

ACCOUNTING SYSTEM AND PROCEDURES IN A MANUFACTURING COMPANY:

A STUDY ON ASTEC (M) SDN. BHD.

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ABSTRACT

This research paper is to focus on accounting system and procedures in ASTEC (M) SDN. BHD. , one of the leading manufacturer of switching power supplies and major supplies of components and subsystems.

Following are the topics that have been covered in this research paper.

- a) Purchase system and procedures
- b) Payment system and procedures
- c) Time-keeping and payroll system and procedures
- d) The accounting system proper

The application of the system and procedures on the above topics will be discussed in detail in this paper. The control measure provided and the weaknesses of the system and procedures are also highlighted.

The person responsible to perform and supervise each of the function in the systems are clearly stated. For each system I have also provided flowcharts and hoped they will give readers a better understanding of the system and procedures. Data are collected mainly by interviewing and questioning the responsible staffs for a particular areas. Observation is done in order to get a clear picture.

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CHAPTER ONE

1.0 INTRODUCTION x

Profit has always been the main objective of every business company. There are various ways to ensure that this objective can be achieved. One of them is to establish a proper accounting system and procedures.

What is the definition of system and procedures? According to Cecil Gillespie, Accounting System - Procedure and Method p.2:

A *system* . . . is a network of related procedures developed according to one integrated scheme for performing a major activity of the business.

A *procedure* . . . is a sequence of clerical operations, usually involving several people in one or more departments, established to ensure uniform handling of a recurring transaction of the business.

From the definition above, it is clear to us that system and procedures are closely interrelated and it is impracticable for us to study one of them without considering the other. The management of a company should look upon its accounting system as an information generation system. It could provide them with useful and current information for planning and control purposes. Management is responsible for maintaining an adequate accounting system incorporating various internal