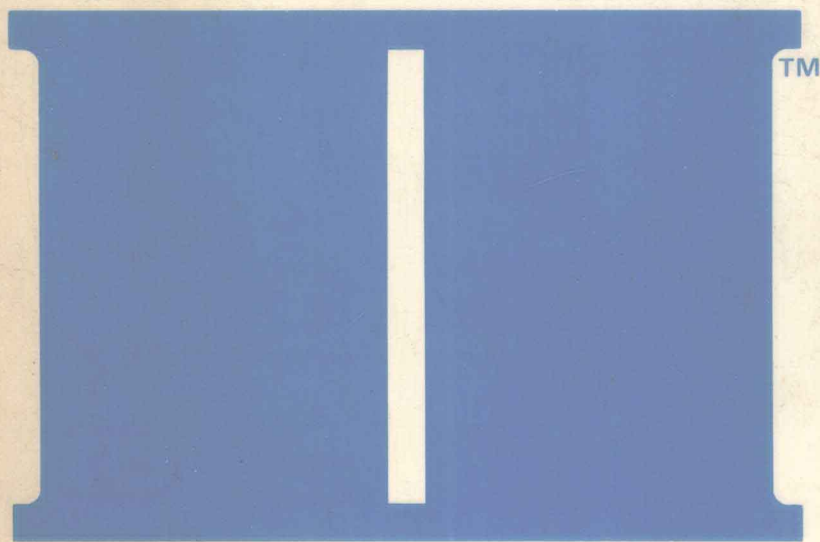


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# THE dBASE



## CASH MANAGER

Paul W. Heiser • Inge D. Pinckney, C.P.A.

Cash Receipts / Cash Disbursements for the  
Small Business Owner or Accountant

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Paul W. Heiser and Inge D. Pinckney

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# **THE dBASE II CASH MANAGER**

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Cash Receipts/Cash Disbursements  
for the Small Business Owner or Accountant



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Prentice-Hall, Inc., Englewood Cliffs, New Jersey 07632

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*Library of Congress Cataloging in Publication Data*

Heiser, Paul W.  
The dBASE II cash manager.

"A Spectrum Book."

Includes index.

1. dBASE II (Computer program) 2. Business—Data processing.  
3. Cash management—Data processing.

I. Pinckney, Inge D. II. Title.  
HF5548.4.D22H45 1985 658.1'5244 84-26247  
ISBN 0-13-196023-7

© 1985 by Prentice-Hall, Inc., Englewood Cliffs, New Jersey 07632.

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A Spectrum Book.

Printed in the United States of America.

1 2 3 4 5 6 7 8 9 10

ISBN 0-13-196023-7

Bookware® is a registered trademark of Prentice-Hall, Inc.

Editorial/production supervision by Jane Zalenski  
and Rhonda K. Mirabella

Cover design by Hal Siegel

Manufacturing buyer: Gary Orso

This book is available at a special discount when ordered in  
bulk quantities. Contact Prentice-Hall, Inc., General  
Publishing Division, Special Sales, Englewood Cliffs, N.J. 07632.

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Prentice-Hall Hispanoamericana, S.A., *Mexico*

Prentice-Hall of India Private Limited, *New Delhi*

Prentice-Hall of Japan, Inc., *Tokyo*

Prentice-Hall of Southeast Asia Pte. Ltd., *Singapore*

Whitehall Books Limited, *Wellington, New Zealand*

Editora Prentice-Hall do Brasil Ltda., *Rio de Janeiro*

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# PREFACE

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This book was written for the benefit of the small-business person or the accountant who handles the financial affairs of one or more small businesses.

As you leaf through the book, you will see many computer programs each of which is designed to accomplish some particular task relating to posting, recalling, editing, and reporting the financial data of your business. Don't let the word "programs" frighten you. A program is nothing more than a set of instructions to your computer. "Software" is nothing more than a collection of such programs. It is not necessary that you understand the meaning of the instructions contained in the software presented in this book. It is only necessary that your computer understand them.

All you need to do is to type the programs into your computer using a word processor, customize and initialize them using the detailed instructions that are included, and they are ready to run.

If you prefer not to type in the programs yourself, you may order a floppy disk containing all the programs already initialized and customized for your business. Pre-customized disks are available in a wide variety of computer formats. (See the ordering information at the end of this book).

Using this book will save you many hours of time that you would otherwise need to devote to the tedious tasks of maintaining and balancing your financial records as well as summarizing your financial data for federal and state tax reporting and any other kinds of detailed or summary financial reporting required by your business.

Two of the most important activities in which all business people engage are planning and control. Both of these occur at all levels within an organization. Planning is the process of deciding what should be done and how it should be done. Control is the process of ensuring that the desired results are being attained.

Normal daily operations of a business result in the accumulation of large amounts of detailed data which, when viewed closely, can be quite confusing. An effective means of recording, summarizing and reporting this mass of detailed information must be instituted by the business person to facilitate the management functions of planning and control.

The techniques of business are not as complex as one might think. Once understood, they are relatively easy to apply, not only to multinational firms but also to the sole proprietor struggling to survive. The normal difficulty encountered is not one of complexity, but one of the routine management and interpretation of large amounts of data. It is through the efficient application of accounting and bookkeeping procedures that this mass of data can be brought into control.

Everybody has a different idea about what accounting is: An accounting system is merely a formal means of recording, classifying and summarizing economic data to assist in making good business decisions.

Small business owners are many times not aware of the real help that accounting can bring. Studies of business failures show that the reason for failure can frequently be attributed to inadequate recordkeeping. While the absence of records is not itself the cause of difficulties, it accounts for the business person's inability to see in advance the direction in which the business is headed. With accurate and up to date records, you may foresee impending disaster in time to avoid it. You will also have a clearer insight into additional opportunities for your business. While extra work will be required to keep an adequate set of records, this work more than repays you for the effort required.

The CASH software is a tool which provides you with the ability to make sense out of the mass of detailed data generated by your business. It assists you in using past operating results to plan for a more productive and profitable future.

**USER'S OVERVIEW:** This book contains a series of computer programs written in the language of Ashton-Tate's dBASE II. The programs are "user friendly" in that they are all menu- and screen-driven. You do not need to know dBASE II in order to use them. They enable the accountant or small business person to:

1. Maintain computerized records of cash receipts and cash disbursements.
2. Generate a variety of hardcopy reports from the computerized data.

Using this book can save you a great deal of money. For the price of the book you get a package of computer programs for which you would pay at least several hundred dollars if purchased in any other form. All you need to do is type them into your computer, initialize them, and run them. All the instruction you need to accomplish this is included in the book.

The programs are in the form of *source codes* that allow you to see exactly what they do and how they do it. Another advantage to you in having the source code is that you have the freedom to modify the programs in any way you see fit, although modification will probably never be necessary and certainly should not be attempted unless you are proficient in dBASE II programming.

The programs provided in this book can be used on both hard-disk and floppy-disk computers, although hard-disk computers provide far greater speed of operation and data storage capacity. Hard-disk computer systems are becoming cheaper all the time and are already within the financial reach of the small-business person. Microcomputers with ten million byte hard disks are already available for less than \$2800 and the prices are continuing to drop rapidly.

A floppy-disk system may be adequate to perform all the essential functions (if the disks have sufficient capacity), but you may encounter limitations on the amount of archival data storage that can be maintained. One powerful feature of these programs is the ability to modify archival data in the event, for example, that you discover in September that you forgot to enter a transaction record for the previous July. A hard disk computer system will allow you to have up to six month's worth of archival records immediately available to the programs. Archival records older than six months can be transferred to floppy disks for permanent retention.

Using this book will also save you a great deal of time. The real strength of these programs is their ability to produce accurate business reports in a much shorter time than would be possible otherwise. If you are a small business person, you spend at least a day or two at the end of every quarter compiling your transaction records for reporting and tax purposes. If you are an accountant handling the financial affairs of a number of small businesses, you must perform a day or two days worth of tedious activity adding and reconciling numbers for each of your clients. The programs in this book will perform the same tasks in minutes rather than days—and the results will be accurate the first time around without your need to do checking and double checking.

The CASH software provides you with an excellent means of managing your Sales, Cash Receipts, and Cash Disbursements transaction data. The hardcopy output reports generated constitute an effective tool for enabling profit-maximizing decisions. Additionally, the output from this software can be used to increase the efficiency of other financial software that you may already own or to increase the efficiency of an existing manual system of financial reporting.

Many accounting packages on the market today provide a cumbersome and inefficient means for recording detailed daily sales, cash receipts, or cash disbursements transactions. Even if you already use one of these packages, you will realize a significant time savings by processing the detailed daily transactions through the CASH software and then entering the monthly or quarterly summary data into your more elaborate accounting software.

Retail establishments using cash registers that summarize daily sales by department will find the CASH software particularly useful. The summary data printed for each department for a given day can simply be entered into the CASH system. Once the daily summary totals are entered, the compilation and reporting of monthly, quarterly, or year-to-date sales and cash receipts information can be accomplished by simply selecting the appropriate options from the CASH menus.

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## CHAPTER ONE

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# **Small Business Recordkeeping**







## WHY KEEP RECORDS?

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You need financial records to substantiate your:

- federal and state income tax returns.
- request for credit from suppliers.
- request for loans from financial institutions.
- claims about the business, should you wish to sell it.

**But most importantly, you need good financial records to help increase your profits!**

With an adequate, yet simple recordkeeping system you can answer such important questions as:

- How much business am I doing?
- What are my expenses?
- Which expenses appear to be too high?
- Which of my product lines or services should I promote?
- What is my net profit?
- Is my financial position improving or getting worse?
- What is my breakeven point on a particular product or service?

You need to know what happened in the past to help plan for the future.

Accounting systems vary from merely keeping receipts, invoices, and cancelled checks in a “shoe box” and summarizing them once a year to owning your own computer system and software to produce monthly and quarterly financial reports. Between these two are manual pegboard or “one-write” systems and computer service bureau systems.

## BASIC CRITERIA FOR GOOD RECORDKEEPING

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Regardless of what system you adopt, the basic criteria of any good recordkeeping system are as follows:

### **Simplicity and Understandability**

The system must be easy to understand and use. If a system is too complex for a business's needs or too cumbersome to use, it will often be short-circuited or not used at all by employees to save time or simply because they do not understand how the system works.

### **Accuracy and Reliability of Information**

To be useful in the daily decision-making process, the data presented by an accounting system must be accurate and reliable. Error controls should be built into the system. Bear in mind that the more times information is transcribed or manipulated in a manual system, the greater the probability of costly error.

### **Timeliness**

If information is to be useful, it must be available in a timely manner. The frequency of the transactions, the peak periods of the business, and the importance of deadlines must all be considered in selecting an accounting system. In today's on-line world, quick retrieval of accurate information in usable form is the key element of a good accounting system. Speed in data retrieval and timeliness in reporting becomes ever more crucial as the business grows and the number of transactions increases.

### **Cost Benefit Relationship**

Cost is generally the most critical criterion. The cost of acquiring and maintaining an accounting system must be balanced against the benefits derived from its use. The benefits are often not easily measured. In contrast, the cost can readily be measured on a per unit or per transaction basis. Clearly a business should use an accounting system that provides the necessary decision-making and data reporting capability at the lowest cost.

---

## **BASIC RECORDS FOR SMALL BUSINESS**

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Small businesses often start by employing a manual accounting system to record the flow of their cash. Spread sheets, referred to as "cash receipts and cash disbursements journals," are used by many small businesses. As the business grows and the frequency of transactions increases, a more efficient means of processing the resulting data must be devised. The accounting system must be streamlined and the processing of these data accelerated.

This need for streamlining and accelerating the processing of an ever-increasing volume of data makes the use of personal computers and customized bookkeeping software very viable with cost-effective modes of processing accounting data.

The use of personal computers and customized bookkeeping software, although requiring an initial financial investment, often results in a lower cost per transaction than manual systems in the long run.

Computerized cash receipts and cash disbursements systems present the following advantages over their manual counterparts:

### **Speed**

The incredible speed of the computer is its primary advantage. Computerized systems reduce the time required to record the original transaction from the source document. An even greater time benefit occurs at the time of data tabulation and report generation. When done manually, both these tasks are extremely time-consuming and tedious, and are prone to error.

### **Accuracy**

Through the use of programmed error-checking procedures, a high degree of accuracy can be maintained with the use of customized computer accounting software. Error checking can be so sophisticated that the “garbage in, garbage out” condition can be virtually eliminated. Good custom software can eliminate much of the human error. If programmed properly, computers do not make the mathematical errors that are prevalent in manual systems.

### **Timely Data**

Because of the speed of the computer, accounting records may be kept continually up to date and current reports may be prepared quickly at any time to assist the business person in making good decisions that will lead to increased profits. Small business owners are often so consumed in the day-to-day operation of the business that there is often little time left to maintain accounting records and generate management reports, let alone to stand back and review the results of operations and plan a profit-maximizing course for the future. In order to maximize the course of future profits, the business person must do a thorough analysis of the results of the past, and take corrective action where indicated.

---

## **DATA INTEGRITY**

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Most of us have repeatedly heard the phrase “garbage in, garbage out.” It refers to the fact that if incorrect or inaccurate information is entered into a system, whether it be manual or computerized, then the resulting output will also be incorrect. Incorrect reporting of accounting data can result in misrepresentation in financial statements and on government forms. But, perhaps more significant are the potentially disastrous effects of business decisions based on inaccurate data.

A good computer program can be designed to reduce the amount of garbage that is entered into the system by establishing a series of stringent data validation procedures. In the CASH programs, we have included a substantial number of procedures to perform error-checking and automatic balancing. This will greatly reduce the inevitable human errors that result whenever we deal with massive amounts of detailed data. Later in this book you will find descriptions of the various error-checking and balancing procedures provided by the CASH software.



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## CHAPTER TWO

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# **Sales and Cash Receipts**



## **GENERAL**

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All transactions involving a sale or the receipt of cash should be recorded by a business. With the aid of a personal computer and a good software package you can easily perform the recording, tabulation, and reporting of daily sales and other cash receipt transactions. The programs contained in this book create an excellent sales and cash receipts system that provides a means for recording the original transactions from your source documents, performs extensive error checking to reduce the human errors of data manipulation, and has the capability of generating daily, monthly, and quarterly reports.

The Sales and Cash Receipts programs of the CASH software have been designed to provide you with the capability to answer a multitude of questions that are important to your daily operations and planning for the future as well as to satisfy the demands of governmental taxing units. Sales and cash receipts information is reported in both detail and summary formats.

## **USES OF THE SALES AND CASH RECEIPTS PROGRAMS**

---

You need sales and cash receipts data to:

1. Substantiate gross income reported on federal and state income tax returns.
2. Substantiate taxable sales reported on state sales tax returns.
3. Substantiate the gross revenue reported on financial statements.
4. Answer such questions as:

How much revenue is being generated by a specific product or service?

Given limited resources, which of the existing products or services should be promoted?

Should an existing product or service be discontinued?

Did a recent advertising campaign result in an increase in sales?

Should an advertising campaign be undertaken to increase the sales of a given product or service?

Are there seasonal sales fluctuations in my business?

What are the sales trends in my business?

Should I direct my promotional and advertising efforts to a specific market segment?

What percentage of my sales are cash sales?

How do this period's sales compare with those of the last period?

What are the projected sales for the current year? For the next year?

It is the answers to questions like these which provide you with the tools to make intelligent profit-maximizing decisions which can mean the difference between success and failure of your business.



## DATA RECORDED

The programs enable the recording of the following information on each sale or cash receipt:

1. Date of the transaction
2. Customer invoice number
3. Customer name
4. Net cash received
5. Accounts receivable increase (debit)
6. Accounts receivable decrease (credit)
7. Taxable sales amount
8. Tax exempt sales amount
9. State sales tax collected
10. Gross sales amount distributed by sales category or department

## THE DATA ENTRY SCREEN

Without customization, your data entry screen for cash receipts data would appear as shown in Figure 1. Your actual entry screen will be the same as this except that your company name will appear at the top of the screen and the category names will be the actual category names that you use in your business.

**FIGURE 1**

```

** YOUR COMPANY NAME HERE **           Cash Receipts Entry Screen
Date of invoice (mm/dd/yy) :10/ /84: Invoice number :      :
Account :                               :
  Cash received                :      : Taxable sales      :      :
  Accts Receivable Increase :      : Tax exempt amount :      :
  Accts Receivable Decrease :      : Sales tax paid   :      :

                        Sales Distribution by Category
Category 1 :      : Category 8 :      : Category 15 :      :
Category 2 :      : Category 9 :      : Category 16 :      :
Category 3 :      : Category 10 :      : Category 17 :      :
Category 4 :      : Category 11 :      : Category 18 :      :
Category 5 :      : Category 12 :      : Category 19 :      :
Category 6 :      : Category 13 :      : Misc Rec'd amt :      :
Category 7 :      : Category 14 :      : Acct number :      :

```