



St. Lawrence High School



A Jesuit Christian Minority Institution

Study Material 18

Sub: ACCOUNTANCY

Class 11

Chapter: Unit 10: Computers in Accounting

Date: 13/03/2021

Topic: Computerized Accounting System

Computerized Accounting System

Introduction to Computerized Accounting System (CAS)

An accounting system need to, measure income, expenses, and changes in resources of a business organization. Computerized Accounting System is nothing but a computerized system that would perform the same job of book keeping and resource management with much more efficiency and productivity.

A computerized accounting system should be able to

1. Rationalize the workflow
2. Decrease data redundancy
3. Make for error reconciliation
4. Provide help for financial management

Component of CAS

1. Accounts Payable
2. Accounts Receivable
3. Payroll Management
4. Employee Benefits Management
5. Assets Management
6. Budget Management
7. Management Information
8. Project Management
9. Supply Chain Management

Features of CAS

1. It should automate all business operations like sales, purchases, finance inventory etc.
2. It should be integrated with all business processes like production, sales, collection from customers.
3. It should be simple, fast, accurate and powerful.
4. It should be able to manage huge volumes of transactions without compromising on speed or efficiency.

5. It should be easy-to-learn and easy-to-use.
6. It should allow faster access to vital information.
7. It should help in better communication between various parties.
8. It should be secure, safe and extremely reliable.

Advantages of CAS

1. Automation of book keeping and report generation
2. Fast, accurate and efficient record keeping
3. Integration of business process
4. Automation of business process
5. Better supply chain management
6. Better resource management
7. Better optimization of workflow
8. Availability of reports for management
9. Better visibility for the organization
10. Better storage of data
11. Better productivity and more revenue generation

Limitation of CAS

1. Reporting of business information is not real-time, it is still based on historic data.
2. Processes are transaction oriented.
3. An unsecured system could be a big nuisance.

Accounting Information System (AIS)

An accounting information system is a system that collects, records, stores and processes data to produce information for decision makers.

Components of AIS

1. People
2. Procedure and instructions
3. Data
4. Software
5. Information technology infrastructure
6. Internal controls and security measurement

Manual Accounting vs. Computerized Accounting

Point of differences	Manual Accounting	Computerized Accounting
1. Type	Labour intensive	Capital intensive
2. Up-to-date information	Cannot provide quickly	It can provide quickly
3. Types of information	Inconsistent information	Consistent information
4. Accuracy	Accuracy level is very low	High accuracy level with huge data
5. Transferring information	It is very time consuming	It is less time consuming
6. Data presentation	With a very short notice it is not possible to present	With a very short notice it is possible to present data to top management
7. Stationery	It requires huge printed stationery	Less stationeries are required
8. Maintaining old records	It is quite difficult to maintain old records under manual system	It is very easy to maintain old records
9. Data recovery	In manual system it is difficult to recover old data	Whereas in automation system it is very easy to recover data
10. Preparation of Annual Account	Under this system preparation of annual account is time consuming	Whereas under this system preparation of annual account is more accurate and time saving
11. Suitable for	It is suitable for small businesses	It is suitable for medium and large businesses

Enterprise Resource Planning (ERP)

It is a system of business management where all parts of the business are included into one management system. That means that planning, accounting, manufacturing, marketing and sales are all controlled by one program, an ERP software covering accounting in all of these departments. Because Enterprise Resource Planning is so streamlined, ERP accounting software is becoming highly demanded, and many businesses are tailoring their computer departments to handle ERP accounting software requirements

Prepared by
Pralay Kabi