how debits and credits are used in a manual bookkeeping system and how they are used using a computerized bookkeeping system

Debits and credits follow the same rules in both manual and computerized bookkeeping; the main difference is how they are recorded and checked, not what they *mean*.[1]

Core debit/credit rules

- Every transaction uses **double-entry**: at least one debit and one credit, and total debits must equal total credits.[2] [3]
- Debits increase assets and expenses, and decrease liabilities, equity, and revenue.[4] [2]
- Credits increase liabilities, equity, and revenue, and decrease assets and expenses.[4] [2]

In a manual bookkeeping system

- Transactions are written by hand in books (journals and ledgers), with debits in the left column and credits in the right column for each account.[5] [1]
- The bookkeeper:
  - Writes a journal entry: date, accounts, debit amounts, credit amounts.
  - Posts amounts from journals to individual account **T-accounts** in the ledger (debit side/left, credit side/right).
  - Adds up each column and manually checks that total debits equal total credits, often using a trial balance.[1]

In a computerized bookkeeping system

- The user chooses the accounts and enters each transaction once; the software automatically creates the underlying debit and credit entries and posts them to the correct ledgers.[6] [1]
- The system:
  - Enforces equality of total debits and credits for each transaction and for the whole ledger, preventing out-of-balance entries.[3] [1]
  - Updates all related reports (general ledger, trial balance, financial statements) instantly, so the user rarely sees T-accounts even though the software is still applying the same debit/credit rules.[1]

Similarities between manual and computerized use

- Same double-entry logic: every transaction affects at least two accounts, with debits on accounts that are increasing (for assets/expenses) or decreasing (for liabilities/equity/revenue), and credits doing the opposite.[2] [4]
- Same end products: both systems ultimately produce a general ledger, trial balance, and financial statements based on the accumulated debits and credits.[3] [1]

Key differences in practice

Aspect	Manual system	Computerized system
Data entry	Handwritten in journals and ledgers.[5] [7]	Entered once in forms/screens; system builds entries.[1] [6]
Debit/credit layout	Clearly visible left (debit) / right (credit) columns.[1]	Often hidden behind forms; shown in reports if needed.[1]
Error checking	Done by manual addition and trial balances.[1]	Automatic checks keep debits and credits in balance.[3] [1]
Posting to ledgers	Separate step: journal → ledger.[5]	Automatic posting to all affected ledgers.[1]
Speed and reporting	Slower; reports prepared periodically.[7]	Instant updates and on-demand reports.[1] [6]

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1. https://en.wikipedia.org/wiki/Debits_and_credits
2. https://www.netgain.tech/accounting-finance-glossary/debits-and-credits
3. https://www.xero.com/us/guides/debits-and-credits/
4. https://proven.co/blog/understanding-debit-and-credit-in-bookkeeping-a-practical-guide-for-beginners
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