group	Particulars	Debit	Credit
1	CAPITAL ACCOUNT	RAM & CO	6,640	0
2	CAPITAL ACCOUNT	MALHOTRA & CO	1,700	2,340
3	CASH IN HAND	CASH A\C	1,800	4,000
4	SUNDRY DEBTORS	FEE A\C	0	3,800
Total			10,140.00	10,140.00
Trial Difference :- 0.00				

FIGURE 13. One Crystal Report of Trial Balance

CONCLUSION AND FUTURE WORK

This chapter is based upon the conclusion of what we have done so far and how the system can be further enhanced with an increase in requirements.

Conclusion

The accounting cycle consists of a series of steps that record financial transactions and produce financial statements. Some data entry steps may occur at any time during the accounting cycle, other transactions occur only during financial statement production. This process repeats itself for every accounting period, whether for large companies or small businesses. Large companies frequently divide these tasks in departments. A small company may make

the entire cycle the responsibility of one bookkeeper.

Transaction Entry Steps

The accounting cycle begins with recording financial transactions. Although this begins the accounting cycle, transaction entry may occur at any time prior to closing the accounting period. Entering all transactions assures a complete record for the accounting period.

Accounting transactions require a source document. Invoices for goods or services received constitute source documents. Sales receipts provide another example. Source documents form an important part of the audit trail, which provides proof of the validity of a company's financial records.

The accountant or bookkeeper must analyze the document and determine the correct accounts to debit and credit. Recording this information into the appropriate ledger enables the accounting system to summarize it on the appropriate report at the end of the accounting cycle.

Beginning the Closing Process

The process of closing the books and producing financial statements begins with the trial balance. This document lists the current balance of every account. Prior to the use of computers, this document confirmed that the books balanced, debits equaling credits. Computerized accounting systems do not allow unbalanced entries. An unbalanced report indicates an error in the report itself, such as a nonprinting account. After correcting such problems, if any, the accountant reviews the trial balance and plans adjusting entries.

Adjusting Entries

Adjusting journal entries -- AJs -- serve several functions. They correct minor entry errors such as debiting or crediting the wrong account. AJs also record various accrual entries such as unpaid taxes or payroll, or unrecorded income such as

interest earned but not paid. The trial balance report typically provides space to note adjusting debits and credits and the anticipated ending balance of the accounts. This report provides an internal source document and forms a critical part of the audit trail.

Financial Statements and Period Closing

The accounting cycle concludes with the production of financial statements. A complete set of standard financial statements consists of balance sheet, income statement and a cash flow statement. Many companies include various internal reports as part of the financial statement package. Prior to computerized systems, the closing process concluded with transferring the balances of the income and expense accounts to retained earnings. This task is now performed by the computer, finalizing one accounting cycle and starting another.

Future Enhancements

Every accountant knows that **accounting** is the language of business. That language has gone through many changes throughout the ages. But through all the changes **accounting** technology has always played a part in making the accountant's job just a

little easier. As our knowledge of technology increased so has the accountant's ability to analyze statistical values. Technology advancements have enhanced the accountant's ability to interpret data efficiently and effectively. He/she now has the ability to interpret the language of business with such ease that the accountant has become a corporation's most trusted business advisor.

Accounting Changes through the Ages

We can start way back in the beginning with the invention of the abacus, used to keep track of calculations in business. Although we didn't call it technology, we can go back centuries with several attempts to build adding machines to help an accountant with mathematical solutions. After the first working adding machine, came the invention of the calculator for information accuracy. As technology advanced so did the speed and proficiency of the accountant's job. But even with adding machines and calculators the accountant still had to keep track of the businesses' functions with paper entry. The process of identifying, measuring, and communicating financial information was documented in the form of paper records, columns of numbers and hand written statements ("How

Technology," n.d.). An accountant had to be a very methodical, detail oriented person.

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