

COMPUTERISED ACCOUNTING

Important Notifications:

- **If you had already attended my class on Computerised Accounting and write down the notes which I had discussed at your class. Then no need to copy the following notes for your project copy on Computerised Accounting and E- Filing.**
- **All other students should copy the following notes and write it in their project copy on Computerised Accounting and E- Filing.**

Q.1. Explain the concept of Computerised Accounting System.

Ans. It is accounting information system that processes the financial transaction and events as per GAAP (Generally Accepted Accounting Principles) to produce report as per user requirement.

In a computerised accounting system the storage and processing of data is called operating environment that consists of hardware as well as software in which the accounting system works.

Q.2. Write down the advantages of Computerised Accounting System.

Ans. The advantages of Computerised Accounting System are as follows.

- i) Speed: Accounting data is processed faster by using Computerised Accounting System.
- ii) Scalability: In Computerised Accounting System requirement of additional manpower is confirmed to data entry operations of storing additional vouchers.
- iii) Legibility: The data displayed on monitors is legible. It helps in avoiding errors caused by untidy written figure in a manual accounting system.
- iv) Efficiency: It ensures better uses of resources and time.
- v) Quality Reports: It is a report which is acceptable to stake holders and other bodies because it is almost free from errors and emission.
- vi) Storage and Retrieval: The Computerised Accounting System allows the users to store data in manners that does not require a large amount of physical space.
- vii) Modernisation and employees interest: the Computer system requires a specialised hiring of staff Which makes them more valued. This motivates them to develop interest in job.

Q.3. Discuss the limitations of Computerised Accounting System.

Ans. The advantages of Computerised Accounting System are as follows.

- i) Cost of Training: Computerised Accounting System needs suitable staff. As a result huge amount is required for training.
- ii) Staff operation: whenever the accounting system is computerised there is significant degree of assistant from the existing accounting staff is required.
- iii) Disruption: The accounting process suffers a significant loss of work time as organisation switches over to the Computerised Accounting System.

- iv) System failure: The failure of system occurred due to hardware failure and the subsequent loss of work is a serious limitation in Computerised Accounting System.
- v) Disability to check unanticipated errors: Computerised Accounting System cannot detect the unanticipated errors as human being commit.
- vi) Ill effect of health: the extensive use of computer system may lead to development of various health problems like bad back pain, eyestrain, and muscular pain.

Q.4. what do you mean by Accounting Software?

Ans. Accounting Software is an anticipated part of the Computerised Accounting System. An important factor to be considered before acquiring accounting software is the accounting expertise of people responsible in organisation.

Q.5. State the different types of Accounting Packages. What are the differences between them?

Ans. There are three types of Accounting Packages.

- a) Ready to use.
- b) Customised.
- c) Tailored.

To, summarises the following table represents the comparisons between the various categories of accounting software's.

Basis	Ready to use	Customised	Tailored
Nature of Business	Small, conventional business	Large, Medium Business	Large, Typical Business
Cost of Installation and Maintenance	Low	Relatively High	High
Expected level of secrecy (Software & data)	Low	Relatively High	High
Number of uses and their interface	Limited	As per specification	Unlimited
Linkage to other information system	Restricted	Yes	Yes
Adaptability	High	Relatively High	Specific
Training Requirements	Low	Medium	High

Q.6. What are the generic considerations before adopting an accounting software?

Ans. The following features are usually taken in consideration before adopting accounting software.

- i) Flexibility.
- ii) Cost of Installation and Maintenance.
- iii) Size of organisation.
- iv) Ease of adaptation and training needs.

Q.7. What are the features of Computerised Accounting System?

Ans.

- i) Online input and storage of accounting data.
- ii) Print out of purchase and sales invoice.
- iii) Logical scheme for recording of transaction every accounts and transaction is assigned a unique code.
- iv) Grouping of Accounts is done from the very beginning.
- v) Instant report for management.

Q.8. Discuss the various components of Computerised Accounting System.

