Techniques in handling computerized accounts

(Relevant to AAT Examination Paper 1: Accounting and Computerized Accounts)

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Introduction

Starting from June 2011, the syllabus of the Accredited Accounting Technician (AAT) Examination Paper 1: Accounting and Computerized Accounts has been enhanced. Students need to have sufficient financial accounting knowledge to tackle the Sections A and B of the examination, which relate to accounting (70 out of 100 marks). They also need to have hands-on computerized accounting experience to handle Section C, computerized accounts (30 out of 100 marks). Thus, in order to pass, students must be competent in both areas.

MYOB Premier Plus v13 English version is the designated accounting software under the revised syllabus. Students are strongly suggested to check with the syllabus, download the appropriate version of software for practice and use updated textbooks and other references in learning. In this article, we focus on how to handle computerized accounts step by step.

Computerized accounts

This is a challenging part in the examination, since both accounting experience and computerized accounts skills are required. The general background of the question is designed as a case. Students are assumed to be the accountants or senior accounting staff in a company. They have to convert the manual accounts to computerized accounts at a particular starting date, and to prepare the remaining accounting entries until a particular closing date. Thus, students must be clear about these two important dates before they start to create a new company file in MYOB. The basic steps for handling the data in the examination are suggested below.

1. **Set up company, reporting period, accounts list, etc.**
   - File Menu
     - New Company File Assistant
2. **Set up opening, customer and supplier balances, etc.**
   - Setup Menu
     - Easy Setup Assistant (Customise, Accounts, Sales and Purchases)
3. **Enter accounting entries**
   - Command Centres Menu
     - Accounts (General Journal Entries, etc)
     - Banking (Bank Receipts and Payments)
     - Sales (Sales, Payments from Customers, Sales Returns, Bad Debts)
     - Purchases (Purchases, Payments to Suppliers, Purchases Returns).
4. **Print required reports**

- Reports Menu

Step by step approach

Before starting to enter the accounting entries, you must create a new company and set it up. Suggested steps are provided for reference. Students are strongly recommended to read Section 5. Appendix before they go through the steps.

New Company File Assistant / Creating a new company file

Under "File" Menu

New Company File Assistant / Create a new company file		
Introduction	SKIP	
Company Information	ENTER: <Company Name>	**<Your student ID> + <Specific Code> + <Seat No.>**
Accounting Information	ENTER: <Current Financial Year> ENTER: <Last Month of Financial Year> ENTER: <Conversion Month> ENTER: <Number of Accounting Periods>	**Read from Question and Instructions**
Accounts List	SELECT: <Lists Provided by MYOB Premier> SELECT: <Industry Classification> SELECT: <Type of Business>	**Read from Question and Instructions**
Company File	SKIP	
Conclusion	CLICK: <Setup Assistant>	

Example (Extract from December 2010 Section C)

"You are a newly employed accountant in DP International Limited. .... manual accounting system starting from **1 June 2010**. The reporting date of your company is **30 June** annually."

Instructions: "Use the default chart of accounts of "**Retail**" industry and "**Hardware Store**" business to modify names .... to be modified or used are underlined for easy reference."

Question: "(a) Profit and loss statement (accrual) for the year ended **30 June 2010** excluding accounts with "zero" balances."

From the above details, you can collect the following information:

Accounting Information:
Current Financial Year: **2010**
Last Month of Financial Year: **June**
Conversion Month: **June**
Number of Accounting Periods: **Twelve**

Accounts List

Industry Classification: **Retail**

Type of Business: **Hardware Store**

Easy Setup Assistant

Under "Setup" Menu

Customise Easy Setup Assistant		
Introduction	SKIP	
Date Entry	SKIP	
Record Selection	SKIP	
Multiple Currencies	SKIP	
Contact Log	SKIP	
Ageing Options	ENTER: 1st: <45> Days ENTER: 2nd: <90> Days ENTER: 3rd: <120> Days	**Assume the Ageing Options are: 1st: 45 Days, 2nd: 90 Days, 3rd: 120 Days**
View Options	SKIP	
Conclusion	CLICK: <Close>	

Accounts Easy Setup Assistant		
Introduction	SKIP	
Accounts List	SELECT: <Accounts> CLICK: <Edit> CLICK: <New>	**Accounts from Trial Balance and Appendix Edit Accounts: <Header/Detail A/c>, <A/c Name> New Accounts: <Header/Detail A/c> <A/c Type> <A/c Number> <A/c Name>**
Opening Balances	SELECT: <Accounts> ENTER: <Opening Balance>	
Conclusion	CLICK: <Close>	

Sales Easy Setup Assistant		
Introduction	SKIP	
Layout	SKIP	
Selling Details	CLICK: <Income Account> <4-XXXX>	**First Detail A/c of Sales under Accounts List**
Tax	SKIP	
Payment Information	SKIP	

Linked Accounts	SELECT: <Account for Customer Receipts> USE: <Default> SELECT: <Account for Undeposited Funds> USE: As same as <Account for Customer Receipts>	**First Detail Account of Cash under Accounts List**
Customer Cards	CLICK: <New> ENTER: Profile <Name> <Card ID> ENTER: Selling Details <Customer Terms Information>	**Read from Trade Receivable Ledger**
Historical Sales	CLICK: <Add Sale> SELECT: <Name> ENTER: <Invoice #> <Date> <Total Including Tax>	
Conclusion	CLICK: <Close>	

Example (Extract from December 2010 Section C)

Trade Receivable Ledger as at 31 May 2010

Customer No.	Name	Invoice No.	Invoice Date	Credit Terms	Amount ($)
TR01	**Big Limited**	**00005027**	**05/25/10**	**5/10, Net 60**	**44,300**

From the above ledger details, you can collect the following information.

Profile:
Name: **Big Limited**
Card ID: **TR01**
Selling Details:
Payment is Due: **In a Given # of Days**
Discount Days: **10**
Balance Due Days: **60**
% Discount for Early Payment: **5%**
Historical Sales:
Invoice #: **00005027**
Date: **5/25/2010**
Total Including Tax: **44300**

Purchases Easy Setup Assistant		
Introduction	SKIP	
Layout	SKIP	
Buying Details	CLICK: <Expense Account> SELECT: <5-XXXX>	**First Detail A/c (Purchases) under Accounts List**
Tax	SKIP	
Payment Information	SKIP	

Linked Accounts	Account for Paying Bills: <Default>	First Detail Account (Cash) under Accounts List
Supplier Cards	CLICK: <New> ENTER: Profile <Name> <Card ID> ENTER: Buying Details <Supplier Terms Information>	**Read from Trade Payable Ledger**
Historical Purchases	CLICK: <Add Purchase> SELECT: <Supplier Name> ENTER: <Date> <Supplier Inv #> <Total Including Tax>	
Conclusion	CLICK: <Close>	

Example (Extract from December 2010 Section C)

Trade Payable Ledger as at 31 May 2010

Supplier No.	Name	Supplier Inv #	Invoice Date	Credit Terms	Amount ($)
TP03	**Unichain Store**	**US00220**	**5/30/10**	**10/20, Net 90**	**22,876**

From the above trade payable ledger, you can collect the following information.

Profile:
Name: **Unichain Store**
Card ID: **TP03**
Buying Details:
Payment is Due: **In a Given # of Days**
Discount Days: **20**
Balance Due Days: **90**
% Discount for Early Payment: **10%**
Historical Purchases:
Supplier Inv #: **US0022**
Date: **5/30/2010**
Total Including Tax: **22876**

From the above, you can get the basic idea of how to create and set up a new company file.

Conclusion

Some students may think that the Computerized Accounts examination is only a data entry test. They may also think that it is a test in how to use MYOB software only. If that is the case, then they do not fully understand the objective of this paper. This paper aims to develop and assess candidates' knowledge, comprehension and application of the basic accounting concepts and principles, including the ability to apply these to recording business transactions and to prepare and interpret basic financial reports. Therefore, the Computerized Accounts examination is another platform for assessing candidates' knowledge, ability and understanding in a practical working environment. By using accounting software, their knowledge can be applied and shown more effectively. Students are reminded that good performance can only be obtained by fully understanding the required accounting knowledge and combining this with good presentation in their answers by using the accounting software properly. Last but not least, the golden rule to getting satisfactory results is simple: "Practice makes perfect".

Appendix

The suggested steps outlined above are based on certain assumptions:

- The steps are suggested for examination use only due to time constraints within the exam. They are not perfect or comprehensive, and as such may not be appropriate for use in a real business accounting environment.
- These suggested steps represent the minimum required input. Students can use their own methods if the accounting results are as same as the suggested solutions.
- MYOB provides several functions which may lead to similar results. In order to understand the suggested steps, students should have basic accounting knowledge and real MYOB handling experience.
- The suggested steps are only used as quick reference. Students are strongly recommended to read the HKIAAT Paper 1 Study Text and other references.
- The suggested steps do not represent the full syllabus of the Computerized Accounts examination. They are some common testable areas only. Students should read the syllabus carefully and prepare for the examination of all the materials in the syllabus.