

# **S.B.B. alias APPASAHEB JEDHE ARTS COMMERCE & SCIENCE COLLEGE.**

**Class : F. Y. B. Com**

**Subject : Financial Accounting**

**Topic : Computerized Accounting Environment**

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# **COMPUTERISED ACCOUNTING ENVIRONMENT**

# Introduction

Accounting plays an important role in recording financial transactions.

The American Accounting Association defines Accounting as “ The process of identifying measuring and communicating economic information to permit informed judgments and decisions by the users of the information.”

The American Institute of Certified Public Accountants defines accounting as “ The art of recording, classifying and summarizing in a significant manner.

# Features of accounting

- Accounting is concerned with only financial transactions.
- Accounting include recording of transactions in primary books.
- After recording the transactions are to be grouped as per the basic rules of accounting.
- Accounting refers to maintenance of records as per the Generally Accepted Accounting Principles.

# Computerized Accounting

Computer is a fast and accurate electronic processing machine which is designed to accept the data, store the data, process them and produce the required output as per the instructions given by the programmer. In modern business world, strategic business decisions are quickly taken with the help of an effective computerized accounting system.

# Basic operations of computerized system

- Creation of accounting documents : for e.g. bills
- Recording of transactions :
- Storage of accounting information :
- Processing the data :
- Analyzing and preparation of reports
- Output for the user

# Features of Computerized Accounting systems

- Fast recording
- Arithmetical accuracy
- Immediate availability of reports
- Transparency
- User friendly
- Grouping of accounts

# Significance of computerized Accounting System

- Time saving
- Cost effective
- Systematic and upto date records
- Huge storage capacity
- Compact
- Flexibility
- Useful for decision making
- Suitability
- Multi-user facility



# Limitations of CAS

- Costly software
- Hardware requirements
- Trained staff
- Open access
- Power failure
- Computer viruses
- Problem in case of loss of data
- alteration

# Concept of Grouping of Accounts

Appropriate grouping of accounts is required to be done in manual as well as computerized accounting system.

Ledgers which have transactions of the same nature are classified under one group. The three types of accounts maintained for transactions

Real Accounts : Furniture, Cash, building etc.

Personal Accounts

Nominal Accounts

# Codification of Accounts

- Binary coding
- Symbol
- Numeric codes
- Group of bits

# General Accounting Reposts

- Balance Sheet
- Profit and Loss Account
- Trial Balance
- Statements of Accounts
- Account Books
- Receivables and Payables
- Inventory books and reposts
- Statutory reposts
- Other reports

# Voucher Entry

- Payment Voucher
- Receipt Voucher
- Contra Voucher
- Journal Voucher
- Sales Voucher
- Purchase Voucher

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