

10. Computerized Processing Systems

You probably noticed that much of the material in this chapter involves rather mundane processing. Once the initial journal entry is prepared, the data are merely being manipulated to produce the ledger, trial balance, and financial statements. No wonder, then, that some of the first business applications that were computerized many years ago related to transaction processing. In short, the only “analytics” relate to the initial transaction recordation. All of the subsequent steps are merely mechanical, and are aptly suited to computerization.

Many companies produce accounting software. These packages range from the simple to the complex. Some basic products for a small business may be purchased for under \$100. In large organizations, millions may be spent hiring consultants to install large enterprise-wide packages. Recently, some software companies have even offered accounting systems maintained on their own network, with the customers utilizing the internet to enter data and produce their reports.

10.1 What do they Look Like

As you might expect, the look, feel, and function of software-based packages varies significantly. Each company’s product must be studied to understand its unique attributes. But, in general, accounting software packages:

- Attempt to simplify and automate data entry (e.g., a point-of-sale terminal may actually become a data entry device so that sales are automatically “booked” into the accounting system as they occur).
- Frequently divide the accounting process into modules related to functional areas such as sales/collection, purchasing/payment, and others.
- Attempt to be “user-friendly” by providing data entry blanks that are easily understood in relation to the underlying transactions.
- Attempt to minimize key-strokes by using “pick lists,” automatic call-up functions, and auto complete type technology.
- Are built on data-base logic, allowing transaction data to be sorted and processed based on any query structure (e.g., produce an income statement for July, provide a listing of sales to Customer Smith, etc.)
- Provide up-to-date data that may be accessed by key business decision makers.
- Are capable of producing numerous specialized reports in addition to the key financial statements.

Following is a very typical data entry screen. It should look quite familiar. After the data are input, The subsequent processing (posting, etc.) is totally automated.

		Debits	Credits
502	Utilities Expense	\$1,000.00	
201	Accounts Payable		\$1,000.00
		\$1,000.00	\$1,000.00

Record entry #756

Entry in balance ✓

Despite each product’s own look and feel, the persons primarily responsible for the maintenance and operation of the accounting function must still understand accounting basics such as those introduced in this chapter: accounts, debits and credits, journal entries, etc. Without that intrinsic knowledge, the data input decisions will quickly go astray, and the output of the computerized accounting system will become hopelessly trashed. So, while it is safe to assume that you will probably be working in a computerized accounting environment, it equally true to say that you should first come to understand the basic processing described in this and subsequent chapters. These principles will clearly guide you toward successful implementation and use of most any computerized accounting product, and the reports they produce.

