Accounting in Computerized Environment

Module D: Final Accounts

Accounting in Computerized Environment
Contents

Coverage:

1. Computerised Accounting
2. Need and Evolution
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1. COMPUTERISED ACCOUNTING
Computerised Accounting - Meaning

• Data is captured in the form of Accounting Entries
• These are used to prepare Financial Statements which are based on Accounting Standards
• This data and the statements are further utilized to prepare various Financial reports
Advantages & Disadvantages

Features:
- Very high speed
- Highly accurate - Error free
- Various Informative Reports
- Economical
- Single Stand Alone Unit or Multiple Users

Advantages:
- Accuracy
- Speed
- Low Cost in long run
- Generation of Various Reports
- Automatic formation of all subsidiary books and statements
- Multiple printouts

Disadvantages:
- Requirement of special programs and professionals
- Qualified Staff required for Operations
- Costly computer peripherals and stationery
- Data theft is easy due to easier access
- Regular Back-Up Required
- Threat due to computer viruses
## Computerised Accounting vs. Manual Accounting

<table>
<thead>
<tr>
<th>Computerized Accounting</th>
<th>Manual Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficult to find out the trail of events</td>
<td>Easier to assess trail of events</td>
</tr>
<tr>
<td>Modification of original records is difficult to trace</td>
<td>Modification is relatively easy to find out</td>
</tr>
<tr>
<td>Multiple Reports can easily be generated</td>
<td>Generation of multiple reports is Time and Resource intensive</td>
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</tbody>
</table>
2. NEED AND EVOLUTION
Functions of Accounting Software


- Maintenance of Statutory Books
- Report Generation
- Foreign Currency Conversion
- Valuation
- Maintenance of Accounts
- Planning
Scope and Experiences of Computerisation in Banking

- Computerised Operations
- Accounting Deposits
- Remittances
- Standing Instructions
- Automated Banking
- Computerised Accounting
- Lending
- Cheque Clearance
- Centralised Banking
Need and Evolution of Centralised Infrastructure

- Decentralised Banking
- Multi-Channel Banking
- Cost Benefits of Data Centres
- Unified IP Network
- Core Banking
3.

CORE BANKING
Core Banking - Components and Benefits

- CB Financial Institution Infrastructure
- CB Product Build
- CB Customer Management and Customer Overview
- CB Account Administration
- CB Payments
- CB Management Information
The computerised Accounting system may be on a single stand alone machine or a multi-user system i.e. WAN or LAN.
• Statutory Books, Reports, Connecting branches, converting foreign currency,

• Giving all figures including profits: branch wise area wise. Closing stock values.

• Comp. Banking Operations, Accepting Deposits, lending, Remittances, Clearing of cheques, Standing Instructions, Centralized Banking, Automated Banking.

• EOD & BOD
System Layers

- Presentation Layers
- Delivery Layers
- Interface
- Application Layers
- Database Layers
- Interface to database using appropriate call levels & language
Transaction Processing

- Primary update for Customers transactions
- Secondary updates for transactions like salary (tape or disc)
  Batch processing (interest posting)
- Online Processing: Account & Customer creation, Financial transactions & Enquiries Maintenance
Balancing Account

• Balancing Account is used to route the transactions. In batch process. There one Dr. 10000 to be credited to 10 different accounts : Dr. Customer A/c Rs.10000& Cr. Balancing Rs.10000.

• Thereafter Dr. Balancing A/c 10 times @ Rs.1000.
Information Security

- Access Control Systems, Operations, E-mail, Application & System Development, Business Continuity & Disaster, Communication & network, Physical Security Control over Modem, Password secrecy
• Computer language: cobol, foxpro, unix ...etc
• Analog computers: scientific and mech. Field
• Digital computers: computerized accounting
• Data : fact
• Record : group of data
• Data file: data records
Thank You!

Do you have any questions or queries or some feedback to give?

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