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ASPECTS OF A GROUP PROJECT UTILIZING ACTUAL BUSINESS DATA AND A COMPUTERIZED ACCOUNTING SYSTEM

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ABSTRACT

Changes in educational requirements for Certified Public Accountants will cause many colleges to evaluate their accounting curriculum. Part of this evaluation will likely include the addition of courses, some of which may investigate the use of a computer in a business, specifically for accounting.

As part of an accounting information systems course, students were required to take source financial data and create financial statements as if they were the CPA firm hired by the business. This involved the setup and use of a computerized accounting package called DacEasy. Students felt that they increased their understanding of the accounting cycle and the relationship between the financial statements.

INTRODUCTION

During the next decade the accounting curriculum at many schools will undergo many changes as the requirements for Certified Public Accountants extend to five years of college education. This change may allow some schools to add additional accounting course work to their majors. A course that is often considered for addition involves some sort of computerized accounting or information systems course.

The purpose of this course is to instruct students in the uses of a computer in a business environment, specifically in accounting applications. In an effort to make this course more realistic for students. I have engaged students in a group project with actual accounting data manipulated with accounting software. Accounting courses often use cases or practice sets to try and replicate a real world situation.

GROUP COMPUTER PROJECT

The project requires groups of students to take actual data from a business and through the use of an accounting general ledger software package create annual financial statements. The software package I have used is DacEasy Accounting Student Edition The student version does contain a preset chart of accounts which can he used it desired. This chart of accounts can be easily modified for the specific requirements of the business in the project. Preset financial statements are also available, but they may also be altered by users for their specific needs.

For the duration of this project students worked in teams of two to four individuals. An effort was made to divide accounting majors among all groups in hopes of having at least one person in each group with recent and extensive work in accounting. Since the computer backgrounds and skills were much more difficult to measure, no effort was made to try to disperse the students with these skills.

Each group of students was responsible for the purchase of one student version of the accounting package. They were then supplied with actual bank statements from a business and a check register of that business. Written information regarding bank loans, equipment purchases, and sales was also supplied. All of this information was available to the instructor through a business, which permitted its use.

The student groups are responsible for the system setup, the entering of all data into the system, and the creation of monthly and annual financial statements in a form that clearly reflects the needs of this business. The final product of the project was a report from the group containing the balance sheet and income statement, a compilation letter, and a letter to management. The group was to consider themselves the public accounting firm engaged by the business for the purposes of completing a compilation engagement.

The goal of this project is to help students to more fully understand the use of a computerized general ledger system, generate a greater appreciation of the thought process necessary in the successful setup of an accounting system for a business, and create a clearer understanding of the accounting cycle. By being involved and responsible for the entire system, students should also understand the closing process better and also recognize the importance of cutoff dates. Since most groups invariably make errors (just as public accounting firms) they also learn the steps required for error correction. All of this creates an excellent opportunity for the student to meet the challenges facing public accountants working for small business clients. Due to the nature of the data in this project, students also learn how to change cash financial statements to accrual financial statements.

PROJECT OUTCOME

The success of this project is measured in its effectiveness in meeting the preset goals. Undoubtedly, students acquire a great deal of knowledge concerning the benefits and frustrations involved in setting up and utilizing a computerized accounting system.

Since the project requires a completed compilation report, they gain a greater appreciation for the time required to complete a project of this size. Because of its size, they also learn the importance of working together for a common goal. As a side benefit, many students with an excellent understanding of accounting learn the difficult task of clearly explaining an accounting system to someone else less versed in accounting. The same can also be said for those students with better computer skills.

CONCLUSION

The success of this project requires a substantial investment of time on the part of the instructor both in and out of the classroom. The availability of actual data can also he a problem, although through contacts with colleagues a small business can usually be found which is willing to participate. For those students willing to invest the time, this project can be especially enlightening.