





## Transaction Processing System ( TPS )

Transaction :- It is that effects flow of resource of the entity.

TPS :- ( most fundamental business process system)

- It aims at expediting & improving the routine business activity.
- Std. Operating procedures, which facilitate handling of transaction, entry of data, processing, search & presentation of Data & information
- High volume of well understood transaction associated with the operating level

### Characteristic of TPC

- The objective of grouping like transaction is to cluster these transaction together in a way that simplifies information processing.
- Information processing within TPC require Recording, Maintaining & Reporting ( keyword : **RMR**) on the business activities that make up a business process.
- TPC consists of one or more application
- The concept of TPC provides a frame-work for analyzing an organization activities
- Generate statistical data for MIS
- It provides a basis for categorizing flow of economic events that are common to all organization.
- Helps analyze the entities business activities

### Components of TPS ( Key : I.P.O. 'S )

**1. Input:** It is the source document. They serve following purposes :

- Capture data.
- Facilitate operations by communicating data and authorizing another operations in the process.
- Standardize operations.
- Provide a permanent file for future analysis.

**2. Processing :** It involves use of journals and register to provide a permanent and Chronological record of input. The common special journals are :

1. sales journal :- to summarize sale on A/c.
2. purchase journal :- to summarize purchase on A/c.
3. cash receipt journal :- to summarize receipt on A/c.
4. cash payment journal :- to summarize payment on A/c.

- **Computer processing :** There are two modes for computer processing (i) batch processing and (ii) direct processing.

1. Batch processing :

- Batches of the transaction are accumulated as a transaction file.
- The transaction file provides input to the accounting system.
- Subsequently, it is posted to the ledgers and to the ledgers and then periodically processed.

2. Direct processing :

- Individual transactions are posted directly rather than accumulating them in the batches of transaction files.
- The processing converts data into information. The management is interested in the summary data. Its interest in Transaction files is temporary – i.e. once processed to update master file its no longer of direct interest. Like Mgt. has a permanent interest in the information contained in A/c. receivable master file.
- The reference file and table file contain data, to support data processing.

**3. Storage :** - The ledgers and files provide storage of data in both manual and computerised.

- Computer storage : A file is collection of data. There are several types of files.

Types of files

- |                 |                      |                  |
|-----------------|----------------------|------------------|
| 1. Master files | 1. Transaction files | 2. Report files  |
| 3. Table files  | 4. Reference files   | 5. History files |
| 6. Backup files |                      |                  |

( ref : - my notes on EDP for c.a.inter / Information Technology Pe2)



**Keyword :- Master Transfer his Report on Table to Refer History Back**

(hmm... remember it was in pe2 ..... hmm.... well not much detail required in c.a.final)

**4. Output :** There is a wide variety of outputs from TPS. Any document generated in it is an output. Some are both output and input (e.g. Customer invoice is an output from order-entry application system and also an input document to customer)

**Features of TPS :**

- Large volume of data.
- Automation of basic operations
- benefits are easily measurable
- source of input for other system.

[ As per earlier Syllabus in “Management information and control system” ]

A transaction processing cycle (TPC) organises transaction by an organization business processes. The nature & its type depends on need of a specific organization

- Four common cycles of business activity :-
  1. Revenue cycle :- sale & collection
  2. Expenditure cycle :- Purchase & payment
  3. Production cycle :- resource →( process ) →WIP →( process ) → F.G.
  4. Finance cycle :- acquisition and mgt. of funds

However Fifth cycle is Financial Reporting Cycle : which is not operating cycle. - it obtain accounting and operating data from the other cycles and processes these data in such a manner that financial reports may be prepared.

