

Role of accounting software in today scenario

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Abstract

In today's digital world, digitalization of accounting is the need of hours. With the introduction of computerized accounting systems with latest accounting software, many advantageous factors such as speed and accuracy of operation etc. have change the fate of today's accounting world. Accounting software is a class of computer programs that enable you to manage your business's financial transactions. Using accounting software helps companies to use the resources in their accounting departments efficiently, and can reduce costly bookkeeping mistakes. In the area of accounting and finance, the use of hand in financial reporting has been replaced by the use of computer software to enable quick reporting and easy processing and storage of financial information, hence due to facilitation of accounting software, preparation and access of financial statements and use of accounting procedures has been made easy (Kharuddin et al., 2010). In the current business world, failure to use computer software almost implies that financial information may not be accurate, delays in financial reporting, and that financial information may not be stored for a long time. In this different matters pertaining to accounting software in today's business world have discussed. The paper investigated study showed the newest trends in accounting information systems for small to medium sized business. One of the newest trends in the information technologies world is cloud computing based technology. Accounting transfer to "cloud" is a new and innovative solution that can help save significant funds small and medium-sized enterprises. Business organization can get a lot of advantages with the newest technology. However, it has its own risks too.

Key words: Traditional Accounting, Computerized Accounting, Accounting software, ERP

Introduction

Accounting software are very crucial for the running of any business, especially in the current era when economic factors mean that keeping a tight control of finances is extremely necessary for success. Using ERP accounting software not only brings a sense of discipline into financial operations, but also makes the process of calculating figures and sums far easier. Software can also provide support in areas such as payroll, automatically keeping a track of salaries, bonuses, tax deductions and other data so that separate departments and spreadsheets are not needed. Any business must keep a tab on its minor day to day expenses to huge expenditures. But, technology has made this task easier and less cumbersome compared to traditional methods. New-age technology products like accounting software and others have automated various accounting processes making them fast and accurate. Before accounting software existed, accounting tasks had to be performed by hand. By automating these tasks, accounting software reduces the cost of accounting. It also provides more accurate and timely reporting, allowing companies to better use the information to make financial decisions. While smaller companies may opt for off-the-shelf accounting software packages, large companies tend to develop custom programs to fit their individual needs

Manual Vs Accounting Software

Manual accounting implies that employees perform the whole accounting cycle manually on a periodic basis: they calculate trial balances, journalize transactions, prepare financial statement reports and other routines. Of course it takes much time, resources and effort in large organizations. Computerized accounting implies that the only thing that employees do is recording transactions into the computer which processes the other steps of accounting cycle automatically or by a request. But this is a very simplified view on the computerized accounting because transaction is a complex category which includes not only sales or acquisitions, but depreciation, premiums and wages calculation, dividends etc. So computers provide accurate calculations and smart reports but it takes much time, resources and effort too and it's difficult to assess which accounting type is more fast and economic. If manual accounting requires qualified accountants to keep a record of business transactions, computerized requires accountants which can use specific software and thus they cost more. Computer software calculates faster but it does not know what you need until you can clearly explain what exactly you need. In addition good computerized accounting system can cost thousands and even millions dollars, depending on the complexity and

the size of organization. Computerized accounting provides better internal control report system for any given period of time (computer can control thousands indicators simultaneously and create notifications to the appropriate departments or workers if some indicators do not correspond to the normal state), while manual control takes more time.

Understanding accounting software

Accounting software describes a type of application software that records and processes accounting transactions within functional modules such as accounts payable, accounts receivable, payroll, and trial balance. It functions as an accounting information system. Accounting software is a type of computer software used by accounting professionals to manage accounts and perform accounting operations. Accounting is the systematic practice, work or process of communicating and recording financial information. In a business setting, this is done for the purposes of internal and external audits, required reports and financial analysis to meet legal or internal managerial requirements. Accounting may also include systematic and diverse measurement, classification, verification, summation and interpretation of financial information. Accounting software can range from simple, single-entry programs used for individual record-keeping to more sophisticated, double-entry systems that can process accounts receivable, accounts payable, payroll and inventory, among other functions. (www.techopedia.com)

Types of Accounting Software

To succeed at running your business -- or even to know if you're succeeding -- you need accounting software. Accounting software allows you to monitor the financial health of your business. Typically, it allows you to enter in all expenses, such as payroll and equipment expenses, as well as income, such as income from sales. Businesses of all sizes make use of accounting software.

Spreadsheets

To help with bookkeeping, businesses often use spreadsheet programs such as Microsoft Excel or Google Spreadsheets. It can be used to almost any basic accounting need. For example, It can be used to list expenses, sales or other relevant financial data, and even to handle more advanced accounting functions. Generally, only a very simple business should rely solely on spreadsheets to handle accounting; for most others, spreadsheets usually compliment other accounting processes.

Commercial Accounting Software

Commercial accounting software such as QuickBooks or Peachtree can handle most, if not all, of a small- to mid-size business's accounting needs. Accounting software work with almost any business, and allow you to create customized functions to fit your specific needs.

Enterprise Accounting Software

Larger companies may have enormously complex operations, and enterprise accounting software helps in managing this complexity. Accounting software for larger enterprises often integrates accounting with other services provided by the software, such as workflow management, business intelligence and project planning.

Custom Accounting Software

Sometimes, a business creates its own accounting software.

Functions of accounting systems

1. **Collect and store data:** Systems collect and store data about business activities and transactions. The systems capture transaction data on source documents, record transaction data in journals, and post data from journals to ledgers that sort the data by account type.
2. **Provide Information:** Systems provide information useful for decision making. This information usually involves reports in the form of financial statements and managerial reports.
3. **Provide Controls:** Systems incorporate controls to ensure the accurate recording and processing of data. The system must make certain that the information that comes out of the system is reliable and keep business assets safe.
4. **Forecasts of future:** Some accounting systems also produce forecasts of future conditions such as projected financial statements and financial budgets. So firm's financial performance is measured against such forecasts by other analytical accounting reports.

Source: created by the authors using (Wiley, 2010; Bressler, et al., 2006; Chytilova, et al., 2011, Gaidiene, 2006)

Importance of accounting software

Accounting software mainly, keeps track on cash flows, processes and documents, transactions, performs calculations and generates reports. But its functionality is not limited to these; in the long run, accounting software helps in improving operations, profitability, and efficiency and also reduces costs.

- 1) Accounting software brings discipline in business finances, which in turn helps in better financial management.
- 2) Easy to use business accounting software makes cumbersome calculations within minutes. Accurate data helps in faster decision making.
- 3) Payroll software automates process of salary generation, so employers do not need to keep record of employee's leaves, wages, bonus, tax deductions, credit etc.
- 4) Accounting software helps in securing sensitive financial data of the company like loans, profits and revenues and as you don't need outsource accounting processes.
- 5) Accounting software can be customized as per business type and it helps in assessing efficiency and progress.
- 6) Accounting software plays an important role in planning future tasks using budgeting and forecasting.
- 7) Business accounting software facilitates generation of daily reports that help in tracking daily activities, procedure, operations and controlling workflow. It is possible to generate reports based on different parameters and time periods as per your requirement.
- 8) Information from accounting software can also be used to plan marketing strategies and product planning.

Benefits of accounting software

- 1) **Automation:** Accounting software brings automation to various aspects of business from accounting inventory, billing to payment processing and payroll calculations.
- 2) **Accuracy:** Accounting software can help to increase the accuracy of your records by reducing or eliminating human errors in calculation. However, it should be noted that accounting software is not immune to human errors arising from data entry or interpretation mistakes.
- 3) **Speed:** Using accounting software allows businesses to process their accounts with greater speed than manual processing.
- 4) **Cost:** The benefits resulting from the speed and efficiency of accounting software often go hand-in-hand with reduced overall costs. The use of an accounting program allows each member of the accounting team to do more in a given time, potentially meaning that a smaller team is

needed overall. This, in turn, can reduce the accounting department's payroll and administration costs.

- 5) **Reports:** Accounting software helps businesses to supply the necessary members of staff with timely and accurate financial information. For example, suppose that a company's finance director needs a report of cashflow to take to a meeting in two hours. Many accounting software systems have built-in reporting modules that enable users to create this type of report by simply filling in a form or clicking a button. However, creating such a report manually would be a time-consuming process.
- 6) **Tax:** Filing your business taxes can be a complex process, requiring you to keep close track of all your business's transactions. Accounting software helps to make this process easier by ensuring that all of your business's financial details are in one place

In addition, accounting software allows organizations to increase efficiency by introducing automation. Say, for example, that a business needs to record sales tax on all of its transactions. Accounting software could be configured to do that for each entry automatically, rather than having a staff member work out the tax longhand.

Famous Accounting Software

The Accounting Software industry is now a multi-billion dollar industry with hundreds of competitive solutions available, here are the 20 best.

1. AccountMate: Founded in 1984, AccountMate develops and markets fully modifiable business accounting software. Systems range from single user versions to those that support hundreds of users simultaneously. AccountMate software is available for local installation or as SaaS. It is distributed exclusively through a worldwide channel of authorized solution providers.

(accountmate.com)

2. CYMA : Accounting Software provides the perfect accounting software solution for growing mid-sized businesses through flexible user environments, a full suite of useful accounting software modules, robust reporting, industry leading security, and advanced customization options. A wealth of additional modules and third party integrations makes CYMA accounting software the perfect mid-size accounting software solution. (cyma.com)

3. Intacct: Intacct is a cloud financial management company. Intacct accounting software, in use by more than 7,300 organizations from startups to public companies, is designed to improve company performance and make finance more productive. Hundreds of leading CPA firms and Value Added Resellers also offer Intacct to their clients. The Intacct system includes accounting, contract management, revenue management, project and fund accounting, inventory management, purchasing, vendor management, financial consolidation and financial reporting applications, all delivered over the internet via cloud computing. (intacct.com)

4. Red Wing Software: Red Wing Software develops and distributes accounting and payroll software for small to mid-sized businesses, agribusinesses, municipalities and nonprofits in North America. CenterPoint Accounting has many convenient, time-saving features such as pop-up reminders, quick lists, keyboard commands for “heads-down” data entry, and the ability to skip fields to speed up entry.

Red Wing Software offers Customer Care Plans with guaranteed response times, so you get questions answered quickly. They never outsource your questions to an offshore call center. 100% of Red Wing Software product enhancements are based on customer requests and suggestions. They also offer a variety of training options including classroom, web training, or you can choose to have a consultant come to your site to help with training and/or implementation. (redwingsoftware.com)

5. SAP: provides the right foundation for your accounting and reporting teams. Their financial accounting solution unifies robust financial accounting functionalities to help you manage the complexities of your company's global accounting and reporting requirements – for greater efficiency and transparency across the enterprise.

- Record all your financial processes into a comprehensive general ledger
- Support multidimensional reporting and parallel accounting standards
- Get complete financial accounting by integrating assets, payables, receivables, and inventory
- Use powerful management accounting tools for orders, projects, cost centers, and profit centers
- Leverage comprehensive functionality for closing automation, reporting, and audit support (sap.com)

6. NetSuite: It is the world's most deployed cloud Enterprise Resource Planning (ERP) solution, with over 20,000 organizations across 100+ countries. NetSuite ERP delivers the proven, comprehensive financial management capabilities required to grow a changing, complex business. NetSuite ERP takes your business beyond traditional accounting software by streamlining operations across your entire organization and providing you with the real-time visibility you need to make better, faster decisions.

Key Benefits

- Accelerate the order-to cash process by 50%+
- Slash financial close by over 50%
- Drive better, faster decision-making with real-time data and reporting, and personalized dashboards
- Improve workforce productivity with anytime, anywhere access
- Lower cost of ownership by eliminating upfront and ongoing IT expenditures, and delivering automatic product upgrades (netsuite.com)

7. AccountEdge: AccountEdge Pro helps your small business manage your bank accounts, balances, account numbers and keep track of your annual budget. The Chart of Accounts includes all the accounts you need to track for your small business: assets, liabilities, equities, income and expenses. Choose from 100 Charts of Account templates, or create your own list of accounts to set your business up in AccountEdge. You probably have repetitive transactions that you need to record. Daily, weekly, monthly, quarterly, or yearly, you can enter these transactions one time and then be reminded to record the transaction before it hits your books. The Company Data Auditor helps you to make sure your business data is correct, protected, and balanced. It backs up and verifies your company file, lets you lock-down reconciled financial data, keeps an audit trail, and runs reviews to make sure your numbers are in balance. (accountedge.com)

8. Bill.com: Bill.com, the fastest-growing business payments network with over 400,000 businesses, is disrupting the payments space and changing the way businesses pay, get paid, and collaborate with their customers and vendors. Bill.com serves customers through its direct, accountant, and bank channels, bringing together people, systems, and documents to redefine how business payments are made.

Bill.com integrates seamlessly with your accounting software:

- Eliminate redundant and time-consuming data entry
- Eliminate human errors from manual re-typing
- Simplify account reconciliation
- Integrate financial and business applications on their platform

Their integration capabilities allow you to sync payment data with your accounting system, which will remain the record of truth. (bill.com)

9. Wave: Fast, easy accounting for your small business. Wave's accounting tools are 100% free, secure, and accountant-approved. Real accounting, unlimited invoicing. The world's fastest growing small business accounting software. Made specifically for entrepreneurs, freelancers, consultants and small businesses with 9 employees or less. And it's 100% free. (waveapps.com)

10. Sage: An easy-to-use business accounting software, Sage 50 Accounting helps you invoice customers, pay bills, manage inventory and stay on top of banking. Sage 50 (formerly Peachtree) brings you best-in-class accounting standards, secure desktop installation, unlimited access to support, plus new subscription plans that offer the best value for your business. You decide when to move your business processes to the cloud. Keep your accounting information securely on the desktop and expand your potential with cloud and online apps that connect with your software. (sage.com)

Conclusion: Thus we can say that accounting software can have positive effect on the competitiveness of the business enterprises. Accounting software can become one of the key instruments of economic growth for businesses by realizing their potential to provide access to information resources on affordable prices, guaranteeing convenience of use, reliability and safety and ultimately to lead to increase of productivity.

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