In Chapters 1 through 5, you learned how to record transactions for Conner’s Whitewater Adventures using a manual accounting system. In a manual accounting system, accounting transactions are recorded by hand rather than on a computer. In this chapter, you will learn how to record transactions using a computerized accounting system.

CHARACTERISTICS OF COMPUTERIZED ACCOUNTING SYSTEMS

A computerized accounting system records accounting transactions using a computer and accounting software. There are many types of accounting software. QuickBooks® and Peachtree® are two software programs that are often used by small businesses. Large multimillion-dollar companies often invest in extensive software known as enterprise resource planning (ERP) software. ERP software integrates not only the accounting system but also other areas such as human resources, manufacturing, project management, and customer relationship management.

Advantages and Disadvantages of a Computerized Accounting System

A majority of companies use some form of a computerized accounting system. They do so because the advantages of a computerized accounting system far outweigh the disadvantages. Some of the advantages of a computerized accounting system are as follows:

- **Automatic** – Computerized accounting systems automatically complete many parts of the accounting cycle. Once a user enters a transaction, the software posts the transaction to the ledger and updates the financial statements. In addition, computerized accounting systems perform financial calculations such as totaling revenue and expenses and determining net income.
- **Timeliness** – Computerized accounting systems allow companies to prepare up-to-date financial reports quickly. In addition, accountants can easily locate specific transactions they want to review or investigate.

Identify the advantages and disadvantages of a computerized accounting system.

View and print reports using QuickBooks® Pro®.

Record (a) a group of transactions and (b) adjusting entries pertaining to a service business in a computerized general journal using QuickBooks® Pro®.

Record closing entries pertaining to a service business in a computerized general journal using QuickBooks® Pro®.