

Computerized Accounting

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Abstract— An accounting system is a collection of processes, procedures and controls designed to collect, record, classify and summarize financial data for interpretation and management decision making. Computerized Accounting involves making use of computers and accounting software to record, store and analyze financial data.

Key words: Computerized Accounting, Finance

I. INTRODUCTION

Gone are the days when accountants used registers and a sharp pencil to record accounting entries. Computerized accounting has become common practice in many companies, from Fortune 100 companies to single-person companies. Due to Internet access and the availability of systems both online and in desktop systems, the cost of accounting has been reduced and some providers even offer reduced online accounting at no cost. Although these systems may have some limitations, such as not being able to track inventory, they usually provide sufficient functionality for smaller or service-based companies, such as consulting and other service-related activities.

II. MEANING OF COMPUTERISED ACCOUNTING

As its name suggests, "computerized accounting" is accounting done with the aid of a computer. It tends to involve dedicated accounting software and digital spreadsheets to keep track of a business or client's financial transactions.

Computerized accounting is a beneficial use of current technological advances. Not only has it revolutionized the traditional paper methods of accounting, but it has also created new types of accounting applications for business. Companies now create entire accounting information systems that integrate all business operations, including external suppliers and vendors in the value chain.

Computerized accounting systems (or software) have replaced manual-based accounting in virtually all businesses and organizations, providing accountants, managers, employees and stakeholders access to vital accounting information at the touch of a button. Computerized accounting systems automate the accounting process—improving efficiency and cutting down costs.

Computerized accounting has many advantages over traditional manual accounting. Computerized accounting tends to be more accurate, is faster to use, and is less subject to error than its manual counterpart.

III. FEATURES OF COMPUTERIZED ACCOUNTING

- Fast, Powerful, Simple and Integrated
- Complete Visibility Enhanced User Experience
- Accuracy
- Speed
- Scalability
- Power
- Improved Business Performance

- Quick Decision Making
- Complete Reliability
- Recording of data
- Data entering
- Classification and processing of data
- Data Storage
- Reporting
- Accuracy
- Lesser paper work
- Codification of data
- Data sharing
- Adjusting entries
- Codification is possible
- Easy control
- Universal application
- Easy to process voluminous data

IV. PROCESS OF COMPUTERIZED ACCOUNTING

- Recording of data
- Data entering
- Classification and processing of data
- Data Storage
- Reporting
- Accuracy
- Lesser paper work
- Codification of data
- Data sharing
- Adjusting entries

V. IMPORTANCE OR NEED

Computerised accounting is the need for the hour and is being adopted by domestic as well as global industries. Considering its high demand, it is needed by every organization for the following reason:

- It processes data quickly and saves a lot of business time.
- Performing large number of business transaction is possible with computerized accounting.
- This system of accounting reduces the manpower.
- It also ensures the security of accounting information from thefts and frauds.
- Accounting information can be stored online (cloud facility) for longer durations. This frees up system space, speeds up the RAM and increases performance.
- It reduces the investment in training costs.
- Financial workflow of the organization will not be hindered by the absence of accountants.
- Moreover, this type of accounting portrays that the company is updated and adaptable.
- Unique accounting techniques and procedures which are relevant to the particular organization can be created.
- Accounting will become significantly independent of manpower.

VI. COMPLEXITIES

There are disadvantages to adopting the computer based accounting system. The complexities are discussed below.

- This system explicitly steals human jobs as manpower, in particular, is replaced by computers.
- The added expense to install a computer/computers is an additional key point.
- Furthermore, there is a requirement for special skills among employees performing accounting tasks.
- This accounting system will eventually depend entirely on the system, As a result of this, there will arise the added risk of system failure and hindrance of business operations.
- Adding data that has been misplaced under the wrong category can be very challenging.
- Spotting of errors that occur in the middle of the accounting process will be difficult to identify and locate.
- Since organizations have a lot of workloads, they may not have the resources (time or human) to create backups. Hence, loss of valuable accounting data/information is a high possibility.

VII. ACCOUNTING SOFTWARE

Accounting software is an integral part of the computerized accounting system. An important factor to be considered before acquiring accounting software is the accounting expertise of people responsible in organizations for accounting work. In the light of this statement, briefly discuss various types of accounting software. The various types of accounting software are.

- Ready to use- Readymade softwares are softwares which are available off the shelf. These softwares are for the users at large and are not user-specific. These softwares are suited for organizations running small/conventional business where the frequency or volume of accounting transactions is very low.
- Customised- The term 'customized software' means making changes in the readymade software to suit the specific requirement of the user i.e. make it user-specific. These software are available off the shelf and are changed to suit the requirements of the user requirement, can modify all the readymade softwares. The user has to bear the cost of such changes. Customised softwares are best suited for large and medium businesses and can be linked to the other information systems.
- Tailored- The term 'tailor-made software' refers to designing and developing user specific-softwares. These softwares are suited for large business organisation with multi-users and has operations in geographically scattered locations. The tailored software is designed to meet the specific requirements of the users, and thus form an important part of the organizations.

VIII. CONCLUSION

Computerized accounting systems make use of computer technology in order to perform all the above mentioned functions of accounting. Computers gather data from digital receipts and invoices. Due to their vast memory space, they

store the collected data for future references. And finally, the stored data is accurately and effectively converted into valuable reports with the help of various computer software.

REFERENCES

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