

Technology

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The advancement of information technology and the implementation of user friendly computer system have transformed most processes in the accounting cycle into an automated process which improves the accuracy, speed, efficiency and the convenience of accounting procedures.

Accounting software such as UBS and Peachtree is developed with the development of information technologies that make the Accounting process easier. Manual accounting with paper and pen is difficult to find these days with the Impact of technology. Companies can now capture, process, store, and transmit data with the help of computers. Whereas data collections and processing were performed manually In historical systems, on-line collection and processing of data are performed by computerized systems.

The basic principles of double entry remain the same in computerized or manual accounting system but computerized accounting system has certain significant advantages over the manual accounting system. Firstly, technology helps to improve efficiency and speed in processing the accounting tasks. Speed is the distinguishing feature of information technology. Accountants able to process large amount of transactions more quickly and efficient with the help of computerized accounting system than traditional paper ledgers.

Quicker processing time for individual transactions has also lessened the amount of time needed to close out each accounting period. This is because in an integrated accounting system, action taken on single transaction once entered in one part of the system automatically affect and update related accounts, Journals and ledgers. There are two categories of data processing

In computerized accounting system which is the on-line processing and batch processing.

For example of on-line accounting system, when a credit sales is recorded in an integrated accounting system, for instance, several parts of the system are automatically updated, such as posting. As in batch accounting system, entered information is accumulated for a period of time and then processed later at predetermined times, such as daily, weekly or monthly. Time and effort devoted for reconsidering can be reduced with the advancement of information technology.

Financial reports can also be generated in a timely manner and automatically at the press of a button. Therefore, more timely information can be produced and easily obtained from the system for analysis and managerial decision making. Computerized accounting systems have also improved the functionality of accounting departments by increasing the timeliness of accounting information.

Hence, computerized accounting system sloppily the recording and posting process and increase the efficiency in performing accounting tasks compared to doing it in manual accounting system, the basic steps in the accounting cycle are journalizing and posting transactions, preparing unadjusted trial balance, make adjustment entries, preparing adjusted trial balance, preparing financial statements, journalizing and posting the closing entries and prepare after-close trial balance at last.

These processes of accounting involve moving numbers to and from various accounting records as well as adding and subtracting a lot of figures will

easily lead to error and mistakes in calculations. Lots of transactions that must be processed in the accounting cycle make this process routine and even a little mistakes or inaccuracy can cause all the cycle from the very beginning in order to find and correct the mistakes. With the development of technologies, accountants only need to record transactions into the computer which processes the other steps of accounting cycle automatically or by a request in computerized accounting system.

Financial data are posted to respective financial ledgers or accounts automatically, which avoids manual errors and ensures consistency and integrity. Computers can handle ere complex mathematical and statistical calculation required very quickly and easily, for example, in sales forecasting. Technologies have made the complicated steps in manual accounting system virtually invisible with the integrated accounting system. Therefore, computerized accounting systems provide more accuracy than manual accounting system such as minimizing possible human error in calculation.

Technologies had positive effect in accounting applications because computer provides accurate calculations and smart reports. Internal review and balance measures in most computerized accounting system ensures that all transactions and counts are properly balanced before financial statements are prepared. Journal entries will not be allowed to be out of balance when posting with computerized accounting systems to ensure individual transactions are properly recorded.

Hence, the degree of accuracy using computerized accounting system is very high and make the accounting information more reliable compared to manual accounting systems. Computers are very versatile too, they can perform a wide variety of analyses of accounting data and produce different types of report very quickly, because of their ability to store and retrieve information at high speed. Flexible technology which is flexible to accommodate changes that can adapt as business practices change is needed to improve business accounting effectiveness.

Technology such as computer networks, internet and cloud hosting services help to improves data storage, file management and communication between employees. Computer networks are links among computers giving different users and different computers access to common database, programs and hardware where to promote efficiency in the transferring of data and information between employees. Internet and cloud hosting services is used in accounting to store and backup accounting data. Also it saves on paper work and makes transfer and access of data remote.

For examples, employees can get information fast and easy by access to the database without having to search through the store room where piles of paper documents for restoration of records. When using a manual system, the risk of losing data is real. If important papers are damaged or destroyed, that work may have to be re-created. Copies of the original work can be made, but that could be expensive and time-consuming. Accounting on a hard drive, flash drive, or even online. Many firms back up data every night as a precaution.

If something happens the next day, the data can be restored from the backup. With the help of technology, employees have the advantages to access data and information at any time of need and anywhere. Data storage ability of accounting software allows rapid information sharing and better communication among employees. Besides, information technology is used widely in accounting security. Identifications and passwords limit access to confidential information. Instead of binders and papers lying around, security can be greatly enhanced with the proper computer programs.

Accounting information can be encrypted in a way to prevent unauthorized use, making it quite safe by using a program. A lost, stolen or misplaced laptop or desktop computer can be tracked using security software that can be activated remotely. Other than that, cost saved from paying employees long hours to manually log accounting information. A computerized accounting system may save on man hours used for creating financial statements and other reports. It can be costly to staff qualified accountants to complete manual accounting processes.

Along with the improvements in the technology, information systems have been computerized. Improvements in this technology have replaced manual bookkeeping systems with computerized ones. Technology has created significant benefits for accounting areas such as high speed and mobility of reporting, reliability, no routine work, increased accuracy, internal control system of increased productivity, easy back up and restoration of records, enhanced security and cost saving. In conclusion, technology has made the accounting process easier.