ELECTRONIC ACCOUNTING APPLICATIONS IN ACCOUNTING AND FINANCE

The Influence Of Information Technology in optimizing Financial Reporting Excellence in the 21st Century

ASSOCIATION OF CHARTERED CERTIFIED SYSTEM ACCOUNTANTS, USA.
...Experts in IT-based Training & Practice of Accounting and Forensics
“Love it or hate it, technology is permanently changing and Accountants are now expected to keep abreast of these Changes in order to keep their Competence, Relevance and make their employers and clients happier”. 

“Technology changes everything, Yourself and lifestyle included” (Clarke, 2004)
Wanted: Tech-Savvy Accountants

In Today’s Business world, Accountants must not only possess Technical competences in the areas of accounting and Finance but also skilful in other non-Technical aspect to succeed.

Sure, you will be regarded as "Tech-Savvy Accountant" if you have a healthy combination of the following plus your Technical skills:
Why this Training?:

1. To deepen participants’ knowledge on **Information Technology in Accounting & Financial Management: Then, Now and Next.**

2. To explain and illustrate the application of Accounting Software (Sage) in Accounting and financial management.

“Technology changes everything, Yourself and lifestyle included” (Clarke, 2004)
Introduction

1. Expansion of Business – Increases the number of transactions.


1. The world has metamorphosed into what some regard as an era of ‘digital Darwinism’, where technology is evolving too fast for many individuals and organisations to adapt to the changes. Due to the rate at which changes occur, people, not excluding businesses and different countries are now struggling to stay sensitive to the latest technological developments.

2. Over the years, the accounting profession has been shaped by many forces and one of the most powerful and pervasive force has been **INFORMATION TECHNOLOGY**.

3. The biggest that impact Information Technology has made on accounting is the ability of different companies to develop and use computerized systems to track and record financial transactions. IT networks and computer systems have shortened the time needed by Accountants to prepare and present financial information to the management.
This system allows companies to create individual reports quickly and easily for management decision making. Other capabilities of computerized accounting systems are: Increased Functionality, Improved Accuracy, Faster Processing, and Better External Reporting.

Accountants today are expected to recognize the changes that accompany the evolution of Information technology and use them to prepare accurate financial reports in a short time. The use of computerized accounting systems makes it easier to collect and process information, thus creating the opportunity for accountants to provide information needed for management of the company whenever necessary.

In this rapidly changing, technologically enhanced work environment, future Accountants and in particular Chartered System Accountant must develop and execute personal professional growth and development plans. No time in the historical past has required such rapidly changing and expanding knowledge for Accounting professionals.
Accountants today are expected to recognize the changes that The rate of change is accelerating at an extraordinary, unprecedented pace. Those members of the Accounting profession who do not conscientiously plan and strive to keep up with technological and accounting advancements will soon lack basic functional technological skills, thus making themselves prematurely obsolete and unemployable.
Accounting technology has always played a role in keeping track of numbers, and the idea of using machines to solve mathematical problems goes back centuries. Leonardo da Vinci actually designed a machine he called the “Codex Madrid” that contained thirteen wheels that registered digits. While there were several other attempts to build a numbers calculator, it was Blaise Pascal, a French scientist, who invented the early calculator.

In 1885, William Burroughs invented the first working adding machine. And then later—much later—calculators made the job of accounting much easier. They led to fewer mistakes, greater accountability, and speed up the work of the average Bookkeeper or Accountant. Technological advances in Accounting always mean increased speed and efficiency.
Technology in Accounting & Financial Management: Then, Now and Next

The 21st Century Information Revolution

While there were subtle changes in the field of accounting from its early days through the 1970s, the job remained virtually the same: paper records of columns of numbers. But with the invention of the computer and accounting software, that all changed.

In 1930, Vannevar Bush, a professor at MIT, built an electronic differential analyzer. Over the course of the next fifty years, massive computers capable of only simple calculations went from filling entire rooms to the small desktop computer most of us use at home and the office today.

Computers and accounting software allow accountants to use electronic spreadsheets—eliminating the need for adding machines, calculators, and pencils and ledgers in one fell swoop. It became much simpler for accountants to keep track of information on a minute-by-minute basis and completely eliminated most mistakes. This has led to greater efficiency and accountability, and has changed the face of accounting considerably.
Technology in Accounting & Financial Management: Then, Now and Next

The 21st Century Information Revolution

The computer has not only revolutionized business accounting, it is also changed how people keep track of their own money. Banking online, software programs that do your taxes, Today, the technologies you are most focused on are the ones that make you more productive and bring you closer to clients — whether near to home, or around the world. Those technologies are Cloud and Mobile

Information technology has impacted accounting processes in a very good way. It is uncommon in advance countries to find anybody doing manual accounting with paper and pencil these days. Since accounting is about dealing with information--business information--any advances in this area will have a positive impact in the accounting department, from the old days of the battery operated calculator to the fast computers of today.
Advancements in computer technology have dramatically improved accounting systems and transformed economic life.

Computers and other digital technologies have increased office productivity facilitating the rapid exchange of documents, research, collaboration with far-flung partners and the collection and analysis of data.

Computer technology gave all sorts of individual economic actors the new valuable tools for identifying and pursuing economic and business opportunities.

The advancements of technology have lead in the creation of the computerized accounting system which is commonly adopted by business entities at present.
21st Century Accountants Integrating IT with Accounting & Finance
Discussion Questions/Hand on Computer/ Syndicate Exercise

CRITICAL ISSUES/ QUESTIONS 1

How does Information technology specifically alter, minimize, or exacerbate the potential of Accounting Profession?
How does Information Technology boost your Career as Chartered/Professional Accountant?
Gains from IT for Accountants?

1. Professional competence Enhancement.
2. Faster processing of transactions and other data.
3. Greater accuracy in computations and comparisons with data.
4. Lower cost of processing each transaction.
5. More timely preparation of reports and other outputs.
6. More concise storage of data, with greater accessibility when needed.
7. Wider range of choices for entering data and providing outputs.
8. Higher productivity for employees and managers, who learn to use computers effectively in their routine and decision.
9. It improves financial management: Accounting software like Quick Books, Sage 50, etc can be used in performing various accounting tasks in a business.
10. It reduces cost of operation and Improves business competitive advantage.
Gains from IT for Accountants

11. Increased Functionality

Computerized accounting systems have also improved the functionality of accounting departments by increasing the timeliness of accounting information.

12. Better External Reporting

Reports issued to outside investors and stakeholders have been improved by computerized accounting systems. Improved reporting allows investors to determine if a company is a good investment for growth opportunities and has the potential to be a high-value company. Companies can utilize these investors for equity financing, which they use for expanding business operations.
IT Components of Interest to Accountants

1. Devices for data entry
2. Data Processing
3. Data Communication
4. Information Generation
5. Data Bases
6. Data Modeling concepts
7. Evaluation of internal controls in AIS
8. Variety of Accounting software packages
9. Computer Networks
10. Web based Application & e-payment/e-revenue /e-governance etc
IT Skills needed by Chartered Professional Accountant for next decade

From beans to buttons, today's accountants must excel at the followings 3 levels of Technology competences

1. General IT Skills: Window, Spreadsheets and other Ms Office productivity tools
2. Accounting/Auditing/Taxation software
3. Web and other new information Technology or infrastructure
Skills needed by Chartered /Professional Accountant for next decade

Others General Skills

1. Use of tools that support data modelling, analysis and e-audit using CAATS
2. Knowledge of data extraction tools in the mining of business intelligence
3. Knowledge management skills
4. Knowledge of new approaches to use Social media for product development, marketing and Relationship Management
5. Ability to use technology to attract, develop and manage talent
6. Knowledge of emerging payment platforms (Mobile money etc)
7. Better working knowledge of connectivity and IT security
8. Knowledge on how applications integrate (Accounting System implementation)
9. Understanding of and ability to utilise client portals (Cloud
Accounting Software Competences Requirements for 21st Century Accountants:
Accountants must be familiar with the software tools to help them perform their accounting functions more effectively, efficiently and develop competences on the followings
- **Software Architectures, Development, Design, Selection And Evaluation**
- **Software Application Skills Development**
- **Entry level software**
  - Sage 50 (Peachtree) U.S,
  - QuickBooks financial,
  - Sage line 50 (U.K),
  - MYOB etc
- **Specialize solution/ Vertical Solution**
  - Point of sales (1) Retails plus QuickBooks POS,
  - Rent Master Property Management software,
  - School Perfect Accounting,
  - Church Pro,
  - Hospital Management Software
- **Web based accounting software**
  - Portal accounting,
  - Net suite Etc
- **ERP Solution/mid-market software**
  - Sage line 100/500/Pastel,
  - ACCPAC,
  - SAP,
  - Oracle financial Etc
- **Audit software**: E-audit/CAL/IDEA/GAP/i-Reporting
Information Technologies That Make a difference in Accounting profession

Why Use Accounting Software

- Solid accounting practices without knowing GAAP
- Improved accuracy
- Enhanced compliance
- Improved efficiency
- New opportunities
- Increased revenue

- Enhanced collaboration
- Reduced costs
- Enhanced processes
- Flexible, accurate reporting
- Centralized operations
- Security & backup
Technologies That Make a Difference

Web and other emerging trends of Technologies that has impact on Accounting profession.

1. **wireless networks**, operating systems, and applications.
2. **Big data** The massive quantity and variety of structured and unstructured data from internet-connected systems, devices and physical objects.
3. **Artificial intelligence and robotics**: The broad range of machines and computer systems that demonstrate limited characteristics of intelligence.
4. **Cyber security**: Protection from new forms of cyber risk, attack, crime or terrorism, caused by increased reliance on personal and professional digital devices and data.
5. **Educational Trends** and tools that are changing and enhancing educational achievements, developments, techniques and possibilities.
6. **Cloud Internet-based technology resources**—such as software applications, computing power and data storage—provided remotely as a service.
7. **Payment systems**: New, evolving and emerging internet enabled software applications, currencies, payment platforms, devices and services.
8. **Virtual and augmented reality**: Technologies that use computer modelling to simulate, overlay and supplement reality and enable people to interact.
9. **Digital service delivery**: New technologies used to provide online interactive self-service, business processes, software and services.
10. **Social Technologies** that support social interaction and are enabled by communications technology, such as the internet, Social Media like face books, Twitters etc.
21st Century Accountants Integrating IT with Accounting & Finance
CRITICAL ISSUES/ QUESTIONS 2

HOW WELL ARE ACCOUNTANTS, ACCOUNTING FIRMS, BUSINESSES AND GOVERNMENT USING THE MIRACLES OF MODERN TECHNOLOGY IN NIGERIA AND AFRICA?
COMPUTERISE ACCOUNTING SYSTEM

SAGE 50 U.S ACCOUNTING SOFTWARE
Sage 50 Computerized Accounting

The computerized accounting uses the concept of databases. For this purpose an Sage 50 accounting software is used to implement a computerized accounting system. It does away the necessity to create and maintain journals, ledgers, etc., which are essential part of manual accounting.
Components of Sage 50 Computerized Accounting Software

Preparation of Accounting Documents: Computer helps in preparing accounting documents like Cash Memo, Bills and invoices etc., and preparing accounting vouchers.

Recording of Transactions: Business transactions can be recorded with the help of Sage 50 softwares.
Components of Sage 50
Computerized Accounting Software

Preparation of Trial Balance and Financial Statements: After recording of transaction, the data is transferred into Ledger account automatically by the computer. Trial Balance is prepared by the computer to check accuracy of the records. With the help of trial balance the Sage 50 can be programmed to prepare Trading, Profit and Loss account and Balance Sheet.
Need and Requirements of Sage 50 Computerized Accounting

1. Numerous Transactions.
2. Instant Reporting.
3. Reduction in Paper work.
4. Flexible Reporting.
5. Accounting Queries.
7. Scalability.
8. Accuracy.
Limitations of Sage 50 Computerized Accounting

- Cost of Installation
- Cost Training
- Self Decision Making
- Maintenance
- Dangers for Health
How to work on Sage

Getting started in Sage
How to work on sage 50

Sage 50 Accounting Sage 50 accounting software is suitable for small-medium owners and it includes a layout which enhances simple accountants to navigate sage 50 with full confidence. It includes different function which leads to manage your business with high level of security.

Needs Of Accounting Applications

- As small business have compulsory to maintain income and expenses for manage accounting. Many companies are providing software for Tax and accounting.
- These software application are helping in managing Accounts and save tax.
- Small accountants can use this services only in some expense.
How to work on sage 50

Create a New Company

- How can you create new company in Sage 50 software and manage of it accounting works.

Entering information of account into Sage 50 form

- You can move Mouse and Keyboard scroll button and select row & column for enter information and after all click on submit or Proceed. You can add extra column and row in table for enter another information.

Global option

- In Global option User’s can change Accounting, General, Sage partners and Spelling setting.

Account Receivable

Account Payable

Displaying Reports

- You have to know full knowledge about Displaying reports of Account receivable, Account payable, Payroll, General ledger, financial statement and time & expenses etc. You can change or modify in reports via option button at the top of the reports. Customizing reports
Discussion Questions/Hand on Computer/ Syndicate Exercise
CRITICAL ISSUES/ QUESTIONS 2

Is there an empirically identifiable cluster of factors that constitute barriers to an individual, business, or Government in maximize IT Potentials in Nigeria and Africa?
Questions.....

Any questions or comments?

Thank You for This Opportunity!
References

ACCA and IMA Survey on Technology and CHALLENGE TO Accountants (Source Internet)


Oroge.S(2011) Accounting and Management Information Systems for professional