

# Term Paper

By

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ACC 400

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GV Productions  
Company

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# Executive Summary

GV Productions Company is a small family-owned business operating out of Mandeville, Jamaica. This company fulfills most of the videotaping needs of its community. However, with no formal accounting system, this company faces many difficulties in preparing pertinent financial reports and acquiring accurate accounting information. The most important of these difficulties are those relating to the company's accounts receivable and payable.

*Access to Platinum*, an award winning software package, is suggested to this company as a solution to its accounting system problems. This accounting package is specifically designed for use in small to medium-sized businesses. The implementation of this software will help this company to maintain accurate and detailed accounting records.

With the company's accounting system delivering accurate information, GV Productions Company will be able to make prudent decisions in accomplishing its immediate goals as well as its long-term expansion goals.

# Introduction

## History of the Business

### **Company History**

GV Productions Company started mid-1987. This is a small, family-operated business. It started as an offshoot of an already existing family business – a wedding catering service. In an attempt to provide a greater range of services to customers, who often inquired about getting videotaping facilities, the videotaping aspect of the wedding service was created. As is stands now, the complete wedding services offered consist of catering facilities, wedding-dress rental, balloon decoration, videotaping facilities and still-picture photography.

This company started out using two handheld video cameras and two video recorders that were used to help edit, arriving at the final production. Over the years, however, by way of attending various videotaping seminars and programs and through financial expansion, the company was able to offer more professional services using state of the art technology.

Located in Mandeville, a small town in central Jamaica, this small family operated business is run and managed by a father and son combination – Cutel Gooden, father and Managing Director, and Christopher Gooden, son and Chief Editor. This business is operated from a home office. Due to the seasonality of jobs there are three or four

other temporary employees who are hired to capture particular functions on tape whenever the demand is greater than normal. Solely the Chief Editor, however, does editing. The Managing Director controls the finances.

### **Description of Products**

In the initial stages, Gooden's Video Production Company focused mainly on videotaping weddings. These services have expanded to include funerals, anniversary parties, pageants, Church functions, television commercials, and short movies and documentaries.

Recordings are made on high quality studio-type tapes, different from the ones used in an ordinary domestic VCR. The latest technology is used in videotaping and editing. The tapes used in these machines are imported specially for use in these types of commercial equipment. The functions videotaped then undergo editing and other processes.

Depending on customer preferences, special effects are incorporated into the editing process. This is usually the case. As each function receives unique treatment, videotapes take anywhere from three to eighty hours to edit. The short movies and documentaries are the types of functions that will exceed the average editing time of three hours.

In the initial stages of the growth of this company, videotaping was done mainly to satisfy the needs of the local community, but the scope of this company has grown tremendously since then, as capacity has increased, to include areas outside of the immediate environment. Now

the company also does video recordings for the major television stations located in Jamaica. On a few occasions, services have even been rendered to customers requiring overseas travel.

### **Flowchart of Operations**

(See Appendix 1)

### **Current Market and Industry Trends**

The videotaping industry is a relatively small industry in Jamaica. There are only approximately fifteen companies in this industry. Most of these are smaller upcoming companies. The major participants are MediaMix, CPTC (Caribbean Production and Technological Center), APEX, and Phase III Productions. These companies have larger capital outlays and handle the bulk of the videotaping requirements of the country.

There is much growth and development potential in this industry, and there are few barriers to entry. The main barrier is the initial capital outlay required due to the technology used. The industry has had much growth over the past three years, increasing by more than 100% to its current size.

There is a high demand for the videotaping, especially that of weddings. This demand is seasonal, however. Peak seasons are in the summer months and the winter months. The demand from other areas like funerals and anniversary parties is relatively stable throughout the year. There is also a growing demand for television commercials and

short movies. This growing demand is in keeping with the rates of industrialization of Jamaica.

Due to the nature of this business, there is much price competition. The services received from each participant involve relatively few differences, as a result of the similarity of the technology required to be a party to this type of industry.

### **Summary of Management's Long-Run Perspectives and Plans**

Management's long-term goals are mainly of expansion. This company intends to capture a greater share of the market and deliver a better quality service to its customers. These goals are based on management moving to a more central location, increasing the quantity of company advertising, reducing the editing time of each function, and increasing the store of its editing and videotaping equipment.

## Organization

### **Organization Chart**

(See Appendix 2)

### **Analysis of Organization Climate**

There are very good controls in place with regard to the financial aspect of this business. The Managing Director monitors and handles all financial transactions. Being a family-owned business, this is considered by most to be the best method. This person approves all inflows and

outflows before transactions are made. This greatly reduces the possibility of theft in this area, as there is limited access by other people.

The storage of the videotaping and editing equipment is fairly secure. This equipment is kept in a locked room with only the Chief Editor and the Managing Director having access. In the past the controls on this area were not as strict, resulting in loss of some equipment. This loss, due to theft, has been greatly reduced since the implementation of the "locked door" policy. The controls exercised over these inventory items are effective.

The four temporary employees report to the Chief Editor before and after a videotaping function. They assemble all the equipment needed for the particular function and have this assembly approved by the Chief Editor before they depart for their respective functions. When they return, the Chief Editor checks again to see that all the equipment is returned in good condition and that all the videotapes are returned with the ones that are used being properly labeled.

Apart from the scheduling of events and personnel and the recording of financial inflows and outflows, there is currently no other documentation of procedures. The editing processes and programs are not documented.

# Purpose

## Business Goals and Objectives

### **Key Success Factors and Competitive Strategies**

GV Productions Company prides itself on its commitment to its customers. In this particular industry where each participant has similar technology and can produce similar products, customer service becomes a very important aspect of the business. This company pays particular attention to customer desires, and endeavors to have each detail of the customer's desires fulfilled within each production. To accomplish this, sometimes, customers are allowed to sit with the Chief Editor while their particular function is being edited, and to dictate what they want done. This practice comes more into play mainly with the very particular customers who want specific things done to their videotaping. This has helped to build a reputation for delivering personal service.

Management aims to deliver videotapes on or before the date arranged. This has helped to establish a reputation of reliability, not a very common quality found in many other videotaping companies.

### **Management's Immediate and Long-Run Objectives**

Management's objectives and plans are primarily to increase the quality of the service rendered and to expand its market share. As it is at this stage, this company has a large share of the local market, within Mandeville, however, a small share with respect to the entire island.

Management's short-run plans include reducing the editing time of each function. The achievement of this goal is based on the implementation of a more strict editing policy incorporating a more rigorous time plan. This new policy will see that videotapes to begin editing no later than three days after the actual date of the function and being completed within the editing time allowed for each type of function.

Another immediate goal of this company is to maintain more organized scheduling. Currently, the Managing Director and the Chief Editor maintain separate records of scheduled events. Confusion is often a result of this practice, as events that are recorded are sometimes not communicated to the Chief Editor or Managing Director, as the case may be.

Third and last of management's immediate objectives is to achieve greater publicity for the company. The company aims to achieve this goal by way of increased advertising. It plans to increase the amount of advertisements it runs on local television stations. This company is also considering the use of billboards on major roadways and highways as a means of accomplishing this goal.

This company would like to establish a more systematic method of maintaining its accounting records. No structured accounting books are presently kept. Receipts are recorded by way of writing a receipt for the customer and payments are made either in cash or by check. Preparing end of year reports proves to be quite a tedious task.

The long-run goals of GV Productions Company are expansion of the physical facility and equipment. Management would like to move and to expand the office location to a more central place in the town. In conjunction with this move, the company would also like to increase its store of videotaping and editing equipment so that it will be able to accommodate more videotaping jobs, delivering better quality to the customer through the use of the latest technology.

## Current Financial System

### **Description of Current Accounting Modules**

There is no formal chart of accounts or account coding. Accounting records are maintained somewhat informally.

Service revenues, the main source of monetary inflow, are recorded by way of a receipt being issued to the customer. This is done in a receipt book. The receipt book allows for records to be made in duplicate. Hence, a copy of all receipts issued remains and is used as management's record that payment was received, and to ascertain service revenues for a particular period. Information as to the balance on any customer account is also written on the receipt; hence, a copy made in the receipt book. This receipt book acts as both accounts receivable and service revenue records. The copy of the customer receipt is filed.

Customer payments received are deposited into the company's bank account within a week of their receipt. A deposit slip is prepared in duplicate. One copy goes to the bank to expedite the deposit and the other copy is filed.

Payments are made mostly by check. Payments made are recorded on the check and on the check stub. The check stub serves as management's record that payment was made to the particular party. No formal accounts payable is maintained, as payment of an account by check is the only record made. When payments are made in cash, no records are made of the payment. Management prefers to make payments by check so as to have a record made simultaneously.

The bank statement is reconciled against management's checkbook and receipts in order to ascertain the actual cash balance of the company.

No formal records are maintained as far as a general journal, payroll, inventory, purchasing and job costs.

There is limited computer technology involved in the accounting processes. All records are made manually in the books, as stated above. No spreadsheets are used in the generation of reports. Reports are prepared, a rare occurrence, from the checkbook and the receipt book.

### **Flowcharts of Financial System**

(See Appendix 3 & 4)

## Current Financial System Problems

### **Summary and Analysis of Management Requirements**

Management wants to have up-to-date information that is easily accessible. Currently, management spends much time calculating and compiling accounting information. The processes used are tedious and allow for mistakes, as the procedures are long and complicated.

Having current accounts payable information is crucial for this company, especially as it enters into its expansion stages. It will be imperative that the company purchases some of its supplies on account, taking advantage of payment allowances. Having this current information aids management in maintaining control over its expenditures and outflows.

Management would like to have accurate accounts receivable balances available upon demand. This is a requirement, as it is important that management has this information to predict future cash flows, a budgeting tool. It is also important as management seeks to minimize outstanding accounts and to collect such amounts within the shortest time possible. Notices may be sent to overdue accounts, provided such information is available.

End-of-year reports are crucial in this business in order to ascertain company growth, profits or losses, and to locate areas of weakness. These reports provide the business with an overall picture of

the company performance. From this overall picture, key ratios may be calculated and trends developed. This information will prove to be a valuable tool as this company embarks on an expansion of its business.

### **Analysis of Current Information System**

The current information system is inefficient, time-consuming, and does not provide easily available current information. There is minimal flow of information.

Accounts payable information cannot be easily ascertained. To arrive at accounts payable figures, invoices have to be reconciled against check stubs. This process is time-consuming and inefficient. The payments made to suppliers are tabulated in this manner also.

The accounts receivable information is not easily ascertained either. A similar process to that of the accounts payable must be undergone. In this process the receipts are analyzed and account balances added. Such key information is not readily accessible. There is limited flow of information in this area.

End-of-period reports are difficult to prepare. The magnitude of the information that management has to sift through to compile these reports renders report preparation a dreaded activity. Often times no end-of-period reports are prepared. Information is not easily accessible to facilitate the compilation of these reports.

# Recommendations and Suggestions

## New Accounting Information System

### **Description of the New System**

It is suggested that GV Productions Company computerize their accounting system. Although other software packages are available, the accounting software recommended is *Access to Platinum*. This is a software package that is suited towards small businesses. This software is moderately priced. The software works with a forms orientation, meaning that the data input screens all look like the standard paper accounting forms. The system thoroughly integrates processing of General Ledger, Checkbook, Accounts Payable, Accounts Receivable, Inventory, and Payroll. These are the only modules that would be used by this company.

To implement the new system, the company will need to utilize the facilities of a computer. The company has access to a personal computer that may be used for company purposes. The computer has a CPU processing speed of 200MHz. It has a hard drive space of 3 gigabytes and 32 MB of RAM. These computer specifications are amply sufficient to operate the new system.

*Access to Platinum* is a winner of Windows Magazine's highly coveted annual "Win 100 Award." Windows Magazine commented that "*Access to Platinum* is good for small businesses that need accounting

capabilities beyond the basics..." PC Times described it as "An easy to use full featured accounting system designed especially for small business" (Baker Software Products Incorporated, 1998).

*Access to Platinum* is available in graphical-based single-user Windows version. The product offers a "what you see is what you get" approach to computing: when a check is entered in the computer the form you use on the screen looks exactly like a real paper check. This software is a true Multiple Document Interface application for Windows meaning that one may have several forms open on-screen at the same time and freely move between them. Modular design allows that multiple modules be run concurrently - as the computer's memory allows.

This software provides an automatic installation program that does not make unexpected changes to a computer's environment. Menus and data entry forms are easy to use. The user interface presents icons that are easily understood like "New", or "Change." Updates are made to account balances instantly. Databases with information like "Profiles for Customers," Vendors are easy to create. An in built security feature allows that users may be assigned passwords with access to certain modules and functional privileges.

The General Ledger module has many features. It is able to handle unlimited companies and unlimited years of history. It will provide a Chart of Accounts Templates for various types of business and allows for the creation of customized templates. It can handle account number

formats of up to twenty alphanumeric characters. This ledger maintains complete audit trails.

The Checkbook module is able to handle unlimited checkbooks and transactions. This module provides complete check-writing capabilities and is fully integrated with General Ledger. The user has access to an on-screen bank reconciliation. It allows for recurring checks and deposits. Vendor and customer accounts that are most used are easily memorized. The module is compatible with a wide range of printers.

The Accounts Payable and Accounts Receivable modules can handle unlimited vendors, customers, and transactions. Vendor and Customer information such as most used accounts, terms, discounts, and sales tax are easily tracked. Purchase Orders, Customer Sales Orders, and Invoices are easily printed. It provides for automatic updates to Checkbook, Inventory and General Ledger. Full and partial account payments are supported. The software will calculate and apply finance and late charges and discounts.

The Inventory Module is able to handle unlimited inventory items and transactions. Quantities on-hand and minimum quantities are easily tracked. Average Cost method of valuation is used to value inventory. The software will automatically update on-hand balances as purchase and sales entries are recorded in other modules.

The Payroll Module can accommodate an unlimited number of employees. This software can facilitate weekly, bi-weekly, semi-monthly and monthly pay periods. This program can calculate standard taxes and deductions and allows up to ten user definable deductions. It will print paychecks and automatically updates Checkbook, General Ledger and Payroll records.

### **Flowcharts for the New System**

(See Appendix 5 & 6)

### **Timeline for the Implementation of New System**

The *Access to Platinum* will be purchased and installed on the computer to which the company has access. Over a four-week period, the Managing Director will be educated as how to use the new software. This instruction will be given by an authorized *Access to Platinum* instructor. Over the following eight weeks the Managing Director will run the new system parallel with the old system until there is maximum familiarity with the new system and a level of comfort is achieved.

# Conclusion

The new system, the implementation of *Access to Platinum* software, will allow for a more efficient accounting system. This software gives management a comprehensive picture of what position the business is in at any particular time.

Management is having most problems with its accounts payable and accounts receivable. This software will allow that more accurate and up-to-date information be recorded and accessed easily. This in conjunction with the other modules will provide that an accurate end-of-period report be generated with simplicity and ease. This accuracy is critical to the business at this stage, as it is about to begin expansion.

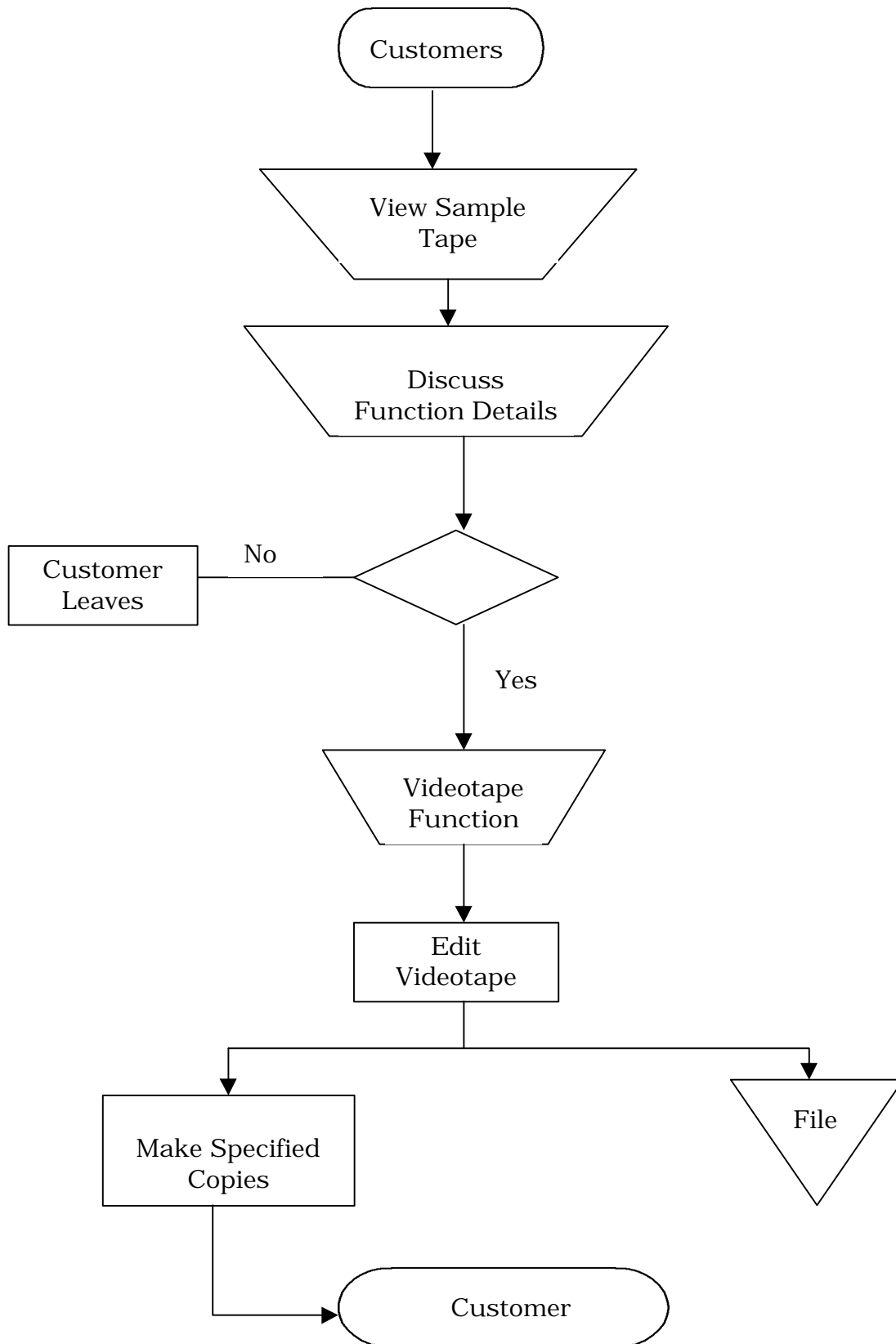
The accuracy and completeness that the new system offers will help management to achieve its goals and objectives. Most goals of management hinge on having a reliable and accurate accounting system. The primary goal of company expansion depends mostly on the financial situation of the company. It cannot be overstressed how important financial accuracy is to the accomplishment of this goal. With the new system, the company will be better able to ascertain the financial position that it is in and plan the pace and route that the expansion will take.

Other goals pertaining to greater company publicity may be better accomplished if the company knows how much money it may allocate to advertising so that there is no over expenditure in this area.

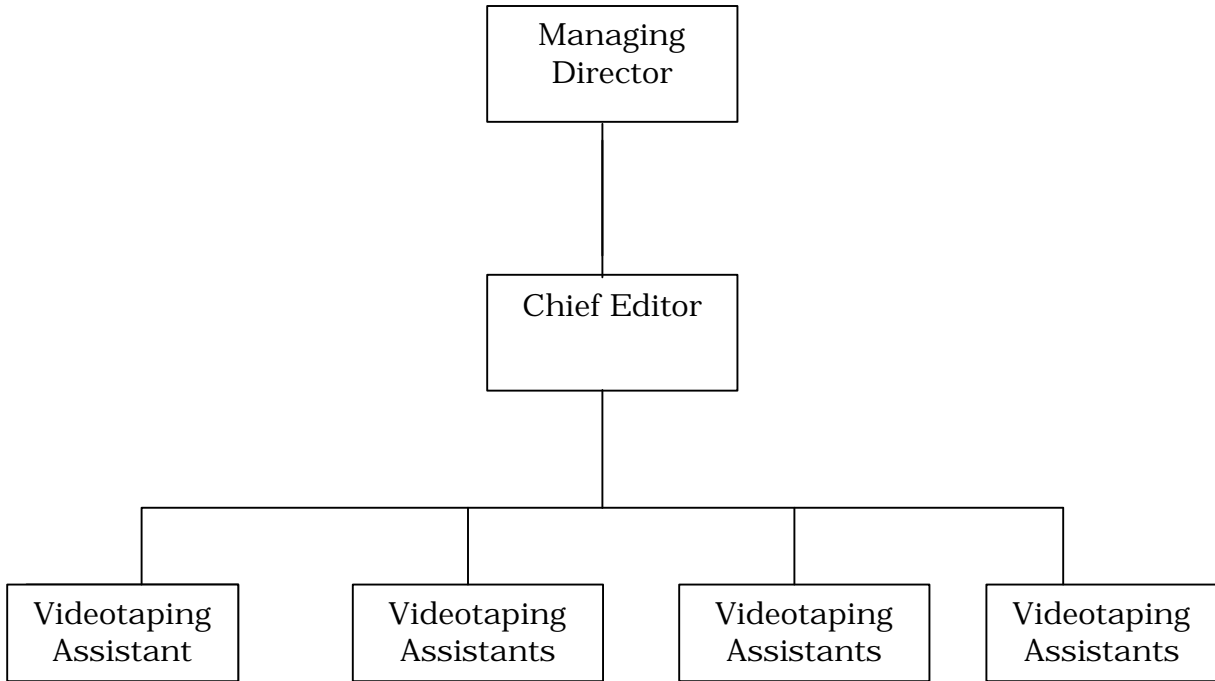
Overall, the new system will provide the company with more precise accounting information that is at management's "fingertips." This will provide for a more efficient accounting information system that is crucial to the success of any business.

# Appendix

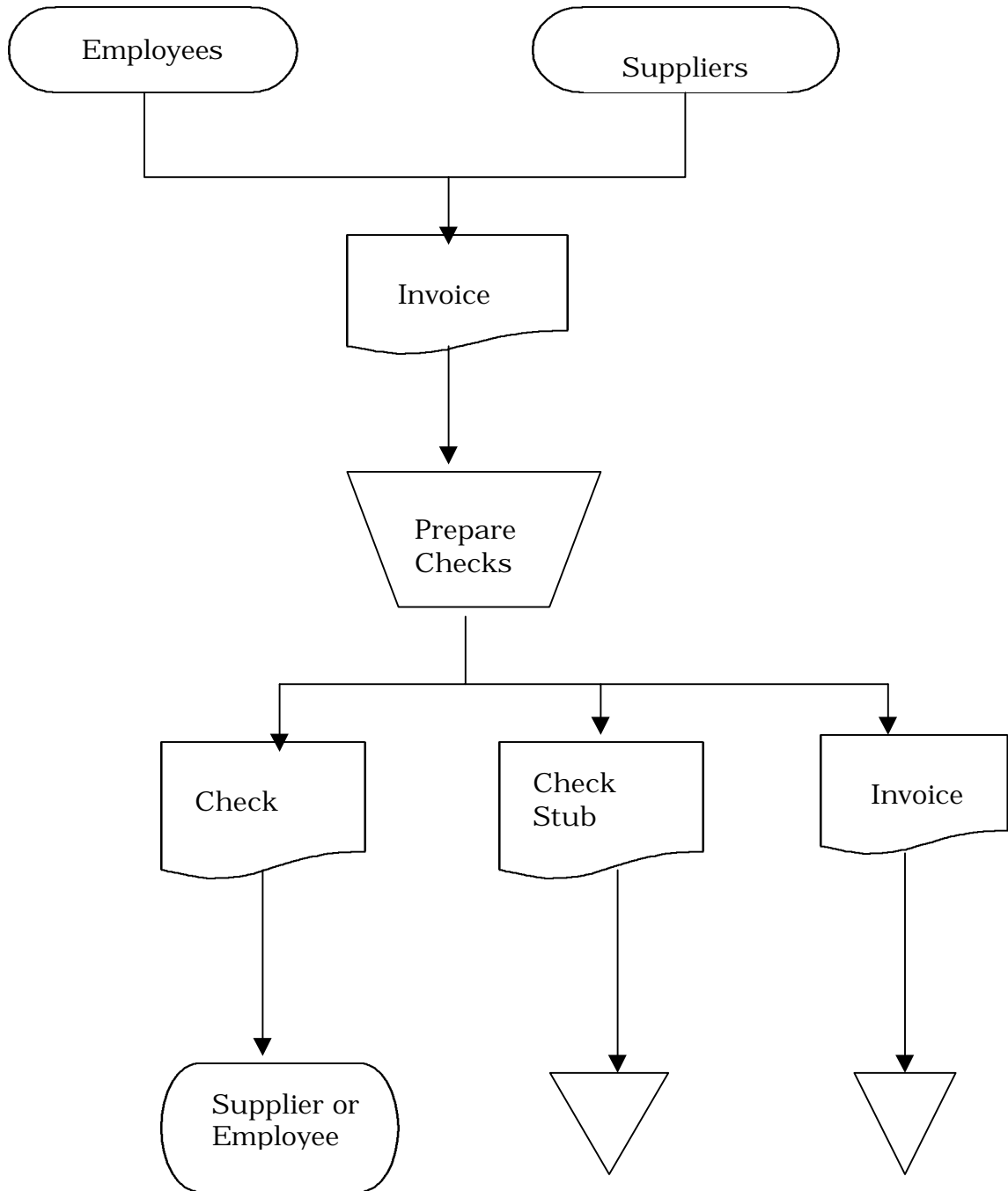
## Flowchart of Operations



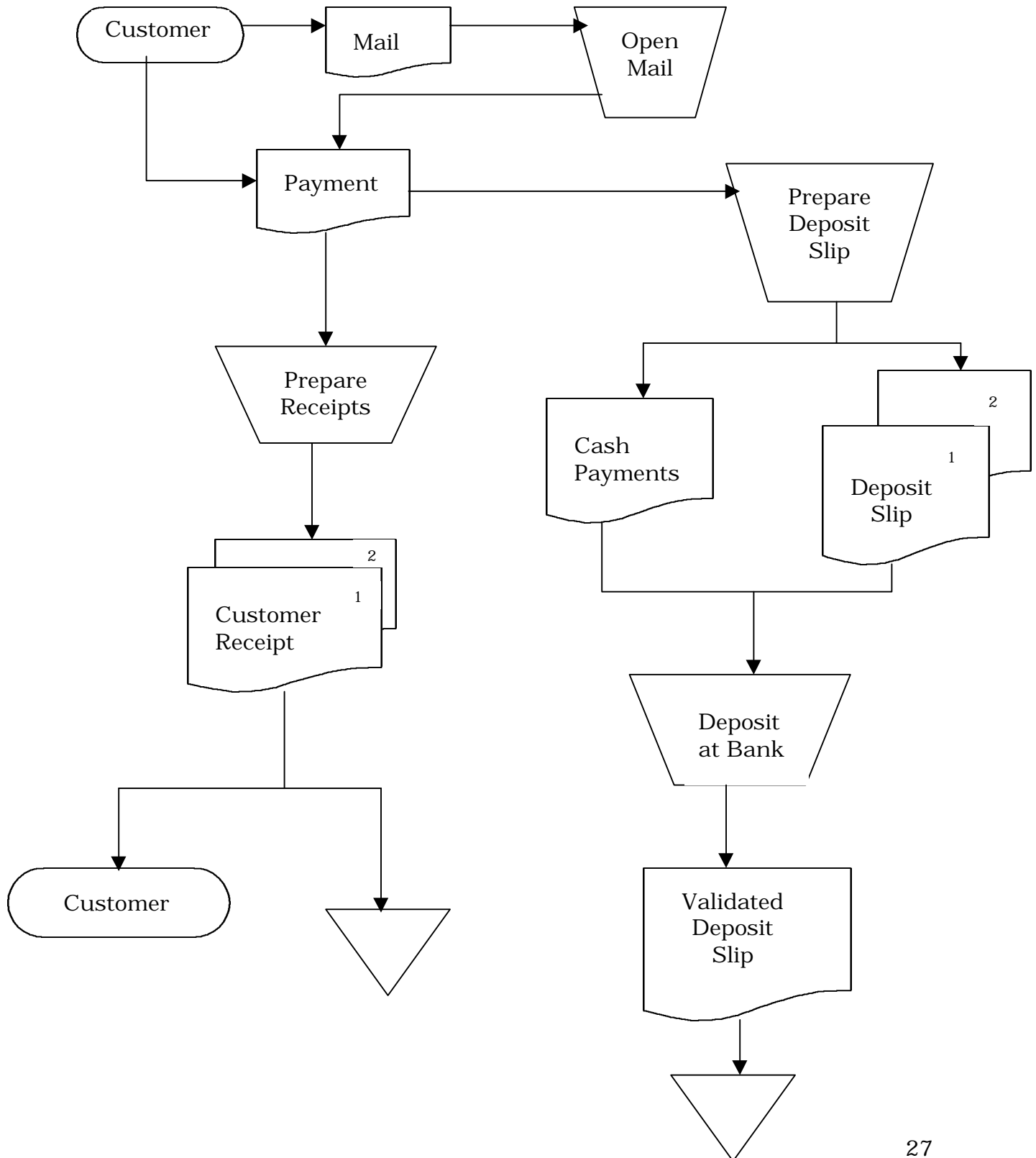
## Organization Flowchart



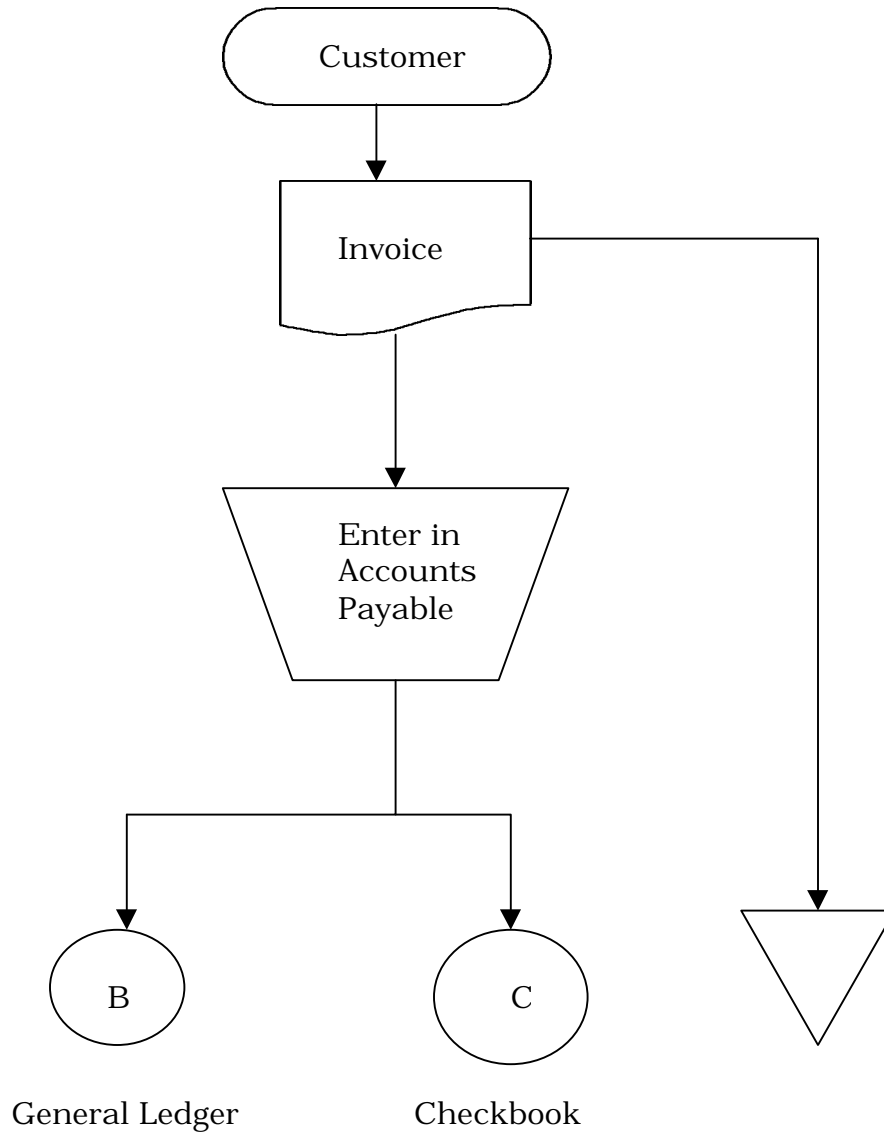
## Flowchart of Account Payment



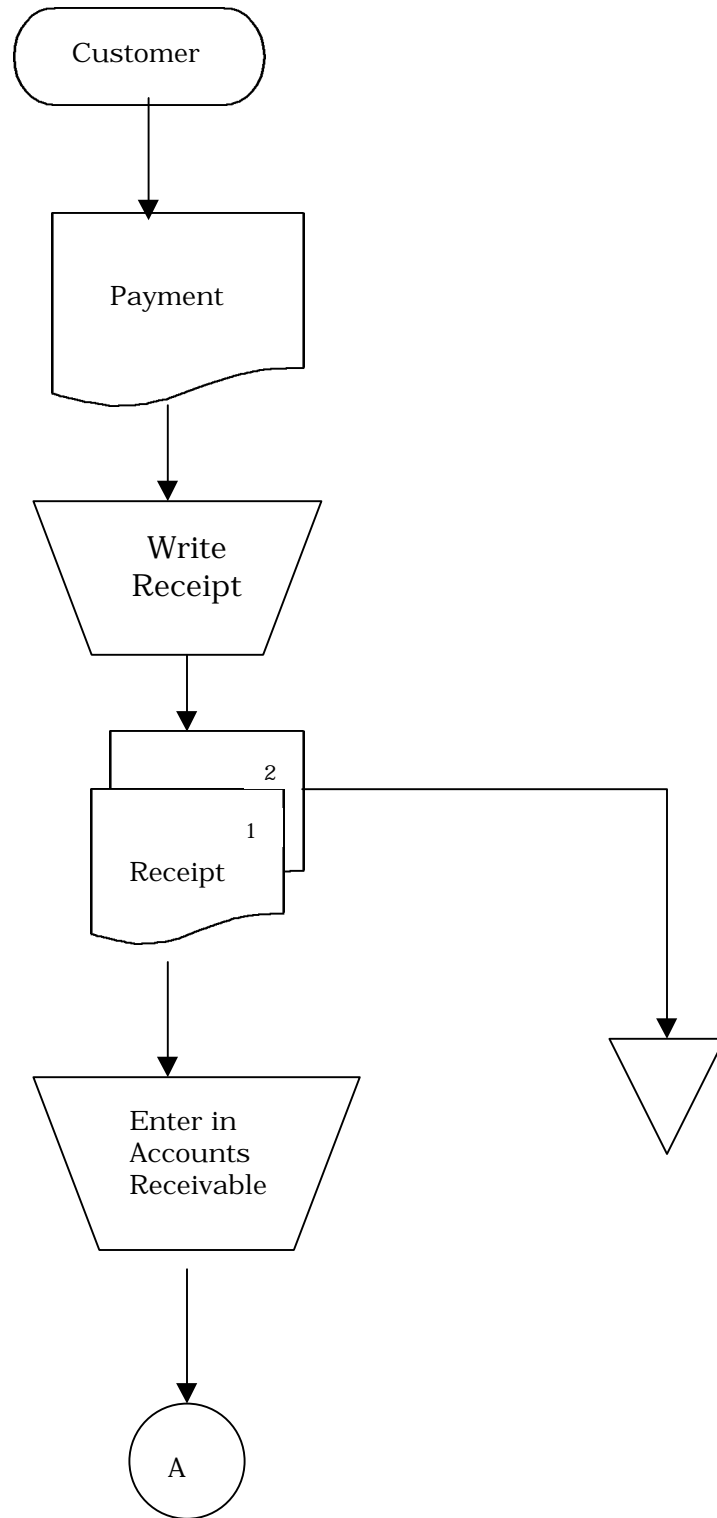
## Flowchart of Customer Payment



## Flowchart of Account Payable



## Flowchart of Account Receivable



General Ledger

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