

37. Deake Corporation is a medium-sized, diversified manufacturing company. Fred Richards has been promoted recently to manager, property accounting section. Richards has had difficulty responding to some of the requests from individuals in other departments of Deake for information about the company's fixed assets. Some of the requests and problems Richards has had to cope with are as follows:

- (a) The controller has requested schedules of individual fixed assets to support the balances in the general ledger. Richards has furnished the necessary information, but he has always been late. The manner in which the records are organized makes it difficult to obtain information easily.
- (b) The maintenance manager wished to verify the existence of a punch press that he thinks was repaired twice. He has asked Richards to confirm the asset number and location of the press.
- (c) The insurance department wants data on the cost and book values of assets to include in its review of current insurance coverage.
- (d) The tax department has requested data that can be used to determine when Deake should switch depreciation methods for tax purposes.
- (e) The company's internal auditors have spent a significant amount of time in the property accounting section recently attempting to confirm the annual depreciation expense.

The property account records that are at Richards' disposal consist of a set of manual books. These records show the date the asset was acquired, the account number to which the asset applies, the dollar amount capitalized, and the estimated useful life of the asset for depreciation purposes.

After many frustrations, Richards has realized that his records are inadequate and that he cannot supply the data easily when they are requested. He has decided that he should discuss the problems with the controller, Julie Castle.

RICHARDS: "Julie, something has got to give. My people are working overtime and can't keep up. You worked in property accounting before you became controller. You know I can't tell the tax, insurance, and maintenance people everything they need to know from my records. Also, that internal auditing team is living in my area, and that slows down the work pace. The requests of these people are reasonable, and we should be able to answer these questions and provide the needed data. I think we need an automated property accounting system. I would like to talk to the information systems people to see if they can help me."

CASTLE: "Fred, I think you have a good idea, but be sure you are personally involved in the design of any system so that you get all the information you need."

Required

- (a) Identify and justify four major objectives Deake Corporation's automated property accounting system should possess in order to provide the data necessary to respond to requests for information from company personnel.
- (b) Identify the data that should be included in the computer record for each asset included in the property account.