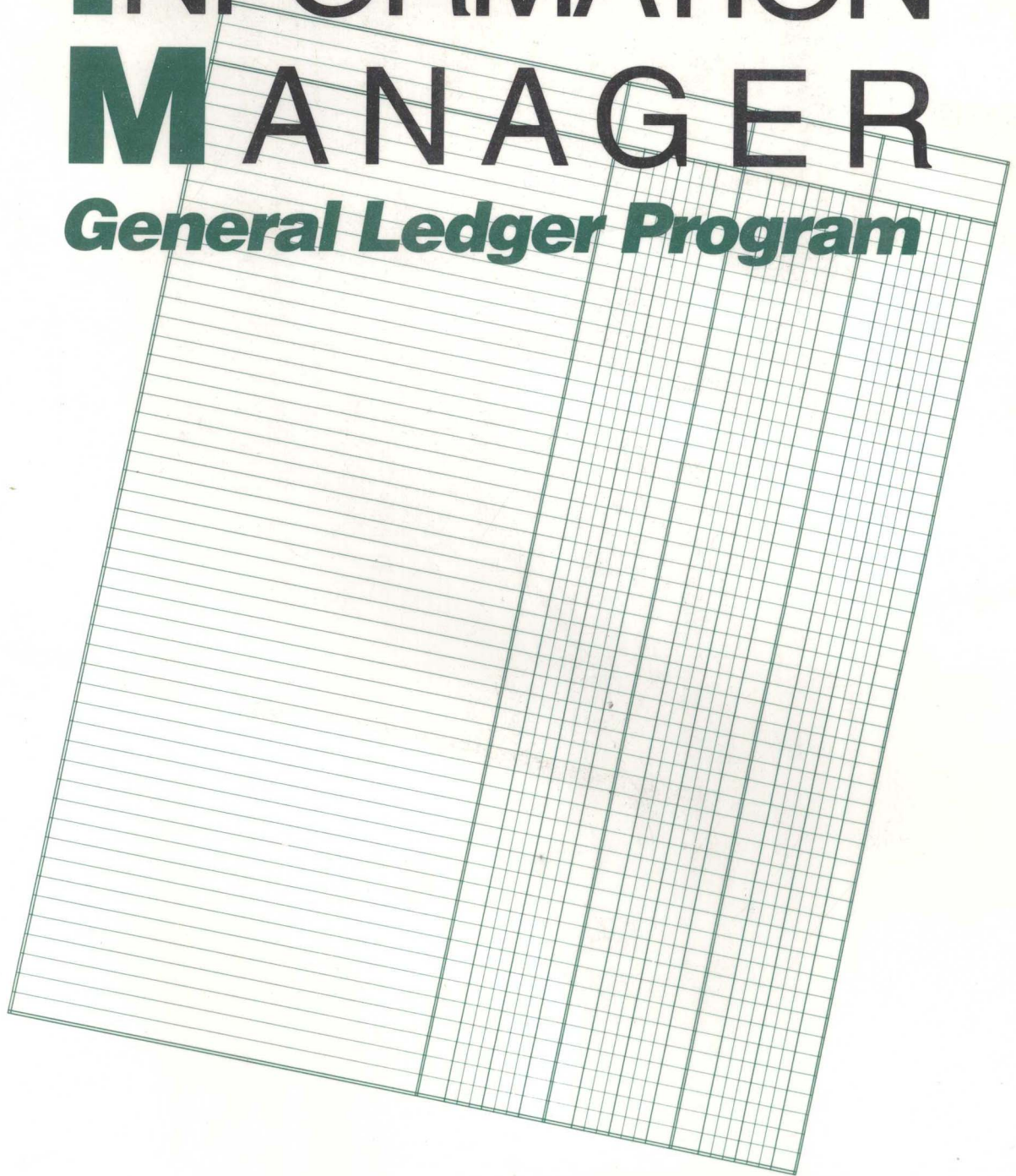


# **A**CCOUNTING **I**NFORMATION **M**ANAGER *General Ledger Program*



**JOHN W. WANLASS**

# **ACCOUNTING INFORMATION MANAGER**

***General Ledger Program***

by  
**John W. Wanlass**  
*DeAnza College*

**McGraw-Hill, Inc.**

New York St. Louis San Francisco Auckland Bogotá Caracas  
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General Ledger Program

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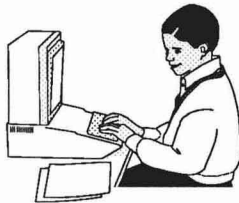
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Anthony DiBartolomeo. Semline, Inc. was printer and binder.

# AIM General Ledger Program

## Preface

**In today's competitive business environment, the ability to understand and use computers is a requirement.**

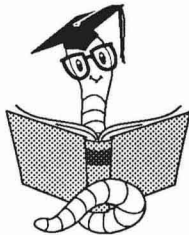


The microcomputer, often referred to as a personal or desktop computer, has revolutionized the information-processing component of modern business organizations. Twelve years ago, the word "microcomputer" was not listed in the dictionary. Today, students of all ages are exposed to and use microcomputers. A microcomputer is nothing more than a machine made up of mechanical and electrical parts, designed to bring a certain amount of convenience and efficiency to our business and personal lives. In an endless variety of computing applications, the microcomputer has invaded every aspect of our lives.

Most businesses, large or small, turn to the computer to process business transactions and to analyze business problems. In today's business world, computer literacy is required and will greatly magnify your employment opportunities.

### THE STUDENT WORKBOOK

**The student workbook compares manual and computer accounting systems.**



In practice, accountants use computers in many different ways to process data to provide information for decision-making purposes. In the accounting classroom, accounting principles are often taught with an emphasis on the manual accounting system. This workbook was designed to reinforce accounting principles by comparing and contrasting manual and computer accounting systems while developing working computer skills.

Both manual and computer accounting systems will be studied at three levels:

- 1) Input level - business transactions and source documents
- 2) Processing level - clerical or mechanical procedures
- 3) Output level - financial reports and interpretation

This workbook integrates all levels which challenge you to analyze business transactions and source documents, and to process these with a computer system. You will then analyze and interpret your results.

## The Student Workbook Organization

The student workbook and program disk are designed to be used at any level of accounting and are not tied to any specific textbook.

The ability to analyze business transactions and financial reports is essential for a successful business career.

This book is a workbook in the literal sense. You will be asked to complete each step that begins with a check-off box. ☐

**Part 1 Accounting and the Computer** — This part contains three chapters that provide an overview of the accounting process. You will find that the ability to analyze business transactions and financial reports is essential in the study of accounting as well as in the successful pursuit of a business career. *Chapter 1* presents a unique approach used to analyze both business transactions and the financial reporting model. This approach is based on the historical use of the scale or balance, as well as the interaction between both the buyer and seller. *Chapter 2* compares the data processing methods of manual and computer systems. *Chapter 3* introduces the AIM General Ledger program which you will use while working with a demo problem.

**Part 2 Processing the Service Company** — This part contains three chapters. *Chapter 4* follows the steps in computerizing a new company. *Chapter 5* helps you to set up a computer system for an existing company. *Chapter 6* presents a practice set for a service company using all ideas previously covered.

**Part 3 Processing the Merchandising Company** — This part contains three chapters. *Chapter 7* covers the special computer problems facing a merchandising company. *Chapter 8* presents the very important topic of source documents and how they are used in a business. *Chapter 9* presents a practice set for a merchandising company that pulls together all of the ideas presented in the workbook.

**Learning Goals** — Each chapter begins with a list of objectives.

**Workbook Approach** — The workbook employs a hands-on, problem-solving approach. Beginning in Chapter 3, you will complete certain steps while using the computer. It is suggested that you first read through the chapter before using the computer. Each step that you are to complete is clearly marked with a check-off box. The Brief Contents contains estimated times for each chapter with time for studying and preparing the appropriate forms and computer time. Use this as a general guide for planning your work. After processing each problem you will prepare an *Audit Evaluation Form* which will allow you to analyze and interpret the financial results.



**Page Layout and Design** — The left-hand margins may include artwork and concise statements relating to the written matter on the right side of the page. Because it is important for you to compare your computer screen results with the workbook examples, representations of selected computer screens are included in the workbook.

## THE AIM GENERAL LEDGER ACCOUNTING SOFTWARE

**Five special features distinguish the AIM General Ledger software program.**

The general ledger software, included with the student workbook, contains many features helpful to the accounting student. A few of the features are listed below.

**Fast, Flexible, and Easy to Learn** — User options are selected by a single keystroke. Errors are easily corrected and updated results can be displayed immediately. Because new companies can be started from scratch, the program can be used to process any transaction-based problem.

**User Defines the Data Structure** — You design a Chart of Accounts and define the financial statement categories based on your design. Because you are actively involved in the structuring of the data, you will better understand the resulting financial reports.

**Real-Time Database System** — The program allows you to view reports after each transaction or series of transactions. The cause and effect of transactions and modifications can be viewed with a minimum of keystrokes.

**Unique Visual Audit Trail** — The audit option will allow you to quickly view relationships between each accounting report. For example, after highlighting any account in the trial balance a single keystroke will display the general ledger detail for that account. A random audit feature will display any report, at any time, and in any order.

**Visual Financial Analysis** — Balance sheet ratios (solvency) and income statement ratios (profitability) are shown in addition to combined relationships for both statements. A single keystroke will switch between the formulas and the actual numbers used in each ratio.

## THE PROGRAM DISK AND SUPPLEMENTS

**The AIM General Ledger package consists of a student workbook and program disk.**

The student workbook and program disk are designed to be used at any level of accounting and are not tied to any specific textbook. An IBM PC or compatible computer with 256K of RAM memory running DOS 2.1 or higher is required. The program will run with a single floppy disk drive system, storing data files on the program disk.

**Program Disk** — The program disk contains a demo company file and a few partially completed data files for selected companies from the student workbook. Some program disks will contain many data files for partially completed problems from a specific textbook. In this case, the front cover will be clearly marked, indicating the name of the specific textbook.

**Instructor's Manual** — An instructor's manual and solutions disk are available to adopters of the package. Suggestions for use in the accounting principles course and other courses are included, as well as detailed printed solutions for each problem.

## ACKNOWLEDGMENTS

The student workbook and software program are the result of many years of development and experimentation in the classroom and in actual accounting practice. The contributions of accounting students and accounting practitioners have greatly influenced the direction of this project. Family support has provided motivation and made the effort worthwhile. To Susie, Jim, Becky, KC, Shelly, and Amanda—my love and appreciation.

To accounting students, past and present, it is my hope that with a practical view of computer accounting, you will be better prepared to face the challenges of the business world.

*John W. Wanlass*

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# AIM General Ledger Program

## Brief Contents

|  |  | Estimated Time<br>In Minutes |                 |       |
|--|--|------------------------------|-----------------|-------|
|  |  | Study &<br>Prepare           | Use<br>Computer | Total |
| <b>PART 1 Accounting and the Computer</b>          |  |                              |                 |       |
| Chapter 1  | Understanding Double-Entry Accounting 3<br>James Fulton, Consultant                                | 40                           |                 | 40    |
| Chapter 2  | Comparing Manual and Computer Accounting 17  | 30                           |                 | 30    |
| Chapter 3  | Using the AIM General Ledger Program 25<br>James Fulton, Consultant                                | 30                           | 30              | 60    |
| <b>PART 2 Processing the Service Company</b>       |  |                              |                 |       |
| Chapter 4  | Computerizing a New Company 43<br>Frank Evans, Attorney (sample printout)<br>ABC Services (review) | 30                           | 30              | 60    |
|  |  | 40                           | 50              | 90    |
| Chapter 5  | Computerizing a Manual System 65<br>Landmark Properties<br>Island Air Service (review)             | 30                           | 60              | 90    |
|  |  | 40                           | 50              | 90    |
| Chapter 6  | A Service Company Practice Set 81<br>Varsity Computer Services                                     | 90                           | 90              | 180   |
| <b>PART 3 Processing the Merchandising Company</b> |  |                              |                 |       |
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|  |  | 40                           | 50              | 90    |
| Chapter 8  | Source Documents and Special Journals 107<br>Baker Company<br>Eastern Trading Company (review)     | 30                           | 40              | 70    |
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| Chapter 9  | A Merchandising Company Practice Set 129<br>Lee's Auto Supply                                      | 90                           | 90              | 180   |
| Appendix A   | The IBM PC Computer 143  | 10                           |                 | 10    |
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| Blank Forms 167                                    |  |                              |                 |       |
| Total Estimated Time - Minutes                     |  | 600                          | 600             | 1,200 |
| Total Estimated Time - Hours                       |  | 10                           | 10              | 20    |



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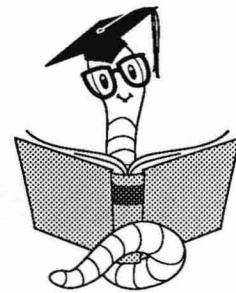
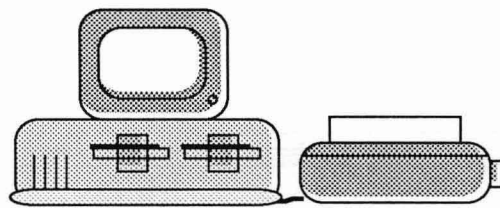
Transaction Journals

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# PART 1

## Accounting and the Computer



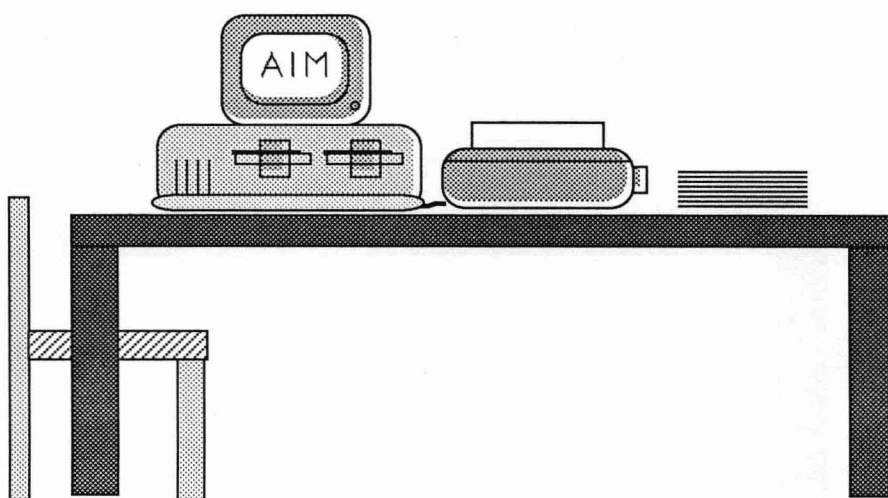
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**PART 1 Accounting and the Computer**

**Chapter 1 Understanding Double-Entry Accounting**

**Chapter 2 Comparing Manual and Computer Accounting**

**Chapter 3 Using the AIM General Ledger Program**



# Understanding Double-Entry Accounting

AIM

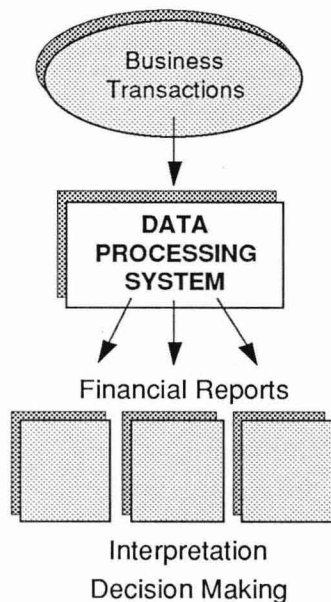
## Learning Goals



After studying this chapter, you should be able to:

1. Describe the components of an accounting information system.
2. Understand the historical foundation of business transactions.
3. Use the transactional analysis approach to analyze business transactions for a service company.
4. State the basic accounting equations for the five major financial statement categories.
5. Understand the accounting information model.

## ACCOUNTING INFORMATION SYSTEMS



Accounting can be described as the art of measuring, recording, reporting, and interpreting economic activity. The purpose of accounting is not only to evaluate past performance but also to aid in today's decisions which will ultimately determine future results. Accounting terminology is considered by many to be the "language of business." Learning this language is essential for success in the business world. For the accountant, economic activity is stated in terms of business transactions. Understanding business transactions and the related terminology is a crucial step in the study of an accounting system.

As you can see in the illustration to the left, the data processing system accepts inputs (business transactions) and produces outputs (financial reports). This processing system, which records, classifies, and summarizes business activity, can be a manual system or a computer system. In Chapter 2, we will examine and compare the processing system for both manual and computer accounting. In the following sections of this chapter, we will focus first on understanding business transactions, and then we will examine the accounting information model.

## UNDERSTANDING BUSINESS TRANSACTIONS

Understanding, analyzing, and recording business transactions is the most important element in using either a manual or computer system.

Because a computer system can only process data, incorrectly analyzed and recorded transactions will produce incorrect results. There are a number of ways to understand and analyze business transactions. Whether you use a manual system or a computer system, the basics are the same. The following discussion reviews the *traditional* textbook approach to business transaction analysis and then examines the *transactional* approach which focuses on the interaction and interchange of resources and obligations between the entities in a business deal.

### The Traditional Textbook Approach

| The T Account |            |
|---------------|------------|
| account title |            |
| left side     | right side |
| DEBIT         | CREDIT     |

Using the double-entry system of accounting, transactions are analyzed according to the specific accounts affected, and rules for debits and credits determine whether the account is debited or credited for the transaction amount. With the traditional textbook approach, each account can be viewed as a **T** account which has three parts: an account title, a left (debit) side, and a right (credit) side. If a transaction changes a specific account, then the account is either debited or credited depending upon in which of the five categories the account falls. The five categories and the rules for applying debits and credits are shown below.

| Category      | Increased by | Decreased by |
|---------------|--------------|--------------|
| Assets        | DEBITS       | CREDITS      |
| Liabilities   | CREDITS      | DEBITS       |
| Owners Equity | CREDITS      | DEBITS       |
| Revenues      | CREDITS      | DEBITS       |
| Expenses      | DEBITS       | CREDITS      |

Accounting is based on the double-entry system of recording transactions.

Because every transaction consists of equal debits and credits, this system is referred to as *double-entry bookkeeping*. This rule can be stated in different ways: debits must equal credits, or every transaction must have equal debits and credits. Applying these rules can seem arbitrary and sometimes confusing to the beginning accounting student. We can improve our understanding of the traditional double-entry system by studying historical business practices.