



COMPUTERIZATION OF ACCOUNTS AS ELECTRONIC MODE AND EFFECTIVE COMMUNICATION

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ABSTRACT Computer is an important tool in the today trend. It is connecting the world within second. Way of communication through computer is very easy via email, internet access etc. It is used for account purpose also nowadays. Electronic accounting is new development in field of accounting. In electronic accounting, source documents and accounting records exist in digital form instead of on paper. This concept is adopted at international level. This helps businesses keep their financial data and accounting software in a safe, secure environment, allowing real time access to authorized users, irrespective of their location or computing platform. This paper will explain about the value of communication and electronic accounting.

KEYWORDS : Computer, Business, Electronic, Accounts, Communication

1. Introduction

The introduction of advanced information technology has changed the way that organizations conduct their businesses. The proper use of this technology may create competitive advantage for most businesses and organisations in all fields, including accounting. As a single largest user of information technology and purveyor of information for the organization, the evolution of information technology in accounting has transformed the accounting information flow within and outside the organisations.

Previous inefficient traditional paper-based manual accounting methods caused some problems, such as, wrong data entry, slow and inefficient task performance and massive utilization of paper products. Lack of data security was also a major issue. But, the emergence of computer based information technology has changed not only the accounting profession itself, but also the accounting information systems and practices.

Information technology as a key resource in accounting and financial information processing has enabled the tedious task of manual bookkeeping to be substantially eliminated through the implementation of computerised accounting information systems. The accounting-related task performance or task performance outcome are defined as the capability of the system to perform specific tasks with explicit outcomes. Such task may be budgeting, or accounting and reporting, or auditing or controlling. The effective system will help the users to perform all the tasks efficiently and effectively.

2. Features and Future of Communication and Electronic Accounting

There has been a constant growth in the use of information and communication technology in business to support the exchange of data and information within and between organisations. New technologies, like the Internet and mobile solutions, have provided new business opportunities and operations. E-business is believed to have a significant impact also on accounting systems, through changing business processes. The introduction of the internet has revolutionized the process of business automation. Revolution is all about transformation for the good.

Electronic accounting is new development in field of accounting. In an electronic accounting system, source documents and accounting records exist in digital form instead of on paper. Electronic accounting might just be the beginning of a new era where world would be extending it arms to our country. If one tries to define e-accounting, it can be defined as the application of online and internet technologies to the business accounting function. Like electronic mail, being an electronic version of traditional mail, electronic accounting is an accounting processes which are more traditionally manual and paper based. Electronic accounting involves performing regular accounting functions, accounting research and the accounting training and education through various computer based /internet based accounting tools such as: digital tool kits, various internet resources, international web-based materials, institute and company databases which are internet based, web links, internet based accounting software and electronic financial spreadsheet tools to provide efficient decision making.

3. Existing procedure as maintenance of accounts

The most common method of keeping the financial records of a company is manual. A bookkeeper kept the journals, the accounts receivable, the accounts payable and the ledgers in his best possible penmanship. In later years, an accounting machine, which can perform normal bookkeeping functions, such as tabulating in vertical columns, performing arithmetic functions, and typing horizontal rows was used. The billing machine, which was designed to typewrite names, addresses, and descriptions, to multiply and extend, to compute discounts, and to add net total, posting the requisite data to the proper accounts, and so to prepare a customer's bill automatically once the operator has entered the necessary information, was used. Early accounting machines were marvels of mechanical complexity, often combining a typewriter and various kinds of calculator elements. The refinements in speed and capacity made possible by advances in electronics and operating complexity of these machines. Many of the newer "generations" of accounting machines are operated by a computer to which they are permanently connected.

4. Computerization in Accounts Maintenance

Computerizing a business's general ledger, payroll, and other accounting tasks increases office efficiency. With a computer, we can request and receive an in-house balance sheet, an income statement, or other accounting reports at a moment's notice. We can get statements on net worth and year tax deduction expenses within minutes.

4.1 Microsoft office under spreadsheet

Electronic spreadsheets allow you to do anything that you would normally do with a calculator, pencil and columnar scratch pad. Spreadsheets were primarily designed for managers who in the process of planning must do calculations. Due to them and flexibility, electronic spreadsheets have found their way into small businesses and, to a lesser extent to homes. A typical integrated double entry accounting system will contain some or all of the following components: accounts receivable, accounts payable, general ledger, inventory, order entry, payroll, time, and billing.

It takes its name from the accountant's spreadsheet—a sheet of paper with rules for rows and columns which such work was usually done. Spreadsheet programs are much faster, more accurate, and easier to use than traditional accounting techniques. The programs are widely used on personal computers for keeping sales, expense and inventory records, and for budgeting and forecasting future sales and expenses. Because of these and many other applications, computer spreadsheets have become the most important of all software tools for modern businesses. A new generation of computer software for business began with integrated spreadsheet programs, which can be used to prepare spreadsheets, create graphs, and manage data. In such programs, for example, it is easy to display spreadsheet data in the form of a graph or to transfer data from a data base to a spreadsheet.

4.2 Receivables and Payables of Accounts

Accounts receivable, when computerized, can get your bills out the same day we have performed a service. An accounts receivable module prepares invoices and customer accounts, adds credit charges where appropriate, handles incoming payments, flags our attention to customers that are delinquent, and produces dunning notices. It allows

us to have daily cash control. We get out the bills on time, we avoid errors such as billing a customer twice for the same item. The further advantage is that debits and credits are posted automatically to the general ledger, order entry, and in some instances inventory, once they are entered in accounts receivable.

Accounts payable, when computerized, will provide for purchase order control, invoice processing, payment selection and handling, check writing and control, cash-requirements, forecasting. It will also double-check the accuracy of the vendor's invoice, and some software systems will cross-check it against the purchase order and the inventory module.

4.3 Right billing structure

Right billing structure reduces manual and clerical work, simplifies the billing process, prompts us and our partners to bill on time, reduces unbilled work-in progress, minimizes unreported time, reduces unbilled time, measures and analyses nonchargeable time and provides criteria to analyse staff performance. Because a computerized accounting system is basically a computerized data management system, the disposition of labour is almost the same. One staff member must serve as a data-base manager and oversee setting up the chart of accounts, establishing the interrelationships among the files and establishing and maintaining an audit trail.

4.4 Stock model and receiving

Stock module is multiple functions, including tracking inventory for both costing and tax purposes, controlling purchasing and minimizing the investment in stock. The payroll module prepares and prints payroll checks, including all itemized deductions. Receiving module can represent an invaluable addition. It can generate orders and track their fulfilment. We can find out which vendors are delivering on time and saving you the expense of having to follow up on partial and incomplete orders.

5. Merits of Computerization in Accounting

The most important advantage of using the computer is the speed with which we can get accounting done. In addition, we find that it is very easy to do accounting functions. Posting to the ledger, a tedious task of double entry, when done directly from the general ledger module, can be largely automated when done through special purpose modules like accounts payable or accounts receivable. With an accounts receivable module, you just need to enter the actual cash totals of items purchased and the software distributes these amounts to the general ledger so they become credits to corresponding revenue accounts. At the same time, an offsetting entry is made automatically to the accounts receivable account. With a computer, one can receive a balance sheet, income statement or other accounting reports at a moment's notice. We also find that some day to day data entry can be turned over to relatively unskilled workers.

6. Demerits of Computerization in Accounting

When we use a computer, it is possible that data can be lost because of hardware or software damage. Since the computer has no judgment of its own, it does not pick up on errors as a human being does. There can be loss of data due to accidents like fire. There can be loss of data or change of data due to fraud or embezzlement. There can be loss or unavailability of data due to loss of staff. Inaccurate data may be due to clerical error or mistakes in programming. Total security is economically unachievable and some failures must be expected. The right level of expenditure on security measures will minimize the sum of the cost of the measures and the expected loss.

Fraud and embezzlement are usually achieved on a computer system by altering data or programs. There are numerous techniques, varying from additions and deletions to input data, through changing the standing information files, modifying the programs to duplicating or suppressing output. Although most frauds that have been reported had gone on for some time, it could be that 'one shot' frauds have been more frequent but more often escape detection.

7. Conclusion:

This Electronic accounting model through computerization is very important one and it is very useful nowadays. It simplifies our work. Continuous change and development in the technological field forced a change in the accounting Sectors. This change find itself in the execution of activities, recording these activities and auditing record by showing itself through the process of the realization of control.

Considering of superior technology has become an inevitable necessity for the companies. In this connection technology oriented changes in accounting practices, along with electronic accounting have been initiated all over the world. If any income tax peoples come for raid they can copy their record through pen drive and simultaneously they can send these records through email to their officials. Now computerization in accounts are required as mandatory one since world is going fast and we need to adopt as per the current situation. We help our country in the term of DIGITAL INDIA under computerization of accounting as electronic accounting.

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