

Lesson one: The concept of accounting information system:



The title "Accounting Information System" can be divided into three keywords: accounting, information and system.



1/Accounting can be defined as a science and art concerned with treating all economic events that would affect the financial position of the organization.

Science is the sum of hypotheses that, if they were repeatedly applied in the same circumstances, would lead to the same results, and accounting is a set of hypotheses, principles and rules that are applied in the same way and according to a guide of accounts in all institutions in the same economic environment.

These accounting rules are relied upon to classify, record and tabulate various economic events that may affect the financial position of the institution. Meaning that every cash, material, or moral flow that would affect the financial position of the institution must be recorded in accounting. The question is: Are there economic events that would affect the financial position of the institution and are not recorded in accounting?

The answer to this question requires a comprehensive analysis of the economic environment in which the institution lives, whether macro or micro. If we think, for example, about the problem of inflation as a macroeconomic event, we will find that it actually affects the financial position of the economic institution, since inflation affects the real purchasing power of money and therefore

it affects Selling prices and company profits. The same applies to exchange rates for companies working in the field of import and export. However, the problem at hand is: Are there accounting restrictions that address such events?

The answer is that the accountant must have a set of skills and techniques that enable him to deal with such situations, so we said that accounting is an art.

2/ information

Information is processed data, or is the sum of tangible or intangible signals that aim to change our perceptions and knowledge about a specific topic.

Physical signals are all quantitative information that can be measured and analyzed in a standardized manner at all levels with the same understanding. Like the numbers on bills. Since everyone has one reading of the bill amount, regardless of its nature.

As for non-material signals, they mean qualitative information, the measurement and interpretation of which varies from one person to another, as these signals are intended to encode the information and impart an aspect of secrecy in the understanding of the sender and the receiver. Such as what is dealt with between financial intermediaries and company representatives in the stock markets.

3/ the system:

The system can be defined as a set of rules, procedures, and elements that are interconnected and coordinated with each other in order to achieve a specific goal or several goals combined. As the rules are often objective and abstract, they define the general framework that must be respected within the institution, as well as the penal aspect in the event that these legal rules are not respected. In addition to this legal rule; The rule could be a security one whose purpose is to protect the system within the organization from intrusions and external espionage, and this means protecting the privacy of the organization or company.

As for procedures, we mean the totality of procedural rules that interpret and analyze those objective rules, which means establishing paths and clarifications regarding all centers of authority and responsibility within the institution. For

example, promoting an employee from one rank to a higher rank requires the availability of a set of procedural legal conditions in order for the system to be controlled within the institution.

In addition, the elements are represented by a group of components as follows:

-**Human components:** This is the real wealth that any institution possesses. Human capital represents a competitive advantage, especially if it is well formed and managed.

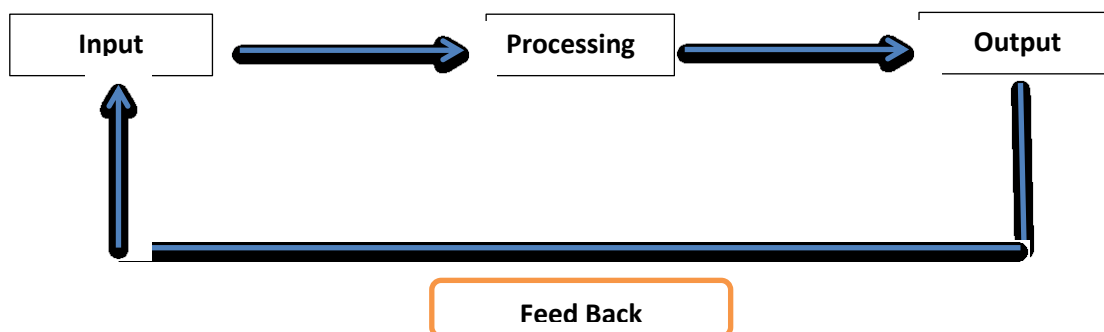
Material components: This means physical capital, that is, the institution's physical capabilities, including machines, equipment, real estate, money, etc. Money is the backbone upon which any private institution is built in light of the opportunities and threats present in the external environment.

-**Technical components:** They represent the technological factor that has become the subject of great competition among institutions to acquire. The institution that possesses advanced technology is the institution that has distinguished itself from the rest of its competitors and acquired larger market shares, and the best evidence of this is information technology institutions, or what is known as: TECH Company.

All of these components and rules are interconnected and coordinated with each other to form the system within the organization.

System format:

Any system in general can be given the following form:



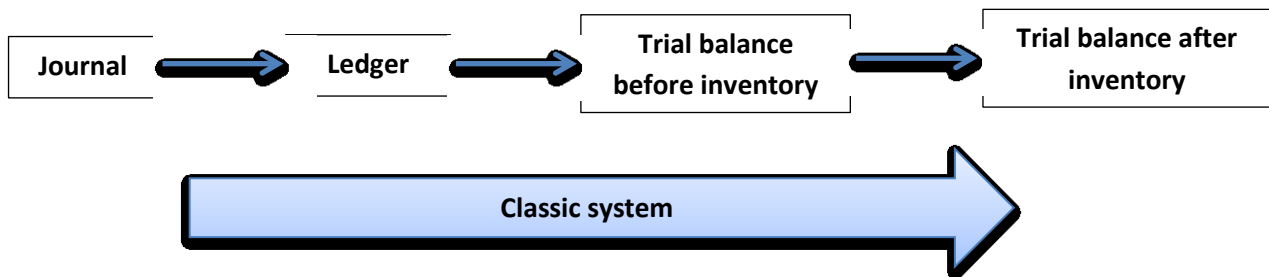
1/ Input:

The system inputs are generally data; The latter are in the form of invoices, order receipts, receipt receipts, or even commercial papers and securities. The accountant at the organization level records these supporting documents according to the processing system

2/ Processing:

Various operations are processed and recorded according to two basic systems:

2-1/ The old or central recording system: where various transactions are recorded in the main journal, then posted to the ledger, then a trial balance is prepared before the inventory, then a trial balance is prepared after the inventory, according to the following scheme:



2-2/ Centralized registration system :

As a result of the difficulties experienced by the classical registration system, which are mainly represented by the double effort exerted by the accountant in recording many similar transactions with different amounts in one day; This causes him to make many mistakes (this was during manual recording using carbon and before electronic recording). This matter affected the main journal, which is the official notebook of the economic institution, in which deletion, scraping, and tearing are prohibited .

As a result, a modern registration system was designed, which is based on help diaries and help ledgers, where a help journal is opened for purchase operations, a help journal for sales operations, and help books are opened for each customer and

each supplier separately. Then the end of the month balance is transferred to the main journal, and one transaction is recorded with the total monthly amount. The following figure shows how to register according to the modern or centralized registration system: