



*Accountancy Notes PDF*

*On*

*Computerised Accounting System*

*(Class - 11 / Chapter- 11)*

A computerised accounting system is software programmes designed to store all the firm's accounting transactions. The recording of all the sales is used while preparing annual financial statements, tax return information, financial output for monthly reports, and other reports used to examine businesses profitability, operations, and efficiency.

### Advantages of Computerized Accounting System

- Record and process a large volume of transactions
- Timely reporting
- Lower cost
- Less paperwork.
- Provide flexible reports
- Scalable to handle the growing transactions
- Secured
- Accurate
- Fast
- Reliable
- Up-to-date information
- Automatic
- VIIS reporting
- Storage and retrieval at ease
- Motivate the employees.

### Limitations of Computerised Accounting System

- Huge training cost
- Opposition from staff
- Loss of work time
- The danger of system failure
- Bad effect on health
- Inability to check unanticipated errors
- Breaches of security.

### Disadvantages of Computerized Accounting System

- The accuracy of the end report entirely depends on the input of the information.
- Sometime the incompetent and biased employees may alter the data.
- It is expensive.
- There is a cybersecurity threat and it might hinder the whole saved data.
- Too much of the input on the computer might slow down the operating system and affect the work process.

### Types of Accounting Softwares

- **Ready-to-use Softwares** – It is cheap and fit for small enterprises which have less accounting transactions and a low user base. However, such software is less secure and easily subject to risks. This software doesn't require any specialised training.
- **Customized Softwares** – The software is customizable to satisfy the customer's requirement and fit for medium and large firms. The software is costly as well as its training, but a company can use it for various information systems. It is more secure as compared to ready-to-use software.

- **Tailored Softwares** – It is suitable for big companies that have many divisions and are scattered geographically. The cost is extremely high and requires specialized training to utilise the software. The software is highly secure.

### Difference Between Manual and Computerized Accounting System

Characteristic	Computerised Accounting	Manual Accounting
Data Entry	Very fast	Subject to the speed of the accountant
Speed	Very speedy	Not very speedy
Accuracy	Very accurate	Prone to errors
Security	Highly secure	Relatively less secure

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