

Electronic Accounting: A Revolutionized Way of Evaluating Financial Aspects

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Abstract

Accounting plays an important role in growth or divest of any business institutions. Accounting systems are responsible for recording, analysing, monitoring and evaluating the financial aspects of companies, preparation of documents necessary for tax purposes, providing information support to many other organizational functions, to evaluate the strategic position of organization and so on. Earlier it was a major problem for the accountant to detect financial errors, as manual accounting system was followed. But today the computers have brought a revolutionized change in accounting industry. Computers play an important role in accounting as they manage data efficiently but it has true value when it provides immediate reports for strategic decisions at all levels of management i.e. e-accounting. In e-Accounting, digital form is adopted to record the accounting data and functions. It is a platform for the efficient accountant with modern software to solve everyday business problems. e-accounting allows corporate to keep their data safe and secure by allowing access to authorized users only. e-Accounting understands business objectives and processes and provides solution that will improve the efficiency of company and profits. It also facilitates to connect distant offices by a common web interface or a full fledged web application or company's web server. This paper summarizes on "how the techniques of e accounting are applied for the evaluation of the financial position of the organization and for decision-making.

Introduction

e-Accounting is made-up by Joanie Mann at InsynQ one of the founders of the ASP industry, and was introduced in 1998 along with InsynQ's hosted QuickBooks offerings under the banner of InsynQ Accounting Solutions, and later CPAASP.

e-Accounting is new emerging trend in field of accounting. In an electronic accounting system, source documents and accounting records exist in digital form instead of on paper which is more efficient and cost effective. e-Accounting might just be the platform extending its arms to India with this perspective - "India is the hub which can deliver the best". So e-Accounting has visited India with a bulk of opportunities.

e-accounting can be defined as "the application of online and internet technologies to the business accounting function." It involves performing regular accounting functions, accounting research and the accounting training and education through various computer based /internet based accounting tools such as: digital tool kits, various internet resources, international web-based materials, institute and company databases which are internet based, web links, internet based accounting software and electronic financial spreadsheet tools to provide efficient decision making.

Thus e-accounting can also be viewed as online accounting.

Positive Side of e-Accounting

- It provides professionalism i.e. proficient employees receiving constant training.
- It is more efficient means 24 hours per day.

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- e- Accounting is cost effective expenses of a typical small business on accounting via Internet are limited to three-four thousand kroons per month. There is no need for the company to purchase expensive economic software.
- Consistency It is responsible for the accuracy or work as well as following deadlines.
- It is safe and confidential, at the same time these help to inspect and coordinate company activity.
- Loyalty it's lawful accounting.
- It is future oriented.

Stakeholders Accountant Interface through e-Accounting

Time and Distance These two are main challenges faced by accounting professionals and business process outsourcers?

Information need to be change according to location and form in a timely manner, of course in order to be processed, recorded and reported on. The practice of carrying and forwarding of documents from clients to practitioners and vice-versa is tedious task. These served to increase the costs and decrease the profitability of bookkeeping or data processing services.

e- Accounting helps to overcome these key problems by providing an opportunity to work anytime, anywhere with this online or internet technologies. It is beneficial for the prospects of single users as well as for multiple users.

For Single Users System

Users have allowed at one location to access the application and data resources of a computer at another location. For example, the client computer must be on, connected to the Internet, the control software running, and be in good working order. For many, these requirements alone represent a significant challenge. Even when the solution works, it's still a single-user solution. If an accountant wants access to the client's system and data, then the onsite bookkeeper just sits and waits. This is highly inefficient for the business owner (now he's paying an accountant and a bookkeeper who can't work).

The CPAASP is one of the online solution, represents the best, most efficient and flexible working model for both the business and the accounting professional. By running the applications and data from a secure, centralized environment, all users are able to access the programs and the data that they need in order to work. CPAASP is one of the most

trusted hosting providers for accounting and financial software. We are one of the first application service providers (ASP), and have a historical track record of successfully hosting applications and data for thousands of accountants.

For Multiple Users

Businesses with multiple locations can all work in real-time on a single set of books, and business owners can review their data from the comfort of their own home rather than staying late at the office. When the accountants need access... they simply logs in. It's a true, multi-user system that provides all the same functionality of a local network. Accountants and bookkeepers can both be working on the system at the same time, so there's no more need for taking turns accessing the data file.

Tools

These are following tools by which the professionals become more proficient:

- To create and edit Document
 - Word processor
 - Spreadsheet
 - Presentation program
 - Flowchart
 - Raster image processor
- For Publishing Materials
 - CMS
 - Web portal
 - Wiki
 - Blog
 - Forums
- Mutual Applications
 - E-mail
 - Instant messaging (VoIP)
 - Calendar
- Decision -Making Applications
 - Data management
 - Project management
 - CRM
 - ERP
 - Accounting

Application of e-Accounting

- **Book Keeping System:** The fundamental way of recording the transactions is only through

Book-keeping. E-accounting helps in making bookkeeping so quick, easy and affordable. This system is well appropriate for small businesses including sole proprietors and partnerships as it provides complete tracking of sales, customers, receivables and inventory.

- **Dual Aspect System:** The recording of transactions in double entry system is very efficient for keeping the transparency of balances of two accounts by recording them into two books. It provides an efficient way to understand the financial status of the business by balancing and reducing the probability of errors by double checking.
- **Financial Services and Inventory Control System:** In today's dynamic market e-accounting offers such services which helps in reducing laborious and voluminous functions for corporate world. It helps in analysis of financial services by using web browser and other Internet applications to create financial reports of an organization. It also caters in material, labor and overhead control.
- **Management by Professionals:** A common medium is provided to maintain voluminous data through highly skilled professionals. Latest developed technologies and processes are there to systematize company's financial information. All financial statements are prepared in compliance with the IAS or US GAAP standards. e-Accounting Service provides not to be faulted and efficient interactions, ensuring that accountants have access to accurate, up-to-date information at all times

Critics

- Protection of data Backup and recovery of data is required for maintaining the security as all the data resides in remote server.
- Speed of Broad-band for handling data in such a bulk way, speed is required and most of the currently available online office suites require a high broadband Internet connection.
- To handle paperless data, a network connection (usually Internet access) is required to send and receive changes. That is, internet dependence makes it more difficult to work offline.

Future Challenges: There are a number of challenging problems in Internet traffic accounting that have not yet been solved.

- Traffic multicasting due to common network of data flow of Accounting, it creates traffic jamming which reduces the cost among the recipients.
- There is lots of difficulty in transferring data from source to destination i.e. packet loss, packet duplication, unreachability, degradation of network performance due to frequencies etc.
- Synchronization of buffer system used to synchronize the data for which tunneling is required for properly identifying and accounting flows in the presence of encapsulation and encryption.
- Portable users accounting for users who roam from one network to another within the Internet.
- Service classes (ISA) properly distinguishing flows according to service class and accounting separately for different service classes.

Conclusion

The revolutionary changes in the process of business automation are internet. Internet makes people's life more convenient and efficient because of its fast and accurate properties; internet offer people huge information through which professionals are easy to interact and get the useful information.

e-Accounting or online accounting support the business houses by providing lots of component through which the whole system of accounting become globalised.

Today scenario is this; all major institutions and organizations at national and international level are in the favour of e-accounting.

e-Accounting helps businesses keep their financial data and accounting software in a safe, secure environment, allowing real time access to only authorized users, irrespective of their location or

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