

CBSE Class 11 Accountancy
Revision Notes
Chapter 13 Computerised Accounting System

Features of Computerised Accounting System

Computerised accounting system is based on the concept of database.

This system offers the following features:

1. Online input and storage of accounting data.
2. Printout of purchase and sales invoices.
3. Every account and transaction is assigned a unique code.
4. Grouping of accounts is done from the beginning.
5. Instant reports for management, for example: Stock Statement, Trial Balance, Income Statement, Balance Sheet, Payroll Reports, Tax Reports etc.

Automation of Accounting Process

When accounting functions are done by computerised accounting software that is known as automation of accounting process under the automation of accounting process human activity is less but accounting software is more used.

So, accounting functions like posting into ledger, Balancing, Trial Balance and Final Accounts are prepared by computer.

Stages of Automation

There are different stages of automation as:

- i. **Planning:** Under this stage the assessment of size, and business transactions is done for which automation has to be made.
- ii. **Selection of Accounting Software:** As there are many accounting softwares available in the market. So, in this stage appropriate accounting software is to be selected according to company's need.
- iii. **Selection of Accounting Hardware:** Under this stage of automation the computer hardware is selected. The hardware should be such that can fullfill the accounting requirement and support the accounting software.
- iv. **Chart of Accounts:** Under this stage list of required heads of accounts is prepared.

- v. **Grouping of Accounts:** There are various transactions for Expenses, Income, Assets, Liabilities. All these transactions cannot be shown directly. So, these transactions are grouped as salary, wages, discount and commission etc.
- vi. **Generation of Reports:** This is final stage of automation under this final reports are prepared in from of Cash Book, Journal, Ledger, Trial Balance, P&L A/c and Balance Sheet etc.

Comparison of Manual and Computerised Accounting System

	Base	Manual Accounting	Computerised Accounting
1.	Identifying Financial Transactions	In this system, it is done manually according to principles.	In this system, it is also done manually according to principles.
2	Recording	In this system, entries are recorded manually and other calculations also done manually.	In this, entries are recorded manually but other calculations are done by computers.
3	Adjustment Entries	In this system, all adjustments entries are done manually.	In this system entries related to posting are done by computers.
4	Financial statement	In this system, final statements is prepared manually	In this system final statement is prepared by computer with help of software.

Sourcing of Accounting Software

India is one of software making country. So, accounting softwares are easily available in Indian Market. But it is more important to know what is your need of accounting software. Generally, Tally accounting software is used in India which is easily available in market.

Accounting Softwares

1. **Readymade Software:** Readymade Softwares are the softwares that are developed not for any specific user but for the users in general. Some of the ready-made softwares available are Tally, Ex, Busy. Such softwares are economical and ready to use. Such softwares do not fulfill the requirement of very user.
2. **Customised Software:** Customised software means modifying the ready-made softwares

to suit the specific requirements of the user Readymade softwares are modified according to the need of the business Cost of installation, maintenance and training is relatively higher than that of ready-made user. These packages are used by those medium or large business enterprises in which financial transactions are somewhat peculiar in nature.

3. **Tailor-made Software:** The softwares that are developed to meet the requirement of the user on the basis of discussion between the user and developers. Such softwares help in maintaining effective management information system. The cost of these softwares is very high and specific training for using these packages is also required.

Generic Considerations Before Sourcing Accounting Software

- i. **Flexibility:** a computer software system must be flexible in respect of data handling and report preparing.
- ii. **Maintenance Cost:** The accounting software must be such which has less maintenance cost.
- iii. **Size of organisation:** The accounting software must be according to need and size of organisation.
- iv. **Easy to adaptation:** The accounting software must be such which is easy to apply in organisation.
- v. **Secrecy of data:** The accounting software provide the secrecy of business data.

Preparation of Accounts Groups

Groups of accounts means classifying the accounting transactions into different heads like Assets Group, Liabilities Group, Income Group and Expenses Group. By these grouping of accounts the final Accounts are meaningful for its users.

Generation of Accounting Reports

After collecting business data, it is converted into meaningful informations. Such summarised and converted information is known as a report.

The report is more effective if it is based on accurate and timely data.

A report must be relevant to users and contain all relevant information like Debtor's Report, Creditor's Report, Trial Balance and Financial Statement Report and others.