Impact of E-Accounting in Today’s Scenario

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ABSTRACT
E-Accounting or Online Accounting is new development in field of accounting. It means all your transactions will record in online server or data base, just like website or blog or web blog. But for opening or making accounts will uses login id and password. With the application of e-banking system, changes in accounting due to most accounting services by using the technologies such as the internet and mobile phones rather than registration of documents on papers. Thus, source documents and accounting records exist in digital form instead of on paper in electronic accounting system. It also helps business to keep their financial data and accounting software in a safe and secure environment, allowing real time access to authorized users, irrespective of their location or computing platform. This paper is based on the basic concept of E-Accounting and features of electronic accounting, advantages and its disadvantages and finally its conclusion.

Keywords----- Accounting, E-Accounting, Accounting Information Technology.

I. INTRODUCTION OF ACCOUNTING

The purpose of this paper is to highlight accounting that needs to provide a means of recording, reporting, summarizing, and interpreting economic data. In order to do this, an accounting system must be designed a system which serves the needs of users of accounting information. Once a system has been designed, reports can be issued and decisions based upon these reports are made for various departments. Since accounting is used by everyone in one form or another, a good understanding of accounting principles is beneficial to all.

FUNCTIONS OF E-Accounting

E-accounting or online accounting is the application of online and Internet technologies to the business accounting function. It is a new development in the field of accounting. E-accounting or online accounting is in which all the transactions are recorded in online server or data base, just like website or blog or web blog. But for opening or making accounts will uses login id and password provided by accounting service provider. There is large number of companies who started E-Accounting. In E-Accounting the accountant and employer both feel satisfaction because, it is cheap and without software defaults or failure. As the accounts are saved in online server or database, so there is no need to record manually. By this way we can save large amount of money spending on manual books and different accounting software.

APPLICATION OF E-Accounting

1. E-accounting invariably offers a wide application of data processes and operation via the internet that entails other aspects such as registration, storage, business activity, production management, procurement and distribution, goods transfer, as well as after sales service.
2. In sum, electronic accounting revolution has a process-oriented effect.
3. This is feasible by the use of information banks and worldwide networks. At this moment, International Accounting Federation has examined all the instruments necessary for E-accounting development and education, which in turn compatibility and synergy will be followed at international levels.
4. A multitude of accounting enterprises takes benefit from the services internationally. As for the enterprises, overall discussions on journal office, ledger, record and book keeping, cash management, receivable and payable accounts, asset management, financial analysis, financial reporting and financial statements can be pursued online using electronic services.

FEATURES OF E-Accounting

1. E-accounting or online accounting is the application of online and Internet technologies to the business accounting function.
An electronic accounting system can be helpful in the effective process of accounting through the following features:
1. Universal access.
2. Large Scale Business Record.
3. Multiple site access.
4. Zero system administration for end-users.
5. Frugality because of service offering to a large number of customers.
6. A single/ multiple, shared database (s).
7. Enhancements and fixes continuously developed and installed by service provider.
8. Fast Record with Advance Technology.

Online accounting through a web application is typically based on a simple monthly charge and zero-administration approach to help businesses concentrate on core activities and avoid the hidden costs associated with traditional accounting software such as installation, upgrades, exchanging data files, backup and disaster recovery. By this way large amount of money can be saved in spending on manual books and different accounting software.

II. RESEARCH METHODOLOGY

The present study has been completed with the help of secondary data only. The data is collected from various sources related to the subject of study which are: books, research articles, scientific journals, websites, and some accounting and e-accounting books. The secondary data were sourced from the review of related literature basically to create a theoretical background for the study.

OBJECTIVES OF THE STUDY

There are certain objectives which attempts to achieve here are as mentioned:
1. To study the conceptual background of the term accounting and e-accounting.
2. To study the features and impact of e-accounting.
3. To study and examine the effects, benefits and disadvantages of e-accounting.

III. PRIOR APPROACH

Information Technology (IT) has significantly been developed during the past 20 years, and the number of the institutions that heavily rely on the computer systems in the electronic operation of their statements has also increased. At the present time, most of the companies use the computer-dependent IT in operating their data, achieving them and delivering the same to their users (Ali A. Ghani, 2012), especially the e-accounting systems, which are significantly using IT. E-accounting refers to electronic accounting, a term used to describe an accounting system that relies on computer technology for capturing and processing financial data in organizations. (Mohammed Amidu et al, 2011). In fact, accounting systems are responsible for recording, analyzing, monitoring and evaluating the financial condition of companies. Financial condition refers to an assessment of the viability, stability and profitability of a business. It is performed by prepare reports using ratios such as return on equity (ROE), return on asset (ROA) and return on investment (ROI) that make use of financial information taken from accounting systems in financial statement parts to paint a more comprehensive picture of the firm's financial performance (A. Damodaran, 2007). These reports are usually presented to top management as one of their bases in making business decisions (Kieso et al., 2007). Hence, the use of the computerized accounting systems led to the development of the financial performance as they provided statistical methods and testing tools which help in evaluating the performance and taking decisions (Naesa, 2009). When organizations adopt e-accounting, they usually discover that even though computerized accounting systems handle financial data efficiently, their true value is that they are able to generate immediate reports regarding the organization (Hotch, 1992). But, accuracy and reliability of report is important to take comprehensive decision by manager. Therefore, Whittington and Pany (2001) define Internal control as “a process effected by the entity’s board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories; reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

Internal control plays an important role in the prevention and detection of fraud (Rezae, 2002). This typically involves identifying scenarios in which theft or loss could occur and determining if existing control procedures effectively manages the risk to an acceptable level (www.wikipedia.org). Risk is the potential that a chosen action or activity will lead to a loss (an undesirable outcome). Stephen G. Ryan (2011) defines risk as a user’s belief about the potential uncertain negative outcomes.
from online transaction.

Amidu M and Abar J.(2005) express their views in their research article titled “Accounting Information and Management of SME’s in Ghana”, that, there is a urgent need of application of information Technology while writing accounts in a business organization. Doost R.K (1999) explained in his research article Titled “Computer and Accounting – where do we go from here”, that computer are playing a very important role in the age of globalization. Ovakolian H. (1995) states in his article entitled “PC- Based financial software: Emerging options, Industrial Management and Data System”, that, significance of the computer and financial software in Industrial Management of an organization. An examination of prior research on the adoption of EDI was taken as a starting point for this study. The examination reveals that the original research model developed by Iacovou et al. (1995:467) was based on extensive review of the literature on EDI (Electronic Data Interchange) adoption and small business IT. The Iacovou et al. (1995) model has also been empirically tested and the determinants were found to be significant predictors of intent to adopt EDI (Chwelos et al. 2001). The researchers identified three factors - perceived benefits of EDI, organizational readiness, and external pressures as the main reasons that could explain the EDI adoption behavior of small firms and the expected impact of the technology. Of these factors external pressure and readiness were considerably more important than perceived benefits.

IV. OUR APPROACH

ROLE OF E-ACCOUNTING

The modern business environment has changed drastically in a short time. Business technology has advanced business functions and operations to levels not previously believed possible. The role of accounting and business is perhaps one of the most reliable functions in business. While a few basic procedures or methods have changed, the purpose of accounting remains the same. Business owners often use accounting to measure their company's financial performance so that they can be able to make accurate business decisions. The goal of business is to make a profit. Accounting allows business owners to record, report and analyze their business transactions. It also provides them the information relating to income, cost of goods sold, expenses, assets, liabilities and owner's equity. Financial statements are usually the final output of accounting transactions. These statements include a company's aggregate financial information for accounting period. Accounting provides business owners with potential benchmarks for comparing their company with the industrial standard. Business owners and managers often use financial ratio analysis to calculate their company's financial performance. These ratios provide indicators or percentages to compare their company's final performance with other companies of the business industry. It also helps them for better performance in future business by making the necessary improvements.

Small business owners often use accounting information to secure bank loans or investor financing for their business. Many small businesses require startup capital at the time of commencing business. Entrepreneurs and business owners will often prepare financial statements pro forma to provide banks and investors with information relating to the expected financial return of the business.

The accounting industry has been playing a significant role over the past several years. Public accounting firms and individual certified public accountants offer professional accounting services to small and large businesses. The growth in accounting is often attributed to increasing government regulations, the number of new businesses in the economic environment and increasingly complex financial situations. Small business owners typically use professional accountants to prepare business tax returns.

NEED OF E-ACCOUNTING

One of the aspects of information technology effect on enterprises and institutions is quantitative and qualitative changes of information and accounting management systems. The leading developments are that of data and activity exchange, as well as the expansion of intranet and internet information networks. Consequently, we can claim that the role of electronic information networks in releasing financial and business information of organization is unavoidable. Breakthroughs in this regard have created new expectations based on online information access and immediate reporting. Meanwhile, the internet is an information technology that takes on the greatest responsibility for altering professional processes. A wide range of various activities were skipped by (ERP). Planning for human resource which in sum involves it and aims to gather the whole amount of data and processes of an organization within a single system, and finally to improve the performance of an organization with seller and customer system, which leads to an organization of resources planning in a firm. Capable technology was intended for such e-accounting systems, which is accomplished by means of internet.

ADVANTAGES OF E-ACCOUNTING

Computerized accounting systems offer several advantages The most important advantage of using the computer is the speed with which we can get Accounting done, anywhere , anytime. Systems for small and medium sized businesses can be purchased off the shelf at low cost. These programs allow managers to see the company's financial position in "real-time" and make adjustments to the business strategy as needed. Computerized systems can also provide instant reports on stock evaluation, profit and loss, customer accounts and payroll and sales analysis,
again, allowing faster adjustments in your business strategy. In addition, transactions need to be input only once, and, with some training, anyone in the company can handle the inputing. There are fewer chances for errors as only one accounting entry is needed for each transaction rather than two (or three) for a manual system.

Accounting software allows faster data entry than manual accounting, and allows documents such as invoices, purchase orders and payroll to be collated and printed quickly and accurately. Because of its efficiency and ease of use, computerized accounting systems also allow us to improve inventory control and payment collection, saving time and improving cash flow. Because computerized systems update some records automatically, our account records will always be up to date, saving time in updating.

Many computerized accounting packages now allow a business to trade in multiple currencies with ease. Data can be kept confidential by taking advantages of security password system that most accounting programs provide.

**DISADVANTAGES OF E-ACCOUNTING**

Using a computerized accounting system comes with its own set of problems, when a computer is used; it is possible that data can be lost because of hardware or software damage. Since the computer has no judgment of its own, it does not pick up on errors as a human being does. There can be loss of data due to power failure or viruses, hackers stealing data, accidents like fire etc. There can be loss of data or change of data due to fraud or embezzlement. Computer fraud is also a concern, and it need to instigate a system of controls for who has access to the information, particularly customer information. If there is a security breach and data is stolen, management can be held personally liable for the loss of data.

Wherever a computer is used to handle an organization's accounts, it can be used as a means of attacking the funds it controls. In most computerized bookkeeping systems, it is the computer which effectively causes credit transfer; so by establishing false accounts, or diverting some of the contents of the real ones, credit can reach a false beneficiary. The system can also be used to conceal a change in the cost, or the illegitimate acquisition or the destruction of tangible goods and services.

Fraud and embezzlement are usually achieved on a computer system by altering data or programs. There are numerous techniques, varying from additions and deletions to input data, through changing the standing information files, modifying the behavior of programs, to duplicating or suppressing output. Although most frauds that have been reported had gone on for some time, it could be that one shot frauds have been more frequent but more often escape detection.

**V. CONCLUSION**

Due to technological progress, both the preparation of a document and arrangement of accounting records have been carried out in electronic environment. The fast development of e-accounting has a great impact on e-accounting. By means of this development, information is generated by the accounting system that has come to a level that generates extremely various information in a short time completely to the information users. In other words E-accounting practices have provided saving of time, synchronous and comparable presentation of financial statement has become easier.

On the other hand, the electronic audit concept has been brought forward by carrying out the audit activities through electronic environment by means of electronic entries and documents. This study finds that the most significant impact of E-accounting is on the development of technology, which brings savings in time and cost of the user. E-Accounting is a borderless entity permitting anytime and anywhere banking. It has brought opportunities for companies to perform the accounting functions more effectively and efficiently. Adaption of e-accounting functions has brought a chance for the companies to progress towards paperless offices and also helps to reduce the cost of clerical works by providing sufficient space to store data and process information for management decisions in a friendly manner. Computerized accounting systems can be used by the companies in production thus it is known as user friendly accounting. Tools like electronic data interchange and electronic funds transfer can provide companies with opportunities to apply production system more effectively and save money.

**REFERENCES**