Examining software and hardware

Finance

Examining Software and Hardware If we look at the accounting system, one of the important parts of accounting system is that they produce information in the specific cycle and hence the firms are required to prepare a report that reflects the financial situation of the company. As far as inventory cycle is concerned, it requires the information that is associated with the inventory value, quantity ant timing. The information related with the quantity in hand, quantity on order, quantity on receiving department along with location and time is needed to be shared between other accounting cycles (Deshmukh, 2006).

Some of the selected cost accounts and general ledger account are also need to be updated and shared between other accounting cycles. Information elated with inventory valuation using moving average price or standard cost can share for financial reporting purposes. Inventories can be divided into two parts standard inventory and special inventory. The inventory in standard category is an inventory that is ready to use, reserved for special uses and the inventories that are undergoing quality control. So all the information related with the standard inventory system must be shared between inventory cycle and financial reporting. The special category includes inventory that has been valued and has been owned and managed under different criteria like consignment inventory, inventory embarked for subcontractors and packaging materials that has to be returned by the customers after receipt of orders in these conditions special inventory cycle information becomes important for the payroll cycle. Inventory cycle information is also important to find out the cash conversion cycle. Here the cash conversion cycle includes the account receivable cycle, accounts payable cycle and the inventory cycle. Hence to find out the cash conversion cycle that is most important for the organization it becomes most important that inventory cycle information's must be shared between account receivable cycle and accounts payable cycle (Deshmukh, 2006), (Kuczmarski, 2008).

It has been seen that a company sometimes acquires inventory on credit, which results in accounts payable and at the same time that company can also sell its finished goods on credit and this results in accounts receivable for the company accounts. So we can say that we can't expect cash until the company collects all its accounts receivable or pays all of its accounts payables. Hence it is most important to share the information between inventory cycle and the accounts receivable and accounts payable cycles (Kuczmarski, 2008).

As this information sharing is very important for the stakeholders the because this information illustrates how quickly a company can convert its products into cash by utilizing its timing in inventor, account receivable and account payable cycles (Kuczmarski, 2008).

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