

COURSE CONTENTS

COURSE

Course Code:	ACC 229
Course Title:	Accounting Laboratory/Workshop II (1 UNIT)
Course Status:	Compulsory
Course Duration:	Two hours per week

Lecturer Data

Name of the lecturer:	Mr. Ibrahim Ayomide
Qualifications obtained:	B.Sc (Accounting), M.Sc (Accountancy), ACA, ACFE.
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College:	Management & Social Sciences
Programme:	B.Sc Accounting
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SEMESTER: Rain

LECTURE TIME: Fridays 10 – 12pm.

BRIEF OVERVIEW OF THE COURSE

This course tends to introduce and expose the students to the practical aspect of the subject involving computation, preparation and application of computer in preparing financial transactions. It will also expose the students to related accounting software packages like Microsoft Excel, Peachtree, SAGE 50 etc. Students will be allowed access to computer preparation and presentation of financial statements and records. The objective of the course is to use Information and Communication Technology in solving problems and preparation of financial report. It will also give students thorough understanding of the following:

- Sales Ledger & Purchases Ledger.
- Preparation of Payroll Schedule.
- Keeping of accurate financial records
- Preparing financial reports.
- Application of International Financial Reporting Standards in the accounting computerised financial reports.

COURSE OBJECTIVES/GOALS

At the end of this course, the students should be able to understand:

- Application Software.
- Using Microsoft Excel to prepare Payroll.
- Management of data, create visually persuasive charts and graphs.
- Using Microsoft Excel to create an expense report, build formulas.

METHOD OF LECTURE DELIVERING AND TEACHING AIDS

1. One hour of lecture and one hour of tutorial per week.

COURSE OUTLINES

S/N	TOPICS
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Week 1& 2	<p>Application Software:</p> <ul style="list-style-type: none"> • Definition of Application Software. • Types of Application Software • Advantages of Application Software. • Disadvantages of Application Software.
Week 3 & 4	<p>Computer Design and Data Analysis:</p> <ul style="list-style-type: none"> • Definition of Data. • Sources of Data. • Importance of Data Analysis. • Importance of Data Analysis to Accounting Profession. • Basic Consideration in Data Analysis. • Use of Computer for Data Analysis. • Advantages and Disadvantages of Data Analysis.
Week 5	<p>CODING SYSTEM:</p> <ul style="list-style-type: none"> • Introduction • Characteristics of a coding system in Accounting. • Advantages of Coding System in Accounting. • Practical Session.
Week 6,7 & 8	<p>Computerised Accounting System:</p> <ul style="list-style-type: none"> • Introduction • Factors to be considered in developing a computerised accounting system. • Using Microsoft Excel to prepare Payroll Schedule. • Formatting Cells in Microsoft Excel (Rows and Columns). • Practical Session.
Week 9 & 10	<p>Revision and MID SEMESTER TEST</p>
Week 11 & 12	<p>Chart Design on Microsoft Excel:</p> <ul style="list-style-type: none"> • Working with Charts. • Chart Design. • Creating Chart and Change Chart Type.

	<ul style="list-style-type: none"> • Practical Session.
Week 15	General Revision and preparation for the Omega Semester Exam.

Practical Session

Practical session will be immediately after each topic in the Computer Laboratory. Students will be given practical questions to solve using computer system and solution to the questions would be review together with the lecturer.

STRUCTURE OF PROGRAMME/METHOD OF GRADING:

Continuous Assessment (CA) 30%

This would comprises of both Test and Assignment

Examination 70%

TOTAL **100%**

Ground Rules and Regulations:

Organising the class before lecture, saying opening and closing prayer before and after the lecture. Every class is expected to be an interactive one. Therefore, students are expected to be punctual and attend lectures, participate actively in class and Practical Session, read recommended texts and lecture materials, do all assignments and tests as given.

CONTEMPORARY ISSUES/INDUSTRY RELEVANCE

The computer application is now the new knowledge in vogue by making use of the Accounting Packages in the accounting field. The relevance of this course in the industry is that is a pre-requisite for employment opportunities in the field.

Recommended Texts:

1. KITSO, Aptech Worldwide (2001).
2. Microsoft Excel Tutorial, by Microsoft Office Excel 2007.
3. Computerised Accounting System: A practical guide by Oladipo Olufemi (2015),
Published by Rakson Nigeria Limited.

ACT 216
COMPUTERIZED ACCOUNTING
APPLICATION SOFTWARE

Learning Objectives

At the end of the lesson, the students should be able to:

- i) understand the definition of computer;
- ii) explain the types of computers
- iii) explain the components of a system
- iv) Explain application software and its components

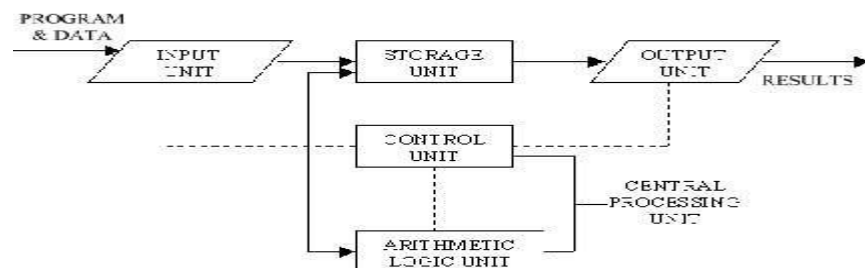
Main Content

Computer is an information processor capable of performing some computations, including numerous arithmetical and logic operations without human intervention. A computer is a set of electronic device that can systematically and sequentially follow a set of instructions called a program to perform high-speed arithmetic and logical operations on data. Nothing epitomizes modern life better than the computer. In other words, a computer is an advanced electronic device that takes raw data as input from the user and processes these data under the control of set of instructions (called program) and gives the result (output) and saves output for the future use. It can process both numerical and non-numerical (arithmetic and logical) calculations.

1.0 Why and How of Computers

3.1 Basic Computer Operations

Figure I: *Basic Computer Operations*



i. Input: This is the process of entering data and programs in to the computer system. The computer is an electronic machine like any other machine which takes as inputs raw data and performs some processing giving out processed data. Therefore, the input unit takes data to the computer in an organized manner for processing.

ii. Storage: The process of saving data and instructions permanently is known as storage. Data has to be fed into the system before the actual processing starts. It is because the processing speed of Central Processing Unit ([CPU](#)) is so fast that the data has to be provided to CPU with the same speed. Therefore, the data is first stored in the storage unit for faster access and processing. The storage unit or the primary storage of the computer system provides space for storing data and instructions before and after processing and the results of processing.

iii. Processing: The task of performing operations like arithmetic and logical operations is called processing. The Central Processing Unit (CPU) takes data and instructions from the storage unit and makes all sorts of calculations based on the instructions given and the type of data provided. It is then sent back to the storage unit.

iv. Output: This is the process of producing results from the data for getting useful [information](#). Similarly the output produced by the computer after processing must also be kept somewhere inside the computer before being given out in human readable form. Again the output is also stored inside the computer for further processing.

v. Control: Controlling of all operations like input, processing and output are performed by the control unit. It takes care of step by step processing of all operations inside the computer.

3.2 Functional Units of the Computer

In order to carry out the operations mentioned above the computer allocates the task between its various functional units. The computer system is divided into three separate functional units for its operation. They are: (i) arithmetic logical unit, (ii) control unit and (iii) central processing unit.

3.2.1 Arithmetic Logical Unit (ALU)

After data is entered through the [input device](#) it is stored in the primary storage unit. The actual processing of the data and instruction are performed by Arithmetic Logical Unit. *The major operations performed by the ALU are addition, subtraction, multiplication, division, logic and comparison.* Data is transferred to ALU from storage unit when required. After processing the output is returned back to storage unit for further processing or getting stored.

3.2.2 Control Unit (CU)

The next component of computer is the Control Unit, which acts like the supervisor seeing that things are done in proper fashion. Control Unit is responsible for coordinating the various operations using time signal. The control unit determines the sequence in which computer programs and instructions are executed. Things like processing of programs stored in the main [memory](#), interpretation of the instructions and issuing of signals for other units of the computer to execute them. It also acts as a switch board operator when several users access the computer simultaneously, thereby, coordinating the activities of computer's peripheral equipment as they perform the input and output.

3.2.3 Central Processing Unit (CPU)

The ALU and the CU of a computer system are jointly known as the central processing unit (CPU). The CPU is the brain of any computer system. It is just like brain that takes all major decisions, makes all sorts of calculations and directs different parts of the computer functions by activating and controlling the operations.

3.3 Benefits of Computers in Accounting

Computers are essential tools in a wide range of fields and occupations. In accounting, computers have largely replaced paper ledgers and accounting machines, combining typewriters with calculators to make the job faster and easier. Modern accountants perform their work of tracking a business's financial transactions using computers that run spreadsheet, ledger, list and calendar software.

(i) **Speed:** The primary advantage of computers over earlier methods of accounting is speed. Accountants can input numbers with a keyboard and screen at a much faster rate than with a pen and paper. An accountant may need to enter the same data in two or more sections of the ledger, but accounting software handles these duplicate entries automatically. Accounting software features automated functions that reduce the tedious work of data entry and give accountants more time to be productive.

(ii) **Accuracy:** Computers offer much greater accuracy than manual methods of accounting. Instead of relying on mental arithmetic, spreadsheets and ledgers on a computer total columns and perform other math functions automatically. With a paper ledger, an accountant must perform equations on paper, with each transcription and calculation offering a new opportunity for human error. The time that accountants save also gives them more opportunities to check their work and examine potential problems with the bookkeeping

(iii) **Easy Changes:** Accounting software allows users to make changes quickly and easily without updating long strings of data that rely on the information that has been changed. Updating an item near the top of a computer's ledger causes the entire document to update, whereas the procedure for making the same correction on paper would be time-consuming and might require the accountant to draw up an entire new ledger, increasing the opportunity for further error.

(iv) **Training:** Computers make it easier for accountants to learn their profession and train their colleagues and new staff in an accounting department. Accounting programs come with tutorials, online user manuals and searchable help files, all of which make it easier to learn an advanced accounting method alone or answer a minor question quickly and accurately. Faster and more comprehensive training saves businesses time and money when they hire new accountants or introduce new software for the existing accounting team to use.

(v) **Saves Time:** Using computers can perform complex calculations, thus saving time to do all calculations manually. Client data can be stored in database bringing it up fast and efficiently. Automated form filling can be accomplished through computing which can be a time consuming process when done by hand.

(vi) **Sharing of Information:** The introduction of computers in the accounting environment allows accountants to share information and other accountant's knowledge through the Internet through both LAN and WAN. This allows accountants to gain more intelligence from other accountants around the world. Every accountant in a firm can access an accounting database and accounting information which saves time, as less work needs to be carried out. Such things as invoices, stock checks, purchase orders, prepare payroll, purchase progress reports and other standardized document forms can be exchanged directionally between computer systems instantaneously for automatic processing.

(vii) **Reduces Cost:** Computer saves money (it is cheap, paperless and instant) and strengthens relationships between customers and suppliers by providing a good means for useful and vital communication resulting in cheaper information.

(viii) **Improved detail:** Storage in a computer system is not confined in the same way as in the pages of a book. It can handle a more or less indefinite number of rows and columns. Records of transactions do not therefore have to be confined to very basic information such as the date and amount. A variety of other details can easily be added; for example, when a sale is made, codes can be recorded to show what category of customer this was, the identity of the salesperson, the product type, the sales district, and so on. When details on perhaps hundreds

of customers are recorded in this way, they provide a rich source of data for the company to analyze.

(ix) Real-time, on-line processing: ‘real-time’ means that files are updated as transaction happen; ‘on-line’ means that the files are permanently accessible to be updated. For example, when a depositor withdraw cash from an ATM cash machine, the machine can access his bank account record (it is on-line) to see if he has the funds and when he take the money out his bank account is immediately updated (real-time).

(x) Diligence: A computer is free from tiredness, lack of concentration, fatigue, etc. It can work for hours without creating any error. If millions of calculations are to be performed, a computer will perform every calculation with the same accuracy. Due to this capability it overpowers human being in routine type of work.

(xi) Versatility: It means the capacity to perform completely different type of work. One computer may be used to prepare payroll slips. Next moment it may be used for inventory management or to prepare electric bills.

(xii) Storage: Computer has the power of storing any amount of information or data. Any information can be stored and recalled as long as it is required, for any numbers of years. It depends entirely upon the Accountants how much data they want to store in a computer and when to retrieve it. The Computer has an in-built memory where it can store a large amount of data. In addition, one can also store data in secondary storage devices such as floppies, which can be kept outside the computer and can be carried to other computers.

(xiii) Improved reporting: Having recorded accounting transactions in electronic form, the production of reports becomes a matter of running some appropriate software to turn the data into summaries and tables (for management accounting) or standard statement of financial position and income statement (for financial accounting). No longer do staff have to extract information directly from the ledger entries. This saves a lot of staff time, and reduces errors of calculation and transcription. Most accounting software provides facilities for generating period-end and year-end reports as described elsewhere in this book, and will produce a ‘trial balance’.

3.4 Why knowledge of Computer is Necessary to the Accountant

1. **Accuracy and Efficiency:** Accountants spend much of their work day crunching numbers, reporting financial transactions and keeping track of a business’ money. They ensure taxes are paid and all financial records comply with local, state and federal tax regulations. All of this requires the use of computer software, applications and specialized programs to

create a variety of financial reports. A computer is beneficial to accountants because it allows them to perform their job efficiently and accurately, while keeping the information securely stored.

2. **Ease of Work:** In a business environment, computers typically have spreadsheet applications, such as Microsoft Excel, that are installed manually or bundled when the computer is initially purchased. Spreadsheets allow accountants to create customized financial reports to track specific information. Such programs can perform a variety of functions such as adding and subtracting numbers simply by formatting cells on the current project file. This type of software makes calculations fast and accountants can perform all operations more efficiently. Spreadsheets also allow accountants to import and export data to other external applications. Accounting application suites provide specific programs and reports to make an accountant's job easier.
3. **Better Financial Reporting:** Accounting applications can prepare tax documents automatically and send them electronically to government reporting agencies. Financial reports are maintained simply by entering information and creating reports with a set of keystrokes, many of which can be configured by the user. Many accounting programs also have industry-specific applications for different types of small businesses.
4. **Paper-Less Work:** A computer helps accountants store and access financial records, make changes and alleviate the need to keep paper files. If paper work is needed, computer files can easily be accessed and printed along with any changes the accountant makes at any given time. The storage capacity of a computer helps reduce costs and makes financial information more readily accessible. Financial files that require storage can be transferred to CDs, flash drives or other storage devices.
5. **Information Security:** Computers allow secure access of accounting information by requiring a password for files, programs and the computer system itself. For most small businesses, such records are confidential and are only accessed by specific personnel, such as executives, accountants, payroll administrators and human resources workers. Overall, a computer provides multiple security levels to protect financial records.
6. **Computerization of Accounting Systems:** Since accounting systems in most organizations both in the public and private sectors are being computerized the accountant has no option rather than to acquire the knowledge of computers technology and its application in various fields of accounting so as to remain relevant.

3.5 Disadvantages of Computer

The use of computer has also created some problems in society which are as follows.

- (i) **Unemployment:** Different tasks are performed automatically by using computers. It reduces the need of people and increases unemployment in society.
- (ii) **Wastage of time and energy:** Many people use computers without positive purpose. They play games and chat for a long period of time. It causes wastage of time and energy. Young generation is now spending more time on the social media websites like Facebook, Twitter etc or texting their friends all night through smartphones which is bad for both studies and their health and it also has adverse effects on the social life.
- (iii) **Data Security:** The data stored on a computer can be accessed by unauthorized persons through networks. It has created serious problems for the data security.
- (iv) **Computer Crimes:** People use the computer for negative activities. They hack the credit card numbers of the people and misuse them or they can steal important data from big organizations.
- (v) **Privacy violation:** The computers are used to store personal data of the people. The privacy of a person can be violated if the personal and confidential records are not protected properly.
- (vi) **Health risks:** The improper and prolonged use of computer can results in injuries or disorders of hands, wrists, elbows, eyes, necks and back. The users can avoid health risks by using the computer in proper position. They must also take regular breaks while using the computer for longer period of time. It is recommended to take a couple of minutes break after 30 minutes of computer usage.

Concept of System

A system may be defined as a combination of interrelated elements, called subsystems, organized in such a way so as to ensure the efficient functioning of the system as a whole. A Computer System consists of two broad components: the Hardware, the software \

The hardware is the physical unit, which is the connection of electronic components of the computer system.

The software is the suit of programs which are processed by the hardware and allows the hardware to function effectively and efficiently.

A program is a sequence of instructions written in a particular computer language, which is carried out by the hardware to solve a given problem.

Computer Software

The software is a suite of programs that allows the hardware to function optimally and which allows the end user to interact with the hardware. The system software is produced by the computer manufacturer while the application packages are acquired from many sources. The application packages, which can be off-the-shelf or bespoke software are intended for specific tasks. The most important System Software is the Operating System (OS). There are Operating Systems for various task/processes such as single-user, multiprocessing, multiprogramming, distributed processing and multiuser. The computer programs are divided into; Systems Software and Applications Software (often called application packages).

SYSTEM SOFTWARE

This consists of background programs that enable application software (application packages) to run smoothly on a specific set of hardware. In essence, systems software refers to the suite of programs that facilitates the optimal use of the hardware system and provides suitable environment for the writing, editing, debugging, testing and running of users' programs. Thus, System Software forms an interface between application programs and the hardware system. Usually every computer system comes with a collection of these programs because they constitute an essential part. Most System Software comes with the computer system and is often referred to as bundled software. The types of System Software include Operating System, language processor, utility routines, Loaders and Editors.

APPLICATION SOFTWARE

Application software is written to perform specific functions and to support users. Application software is divided into User Application Programs and Application Packages (which is used by specialist and for generalised purposes). Application Software acts as a mediator between the end-user and System Software. It is also known as an application package. This type of software is written using a high-level language like C, Java, VB, Net, etc. It is a user-specific and is designed to meet the requirements of the user. Example of some application software are: Word-processing software, Spreadsheet software, Database software, Education software etc.

Features of Application Software

Perform more specialized tasks like word processing, spreadsheets, email, photo editing, etc.

- It needs more storage space as it is bigger in size
- Easy to design and more interactive for the user

ACT 216
COMPUTER DESIGN AND DATA ANALYSIS

Learning Objectives

At the end of the lesson, the student should be able to:

1. Define data and information
2. Explain Information System and its Components
3. Explain the concept of AIS and MIS
4. Explain the concept of data analysis
5. Explain the relevance of Data analysis to accounting profession

Main Content

Concept of Data and Information

Data are raw facts, events, numbers and transactions, which have been collected, recorded, stored but are not yet processed. Data consist of numbers and characters (i.e alphabets and special symbols) which are used to record facts and events about activities occurring in an environment.

Information is processed data. It is obtained after subjecting data to a series of processing operations which convert related groups of data (raw facts) into a meaningful and coherent form. Processing could be in the form of addition, subtracting, comparison, sorting, rearrangement etc. This makes information useful and meaningful. In other words, information could be defined as the desired form to which data is finally transformed after undergoing a series of processing. It must be easily understood by the recipients. Presentation, in forms of charts, diagrams and tables may be essential. It must be concise and not contain unnecessary redundancy;

General Characteristics of Information

The following are the essential attributes of information for management decisions:

- a. It must be detailed enough to allow for effective decision
- b. It must contain an appropriate level of details for the recipient. At the top management level, the information must be very broad in scope while at the operating or departmental management level; the information must be of a very detailed nature;
- c. It must relate to the current situation and have acceptable level of integrity
- d. It must be easily understood by the recipients. Presentation, in forms of charts, diagrams and tables may be essential. It must be concise and not contain unnecessary redundancy
- e. It must be precise and have an acceptable level of accuracy to the recipient. It must be producible at regular intervals and be relevant to its purpose. For example, bank balances are given to 2 decimal places for accuracy
- f. It must be verifiable. Many knowledgeable people acting independently will produce the same information.
- (g) It must be arranged or organised to suit the requirement or purpose for which it is needed.
- (h) Information when derived, must be communicated through the right channel to the recipient.

Distinction between Data and Information

Data	Information
Data is raw, an unchanged fact.	Information is an organised and sorted fact
It serves as input into the computer system	It serves as an output from the computer system
Observation and recording are done to produce data	Analysis of data are done to obtain information
Data is the lowest level of knowledge	Information is the second level of knowledge
Data by itself is not significant	Information is significant

Types of Information

Information needs of an organization can either be quantitative or qualitative

- a. **Quantitative Information:** Quantitative information deals with the magnitudes of variables, their variability or absolute values. Some examples are Annual sales of a production company, Variation in the wages of low-level staff in an organization, Prices of goods; and Number of hours worked on a production line.
- b. **Qualitative Information:** Qualitative information is related to the attributes of an entity in respect of quality factors. This type of information is not exact (precise) in nature but it is very

useful for comparative measurement. Examples include standard of finished product in respect of paintwork or electroplating; and Variation of tolerances of manufactured parts i.e. deviation from standard dimensions.

Information System

An Information System is the set of interconnected procedures, the purpose of which is to provide managers at all levels and in all functions of an organization with the information necessary to enable them make timely and effective decisions. Information Systems can also be defined as a combination or collection of people, hardware, software, communication networks and data resources that collects, transform and provides information to managers at all levels in all functions to allow timely and effective decision making in an organisation.

These decisions are for: i. Planning, ii. Directing, and iii. Controlling of all activities for which they are responsible

The common characteristics of all information systems are:

- i. The existence of procedures for orientating and/or collecting data;
- ii. The existence of procedures which sort and classify data, carry out arithmetic and logical operations on the data, holds data in the form of records for immediate or future use, summarise and analyse data and check the results for accuracy. All these activities constitute the processing of data; and
- iii. The existence of procedures for communicating the processed data to appropriate managers.

Benefits of Information systems

Information systems can help an organization in any of the following ways:

- a. Operational Efficiency: This entails doing routine tasks faster, cheaper, neater and more accurately. The use of transaction processing software, word processing and electronic spreadsheet help to make operations more efficient
- b. Functional Effectiveness: This entails the use of decision support software which are oriented towards helping managers to make better decisions
- c. Provision of better improved services: This entails the use of help technologies like the automatic teller machine (ATM), e-commerce and the reservation systems used by travel agents. All these are examples of provision of improved services to customers

Disadvantages of Information System

Some of the disadvantages of Information systems include:

- i. Ease Of Fraud: Information System makes whoever uses it efficient. This implies that if fraudsters have access to information systems, it will make their fraudulent activities efficient too.

ii. Data Loss: If there is a disaster and an organisation fails to back-up her data regularly, the information she has may be lost and this can lead to legal liability and may eventually lead to the collapse of an organisation.

iii. GIGO Effect: The popular term GIGO (Garbage-in Garbage-Out) implies that whatever you feed into the system is what you get. This becomes a disadvantage if wrong data is fed into the system, as it will produce wrong information that may ultimately lead to wrong decision making in businesses. iv. Information can be deceptive sometimes, e.g. statistical information, if not well explained, which can lead to wrong use.

Roles of Information In the Accounting Environment

Accounting information plays major roles in organisations which include the following:

- a. It identifies activities requiring action. For example, a cost report with a huge variance might stimulate investigation and possible corrective action;
- b. It reduces uncertainty and thus provides a basis for choosing among alternative action. For example, it often used to set prices and determine credit policies
- c. Information makes decision making process of the accountant to be fast
- d. It makes the Accountant's output to be accurate
- e. It enables the Accountant to develop strategies and formulate policies for the survival of their profession

Concept of AIS and MIS

An Accounting Information System (AIS) therefore consists of people, procedures and Information Technology (I.T). An accounting information system (AIS) is a system that a business uses to collect, store, manage, process, retrieve, and report its financial data. This data can then be used by accountants, consultants, business analysts, managers, chief financial officers (CFOs), auditors, regulators, and tax agencies. An accounting information system tracks all accounting and business activity for a company. It generally consist of six primary components: people, procedures and instructions, data, software, information technology infrastructure, and internal controls.

AIS involved identifying, recording, analyzing, summarizing and communication of economic information to its end user for decision making. AIS are financial position statements and other reports supplied by the accountant of an organization, which shows the true and fair financial position of the economic activities of the organization. AIS includes the balance sheet, profit and loss account and cash flow statements.

Balance Sheet: This is the statement of financial position that lists the accounting period, it provides a measure of the capital invested by the owners, in a company or business. It is also

made up of four main sections; fixed asset, current asset, capital and liability. This classification simplifies financial analysis of business.

Trading Profit and Loss Account: It shows the profitability of the business, it also shows the amount of economic activities that took place during the preceding accounting period and profit derivable from such economic activities. It shows the gross profit as well as the net profit of the organization within the accounting period.

Cash Flow Statement: is a statement that shows the cash movement in transactions engaged in by the firm for a particular period, usually one year. The cash flow statement was introduced to replace the fund flow statement in 1998 to make it easier for users of financial statements to relate cash availability and profit, over a given period.

The AIS performs these important functions in any organisation:

- a) It collects and stores data about activities and transactions so that the organisation can review what has happened;
- b) It processes data into information that is useful for making decisions that enable management to plan, execute and control activities; and
- c) It provides adequate controls to safeguard the organisation's assets, including data.
- d) It helps in the analysis of information presented in; - Payroll/ Payslips; - Stocks report; - List of debtors/creditors; - Cost summaries; - Budget reports; - Labour turnover statistics.

Subsystems of Accounting Information Systems (AIS)

Most business organisations engage in many similar and repetitive transactions/activities. These transaction types can be grouped into the five basic cycles, which constitute the basic subsystems in the AIS:

- (a) The Expenditure subsystem/cycle which consists of the activities involved in buying and paying for goods or services used by the organisation
- b) The production subsystem/cycle which consists of the activities involved in converting raw materials and labour into finished products (only manufacturing organisations have production subsystem);
- c) The Human Resources/payroll subsystem/cycle which consists of the activities involved in hiring and paying employees;
- d) The Revenue subsystem/cycle which consists of the activities involved in selling goods or services and collecting payment for those sales; and
- e) The Financing subsystem/cycle which consists of those activities involved in obtaining the necessary funds to run the organisation and in repaying creditors and distributing profits to investors

The MIS is an integrated man machine system that provides information to support the planning and control functions of managers in an organisation. According to Schwartz, 'MIS is a system of people, equipment, procedure, documents and communication that collects, validates, operates on transformers, stores, retrieves and present data for use in planning, budgeting, accounting, controlling and other management process'.

Categories of MIS:

The MIS can be subdivided into following four categories:

1. Transaction processing system (TSP): The system designed for processing day to day transaction in an organisation is called TPS. This system deals with collecting and processing a large volume of data which mainly helps junior level management in discharging their responsibilities.
2. Information providing system (IPS): This system is meant for processing information, making a summary of information, and providing exception reports. The summary reports help in giving at a glance the information available, while exception reports indicate deviations and the reasons for shortfalls in performance.
3. Decision support system (DSS): It is sometimes described as the next evolutionary step after MIS. It helps in improving the analytical capability of the decision maker by creating interactive model of the real life situation.
4. Programmed decision-making system: It is defined as a plan for the automatic solution of a problem. Programs are simply a string of instruction as to accomplish a job or a task. In this information age the systems for programmed decisions are created so that decisions are made by the system rather than a person

Classification of MIS

The MIS can be divided into four categories:

1. **Data bank information system:** In this system, the link between the information system and the user is assumed to be weak. This type system is more useful for unstructured decisions. The information system collects, classifies and stores data which may be useful to the user. The user maker request for data as per his need and determines the cause and effect in view of the actions and makes judgement as to which outcome is suitable
2. **Predictive information system** This class of system is an extension of the databank information system. In this system prediction and inference making occurs when processing by the information system passes from basis data to conclusion about the source
3. **Decision making information system** In this system an organizations value system and criteria for choice are incorporated. This level of MIS is useful for structured decisions.

4. **Decision taking information system** In this system the information system the user are assumed to be one For example a purchase order is released automatically when an inventory level reaches or goes below the reorder or send s remainders to vendors to supply goods when supply is overdue

Implementation of MIS

The implementation plan involves the following steps:

1. Preparing organisational plans.
2. Planning of work flow.
3. Training of personnel.
4. Development of software.
5. Acquiring computer hardware.
6. Designing the format for data collection.
7. Construction of data files
8. Operation of old and new systems in parallel.
9. Phasing out the old and inducting the new system.
10. Evaluation, maintenance and control of the new system.

LIMITATIONS OF MIS

The limitations of MIS

1. MIS cannot replace managerial judgment in decision making. It is merely effective tool for the managers in decision making problem solving.
2. The quality of output of MIS is directly proportional to the quality of input and processes.
3. MIS cannot provide tailor made information packages. It is required to analyse the available information before decision making.
4. In a fast changing and complex environments, MIS may not have enough flexibility to update itself quickly.
5. MIS takes only quantitative factors into account.
6. MIS is less useful for making non programmed decisions.
7. MIS is less effective in organizations where information is not being shared with others.
8. MIS is less effective due to frequent changes in top management, organizational structure and operational staff

Differences between AIS and MIS

Criteria	AIS	MIS
1. Focus and Scope	AIS primarily focuses on managing financial	MIS, on the other hand, has a broader scope. It deals with

	<p>transactions and generating accounting reports for internal and external stakeholders. It is specifically designed to capture, record, process, and report financial data.</p>	<p>the overall management of information within an organization, encompassing various types of data beyond just financial information. MIS supports decision-making processes at all levels of management by providing timely and relevant information.</p>
<p>2. Users and Purpose</p>	<p>AIS is mainly used by accountants, financial analysts, and other professionals involved in financial management and reporting. Its purpose is to track financial transactions, maintain financial records, and produce financial statements for compliance and decision-making purposes.</p>	<p>MIS serves a wider range of users, including managers at different levels of the organization, from operational to strategic. It aims to provide managers with information needed for planning, controlling, and decision-making across different functional areas such as marketing, operations, and human resources.</p>
<p>3. Data Emphasis</p>	<p>AIS emphasizes structured financial data, which follows predefined formats and standards. It deals with transactions such as sales, purchases, payroll, and other financial activities, often represented in ledgers, journals, and financial statements.</p>	<p>MIS deals with both structured and unstructured data. While it may include financial data processed by AIS, it also incorporates other types of data such as sales forecasts, production figures, customer feedback, and market trends. MIS integrates data from various sources to provide a</p>

		comprehensive view of organizational performance.
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Concept of Data Analysis in Accounting Profession

Data analysis in the accounting profession refers to the process of inspecting, cleansing, transforming, and modeling financial data to uncover meaningful insights, patterns, and trends. It plays a crucial role in modern accounting practices by enabling accountants to extract actionable information from vast amounts of financial data. The importance are:

1. **Financial Performance Evaluation:** Data analysis allows accountants to assess the financial performance of an organization by analyzing key financial indicators such as revenue, expenses, profitability ratios, liquidity ratios, and asset utilization ratios. By comparing current and historical financial data, accountants can identify trends, anomalies, and areas for improvement, enabling them to make informed recommendations to management.
2. **Fraud Detection and Prevention:** Data analysis techniques such as anomaly detection, trend analysis, and predictive modeling are instrumental in detecting and preventing financial fraud. By analyzing transactional data and identifying irregular patterns or suspicious activities, accountants can uncover potential fraud schemes and implement controls to mitigate risks.
3. **Compliance and Regulatory Reporting:** Data analysis is essential for ensuring compliance with accounting standards, regulatory requirements, and financial reporting regulations such as GAAP (Generally Accepted Accounting Principles) or IFRS (International Financial Reporting Standards). Accountants use data analysis tools to validate financial information, reconcile accounts, and generate accurate financial statements that comply with regulatory guidelines.
4. **Decision Support:** Data analysis provides valuable insights to support strategic decision-making within an organization. Accountants use financial data analysis to evaluate investment opportunities, assess the financial viability of projects, allocate resources effectively, and optimize business processes. By leveraging data-driven insights, accountants help management make informed decisions that drive the organization's growth and profitability.
5. **Risk Management:** Data analysis helps accountants identify and manage financial risks by analyzing historical data, assessing risk exposure, and implementing risk mitigation strategies. Accountants use techniques such as scenario analysis, stress testing, and sensitivity analysis to evaluate the potential impact of various risk factors on the organization's financial performance and develop risk management plans accordingly.

ACT 216
COMPUTERIZED ACCOUNTING SYSTEM

Learning Objectives

At the end of the lesson, the students should be able to:

1. Describe Computerized Accounting System
2. Describe the components of Computerized Accounting System
3. Describe the advantages and disadvantages of Computerized Accounting System

Main Content

Computerized Accounting System

Computerised accounting system refers to the system of maintaining accounts using computers. It involves the processing of accounting transactions through the use of hardware and software in order to keep and produce accounting records and reports. Computerized accounting is a beneficial use of current technological advances. Not only has it revolutionized the traditional paper methods of accounting, but it has also created new types of accounting applications for business. Computerized accounting systems are methods and schemes employed to record, organize, summarize, analyze business transactions, and interpret or communicate financial information to stakeholders using computers and related technologies.

Features of computerized accounting

1. Simple and integrated It is designed to automate and integrate all the business operations such as purchase, sales, finance, inventory and manufacturing. The CAS may be integrated with enhanced Management Information System (MIS), multi-lingual and data organisation

capabilities to simplify all the business processes of the organisation easily and cost-effectively.

ii) Speed It can perform functions at much higher speed than doing the same manually

iii) Accuracy Computers perform functions with high degree of accuracy. If hardware, software and input by people are proper, the computerised accounting system can assure of accurate outcome.

iv) Reliability Computers are used to process large volumes of data and hence, data provided by it are reliable

v) Versatility Computer and accounting software have the ability to perform diverse tasks. For example, by simply recording accounting entries through accounting software, one can get trial balance, trading account, profit and loss account, balance sheet and diverse reports

vi) Transparency With computerised accounting, the organisation will have greater transparency of day-today business operations and access to the vital information

vii) Scalability computerized accounting enables processing of any volume of data in tune with the change in the size of the business.

viii) On-line facility computerized accounting offers online facility to store and process transaction and data so as to retrieve information to generate and view financial reports in any part of the world.

ix) Security In computerized accounting, only the authorised users are permitted to have access to accounting data. Under manual accounting system, it is very difficult to secure such information as it is open to inspection by any person dealing with the books of accounts.

Components of Computerised Accounting System

Components of Computerised Accounting can be classified into six categories, namely,

i) Hardware ii) Software iii) People iv) Procedure v) Data and vi) Connectivity.

i) Hardware

The physical components of a computer constitute its hardware. Hardware consists of input devices and output devices that make a complete computer system. Examples of input devices are keyboard, optical scanner, mouse, joystick, touch screen and slylus which are used to feed data into the computer. Output devices such as monitor and printer are media to get the output from the computer.

ii) Software

A set of programs that form an interface between the hardware and the user of a computer system are referred to as software.

The following are the various types of software:

a) System software: A set of programs to control the internal operations such as reading data from input devices, giving results to output devices and ensuring proper functioning of components is called system software. The system software includes the following:

(1) Operating system: A set of tools and programs to manage the overall working of a computer using a defined set of hardware components is called an operating system. It is the interface between the user and the computer system. Example: DOS, Windows, UBUNTU, imac, etc.

(2) Programming software: Special software to accept data and interpret them in the form of machine/assembly language understandable by a computer. Example: C, PASCAL, COBOL, etc.

(3) Utility software: These are designed specifically for managing the computer device and its resources. Example: File manager, Anti-virus software, etc.

b) Application software: Programs designed to perform a specific function for a user. An application software can be classified as follows:

(i) General purpose software: This type of application can be used for a variety of tasks and not limited to one particular function. Example: MS-Office.

(ii) Specific purpose software: This software is created to execute one specific task and they are customised to the needs of user. Example: Accounting software, payroll software, etc.

iii) People

The most important element of a computer system is its users. They are also called live-ware of the computer system. The following types of people interact with a computer system.

a) System analysts: People who design the operation and processing of the system.

b) System programmers: People who write codes and programs to implement the working of the system. c) System operators: People who operate the system and use it for different purposes.

iv) Procedure

Procedure is a step by step series of instructions to perform a specific function and achieve desired output. In a computer system there are three types of procedures.

a) Hardware oriented procedure: It defines the working of a hardware component.

b) Software oriented procedure: It is a set of detailed instructions for using the software.

c) Internal procedure: It maintains the overall working of each part of a computer system by directing the flow of information.

v) Data

The facts and figures that are fed into a computer for further processing are called data. Data are raw input until the computer system interprets them using machine language, stores them

in memory, classifies them for processing and produces results in conformance with the instructions given to it. Processed and useful data are called information which is used for decision making.

vi) Connectivity

When two or more computers are connected to each other, they can share information and resources such as sharing of files (data/music, etc), sharing of printer, sharing of facilities like the internet. This sharing is possible using wires, cables, satellite, infra-red, bluetooth, microwave transmission, etc.

Advantages of Computerised Accounting

1. **Better Quality Work:** The accounts prepared with the use of computerized accounting system are usually uniform, neat, accurate, and more legible than a manual job.
2. **Lower Operating Costs:** Computer is a reliable and time-saving device. The volume of job handled with the help of computerized system results in economy and lower operating costs. The overall operating cost of this system is low in comparison to the traditional system.
3. **Improves Efficiency:** This system is more efficient in comparison to the traditional system. The computer makes sure speed and accuracy in preparing the records and accounts and thus, increases the efficiency of employees.
4. **Facilitates Better Control:** From the management point of view, there is greater control possible and more information may be available with the use of the computer in accounting. It ensures efficient performance in accounting records.
5. **Greater Accuracy:** Computerized accounting make sure accuracy in accounting records and statements. It prevents clerical errors and omissions in records.
6. **Relieve Monotony:** Computerized accounting reduces the monotony of doing repetitive accounting jobs. Which are tiresome and time-consuming
7. **Facilitates Standardization:** Computerised accounting provides standardization of accounting routines and procedures. Therefore, it ensures standardization in the accounting records.
8. **Minimizes Mathematical Errors:** While doing mathematical work with computers, errors are virtually eliminated unless the data is entered improperly in the system.
9. **Legibility:** The data displayed on computer monitor is legible. This is because the characters (alphabets, numerals, etc.) are type written using standard fonts. This helps in avoiding errors caused by untidy written figures in a manual accounting system.
10. **Efficiency:** The computer-based accounting systems ensure better use of resources and time. This brings about efficiency in generating decisions, useful information's and reports.

11. Quality Reports: The inbuilt checks and untouchable features of data handling facilitate hygienic and true accounting reports that are highly objective and can be relied upon.

12.Speed: Accounting data is processed faster by using a computerized accounting system than it is achieved through manual efforts. This is because computers require far less time than human beings in performing a task.

Disadvantages of Computerized Accounting:

1. Reduction of Manpower: The introduction of computers in accounting work reduces the number of employees in an organization. Thus, it leads to greater amount of unemployment.

2. High Cost: A small firm cannot install a computer accounting system because of its high installation and maintenance cost. To be more economical there should be large volume of work. If the system is not used to its full capacity, then it would be highly uneconomical.

3. Require Special Skills: Computer system calls for highly specialized operators. The availability of such skilled personnel is very scarce and very costly

4. Other Problems: Frequent repair and power failure may affect the accounting work very much. Computers are prone to viruses. Often time's people will assume the computer is doing things correctly and problems will go unchecked for long period of time.

5. Cost of Training: The sophisticated computerised accounting packages generally require specialised staff personnel. As a result, a huge training costs are incurred to understand the use of hardware and software on a continuous basis because newer types of hardware and software are acquired to ensure efficient and effective use of computerised accounting systems.

6. Staff Opposition: Whenever the accounting system is computerised, there is a significant degree of resistance from the existing accounting staff, partly because of the fear that they shall be made redundant and largely because of the perception that they shall be less important to the organisation

Differences between Manual Accounting and Computerized Accounting

Basis of Comparison	Manual Accounting	Computerized Accounting
Meaning	Manual Accounting is a system of accounting that uses physical registers and account books, for keeping financial records.	Computerized Accounting is an accounting system that uses an accounting software, for recording financial transactions electronically.
Recording	Recording is possible through book of original entry	Data content is recorded in customized database.

Calculation	All the calculation is performed manually	Only data input is required, the calculations are performed by computer system.
Speed	Slow	Faster
Backup	Not Possible	Entries of transactions can be saved and backed up
Trial Balance	Prepared when necessary.	Instant trial balance is provided on daily basis.

ACT 216

ACCOUNTING PACKAGES

Learning Objectives

At the end of the lesson, the students should be able to:

1. Define Accounting Packages
2. Discuss the Features of Accounting Packages
3. Mention the benefits of Accounting Packages

Main Content

Accounting Packages

Accounting packages are application software that record and process accounting transactions within functional modules. Accounting packages, unlike the spread sheet application packages, process accounting transactions from the beginning to the point of producing reports such as the statement of Profit or Loss, Statements of Changes in Equity, Statement of Financial Positions, Statement of Cash Flow and Notes to the Financial Statements. Accounting packages are probably the most widely used sort of “off-theshelf” package in business. A package may consist of a suite of program modules, and the computer user can use a single module for a specific application or “sub-system” or a number of modules in a more integrated system

There might be separate modules for the general ledger, and subsidiary ledgers such as:

- (a) Sales ledger sub-system
- (b) Purchases ledger sub-system
- (c) Inventory sub-system
- (d) Payroll sub-system

- (e) Non-current assets sub-system
- (f) Trade receivables sub-system
- (g) Bank reconciliation sub-system

1. Sales Ledger Sub-System

The main features of a sales ledger are:

(a) Files used.

The main file in a sales ledger sub-system is the sales ledger. The fields in each record will include:

- (i) Customer account number
- (ii) Customer name
- (iii) Address
- (iv) Credit limit
- (v) Sales analysis
- (vi) Account type
- (vii) Transaction date
- (viii) Transaction description
- (ix) Transaction code
- (x) Debits
- (xi) Credits
- (xii) Balance

(b) Output

- (i) Day book listing
- (ii) Invoices
- (iii) End of month statements for customers
- (iv) Age analysis of trade receivables
- (v) Sales analysis reports
- (vi) Trade receivables reminder letters
- (vii) Customer lists
- (viii) Responses to enquiries
- (ix) Output on to disk file for other modules

(c) File updating (amendments):

- ♣ Amendments to customer details e.g. change of address, change of credit limit.
- ♣ Insertion of new customers
- ♣ Deletion of old “non-active” customers

2. Purchases Ledger

The simplest purchases system is one where the computer is used to maintain the purchases ledger and produce a purchase analysis. The main features would be:

(a) Inputs, which include data about

- purchases invoices
- credit notes
- cash payments
- adjustments

(b) Outputs, which include:

- lists of transactions posted – produced every time the system is run;
- an analysis of expenditure for nominal ledger purposes. This may be produced every time the system is run or at the end of each month;
- lists of trade payables balances together with a reconciliation between the total balance brought forward, the transactions for the month and total balance carried forward;
- copies of payables accounts.

(c) Files used – The fields in each record will include:

- (i) account number
- (ii) name
- (iii) address
- (iv) credit details
- (v) bank details
- (vi) cash discount details
- (vii) details of transactions

3. Inventory Sub-System Inventory sub-system generates transactions in respect of purchase, holding and issuing of inventories. The main features of a inventory control system are:

(a)Inputs, which would include data about:

- (i) goods received note
- (ii) issues to production
- (iii) production to finished goods store
- (iv) dispatch notes (v) adjustments.

(b) Outputs, which would include:

- (i) details of inventory movements
- (ii) inventory balances produced as required
- (iii) inventory valuation lists

(iv) list of slow moving goods.

(c) Files used The main file is the inventory ledger. There would be a record on file for each inventory item, and record fields might include:

(i) inventory number

(ii) description

(iii) standard cost

4. Payroll sub-System Payroll sub-system is a process of engagement of employees up to the point of determining the total consolidated emoluments and net pay of the employees. It involves the following processes:

a. Engagement of Staff This is a process of recruitment of staff in an entity. The important information needed to compute salaries of staff are: date of commencement of duty, nature of employment whether contract or pensionable employment, casual workers etcetera

b. Attendance Register and Time Card The attendance register is needed to determine actual hours work by the employees or number of days the employees are present and absent from duty to determine basic pay of employees.

c. Personnel Files Every employee has personal file which has the appointment letter and date of commencement of duty. The engagement letter contains employee's annual salaries, annual housing allowances, annual transport allowances, utility allowances and other forms of allowances that are collectible by employees on a monthly basis.

d. Computation of Gross Pay The payroll salaries and allowances are divided by 12 respectively and added together to get gross pay per month. The monthly salaries can be prorated where an employee is absent from duty for a number of days. The total monthly salaries and allowances are described as gross pay of employee.

5. Non-Current Assets Sub-System The main features are:

(a) Inputs, which include data about

(i) Capitalization policy

(ii) Depreciation policy

(iii) Purchase invoices

(iv) Cash payments

(v) Adjustments

(b) Output:

(iv) Non-current assets register which includes the cost of assets, accumulated depreciation, current year depreciation, asset type, depreciation rate and carrying amount of asset.

(v) Non-current asset ledger – records cost of acquisition, additional cost of improvement, disposal value of asset and calculated depreciation based on asset classification.

(c) **Files used** – The fields in each record will include:

- (i) Asset class
- (ii) Asset name/description
- (iii) Asset identification code

6. Trade-Receivables Control Sub-System

The trade receivables system deals with transactions that involve sales invoices raised credit notes and debit notes issued to customers and credit notes issued to trade payable control accounts for offset against trade payables and trade receivables payments. The main features are:

(a) File used

The main file used is sales ledger subsystem.

(b) Inputs, which include data about:

- total credit sales for the period
- total cash received from trade receivables during the period.
- total credit notes issued during the period
- Adjustments.

(c) Outputs, which include:

- End of the period balance
- Comparative analysis of opening and closing balances
- Set-offs against purchases control ledgers
- List of credit notes not yet used by the customers

7. Bank Reconciliation The main features would be

(a) Inputs

- pay-in slips
- cheque stub/counterfoil
- bank debit notes
- bank credit notes

(b) Outputs

- Bank Balance as at the date of reconciliation
- List of stale cheques
- List of uncredited lodgements
- List of unpresented cheques

- List of unmatched items. (Those in the bank statement but not in the cash book).

Features of Accounting packages

1. Reporting and analysis: Information is power in today's challenging business environment. That's why any accounting program you evaluate must have robust reporting and analysis capabilities. Besides helping users gain insight into crucial financial activities, reporting and analysis functions help companies conform to government and industry regulations.
2. Graphics: Accounting is a numbers-focused activity. Yet graphics, in the form of charts and other illustrative formats, is a powerful tool that can be used to present trends and other concepts in a way that numbers alone can't convey.
3. Automation: For many businesses, support for simple accounting transactions and basic financial management tasks just isn't enough. Many companies require the full automation of employee expenses, payrolls and time sheets; company and departmental budgets; purchase requisitions and other complex financial activities.
4. Automatic updates: Using out-of-date accounting software is like eating food that has passed its expiration date — a risky proposition that could result in severe nausea. Tax laws, regulations and financial practices change over time, so it's vital to use software that receives fast, user-transparent, automatic updates.
5. Customization: Chances are that no accounting software will exactly match your business's needs. That's why you'll want to look for a product that allows the easy customization of statements, forms, reports, screens, help systems and other program facets.
6. Internet connectivity: With the whole world moving to the Internet, it's only logical that accounting software should follow the crowd. That's why you'll want to make sure that any accounting software you consider has the ability to send and receive digital documents and handle electronic fund transfers.
7. Inter-operability: The data entered into your accounting software can be productively used by various business applications in HR, sales, shipping and other key business sectors. Conversely, you may want your accounting program to draw information in from other software products. That's why you'll want to check on an accounting program's ability to interoperate with other software before deciding on whether to purchase it.
8. Scalability: With hard work, and perhaps some luck, your business will be larger and more prosperous in the years ahead. Will your accounting software be able to keep pace? Look for a product that accommodates, or can be easily upgraded to accommodate, a progressively larger number of users and a growing amount of financial data and transactions. Ask vendors about their programs' limits in these areas.

9. Expandability: Your business may grow in scope as well as size. The accounting program vendor should either offer add-on modules that allow customers to slap extra capabilities to its product, or a migration path to a full ERP environment.

10. Security: Your business depends on its accounting software for its very existence. If data is lost or tampered with you stand to lose time, money, business secrets (such as sales or profit data) and, if the damage is severe enough, your company. Any vendor should be able to tell you about its software's built-in security features as well as how its product can mesh with your own on-site safeguards (such as anti-malware technology and network firewalls).

11. Banking: At the very least, accounting software should have some form of link to your bank account, enabling you to make direct payments and letting you import data from the bank into the accounting system. Some software can go much further: Reconcile accounts, Prepare bank deposits & Check handling.

12. Reporting: Besides the array of different features that are available in accounting software, the quality and quantity of reports the system can generate differs widely, too. Some systems offer a vast range of reporting options, with almost unlimited categories and reporting options. Others just offer the basic reports: money in and money out.

Advantages and Disadvantages of Application Packages

Advantages

- (a) They make implementation of an application to be quicker and cheaper.
- (b) They provide standard approach to common applications
- (c) They are efficient in terms of speed, accuracy and storage requirements
- (d) They save programming efforts
- (e) There is substantial reduction in systems efforts.

Disadvantages

- (a) Some packages are not brought up-to-date.
- (b) The packages may not be 100% suitable for a particular use, as they may not be fully tailored towards the use
- (c) One may not get experts who will be on ground for immediate assistance in case there are problems
- (d) Inefficiency may be experienced due to inclusion of features that are not particularly relevant in the packages.

Factors to consider when deciding on which package to use or buy:

- (a) Cost - This includes the cost of software, setting-up and operating the system.
- (b) Flexibility – How easy is it to amend or otherwise update or upgrade.
- (c) Types of processing – What is the input and output medium associated with the package.

- (d) Timing of processing
- (e) Hardware required
- (f) Degree of reliability
- (g) Integration with other systems
- (h) Users processing requirements.

ACT 216

CODING AND CHART OF ACCOUNTS IN COMPUTERIZED ACCOUNTING SYSTEM

Learning Objectives:

At the end of the lesson, the students should be able to:

1. Define coding
2. Explain the usefulness of coding
3. Explain chart of accounts and components of chart of accounts

Lesson Note

SOFTWARES OF COMPUTERIZED ACCOUNTING SYSTEM

Computers, with the help of Application Software, perform the same functions that are carried out when accounting is done manually. Let us discuss these.

- i. Payroll Processing : Payroll Processing means preparation of salaries and wages, accounting along with the leave records, deduction of provident fund, ESI, etc. Leave records are part of payroll as salaries and wages are prepared taking into account the leaves taken. ESI and Provident Fund are statutory deductions out of salaries and wages and also contribution by the employers. Computer takes the data such as Employee's Name, Father's Name, Employee code, Basic Salary, Perquisites, Percentage of deduction for Provident Fund, ESI and advance, etc., from the Master Data and the number of days from the attendance record. It not only produces the salary and wages sheet timely but also accurately. The entry in the financial books of account is recorded from the payroll processing.
- ii. Transaction Recording : Transactions are recorded using the utility or application software. Transaction recording under the computerised environment is not only accurate but is also less time consuming. It is so because two time consuming processes under the manual system namely posting of entries into ledger accounts and casting (totalling and balancing) are automated by the software. Software are designed in the manner that the process of posting and casting is carried out simultaneously with recording of transaction.
- iii. Ledger : The software is designed in such a manner that the transaction is posted to the ledger account and the ledger account is casted simultaneously with the recording of transaction. We had discussed in this chapter about grouping of accounts. Posting of transaction into ledger account is carried out as guided by the account code given to the transaction.

iv. Trial Balance : Posting of transaction into ledger account and also casting of ledger account is carried out simultaneously with the recording of transaction. It means that a trial balance can be extracted even after every transaction without any efforts.

v. Financial Statements : Financial Statements, i.e., Trading, Profit and Loss Account and the Balance Sheet like extracting a trial balance can also be extracted after every transaction.

Coding

Coding is the process of writing instructions in a programming language that a computer can understand and execute. It involves using a set of rules, syntax, and semantics to create a set of instructions that can be used to solve a specific problem, automate a task, or create a software application. Coding is a fundamental aspect of computer programming and is used in various fields such as software development, data analysis, and artificial intelligence.

Coding is incredibly useful for a variety of reasons:

Automation: Coding allows for the automation of repetitive tasks, which increases efficiency and reduces the potential for human error. For example, scripts can be written to automate data entry, file organization, and other routine tasks.

Problem-Solving: Coding enables the development of software applications that solve specific problems. Whether it's a simple calculator or a complex machine learning algorithm, coding is the tool that brings these solutions to life.

Innovation: Coding is at the heart of technological innovation. It allows developers to create new software, applications, and systems that can revolutionize industries. From social media platforms to healthcare management systems, coding drives progress.

Career Opportunities: Proficiency in coding opens up numerous career opportunities. Software development, data analysis, cybersecurity, and artificial intelligence are just a few fields where coding skills are highly valued.

Enhanced Understanding of Technology: Learning to code helps individuals understand how the technology they use daily works. This understanding can lead to better utilization of technology and informed decision-making regarding its use.

Features of Accounting Codes

Accounting codes are a systematic arrangement of numbers and/or letters assigned to various accounts and transactions within a company's Chart of Accounts (COA). These codes help in classifying and recording financial transactions in an organized manner. Here are some key features of accounting codes:

Uniqueness: Each accounting code is unique, ensuring that each financial transaction is recorded in the correct account without ambiguity.

Standardization: Accounting codes follow a standardized format within an organization, promoting consistency in financial reporting.

Hierarchy: Codes are often structured hierarchically, reflecting the organizational structure or the nature of transactions, aiding in detailed financial analysis.

Segmentation: Codes can be segmented to represent different dimensions of financial data, such as department, cost center, or project.

Flexibility: The coding system can be designed to accommodate the specific needs of an organization, including future expansion.

Automatability: Accounting codes can be integrated with financial software, enabling automated processing and analysis of financial transactions.

Advantages of Accounting Codes

Improved Accuracy: Unique codes reduce the risk of errors in financial recording and reporting, ensuring that transactions are accurately classified.

Enhanced Organization: A well-structured coding system organizes financial data, making it easier to retrieve and analyze.

Facilitates Automation: Accounting codes enable the use of accounting software for automated data entry, processing, and reporting, improving efficiency.

Consistency: Standardized codes ensure that financial information is consistently recorded and reported across the organization.

Detailed Reporting: Segmented and hierarchical coding allows for detailed financial reporting and analysis, providing insights into specific areas of the business.

Compliance and Auditing: Well-organized accounting codes simplify compliance with regulatory requirements and facilitate auditing processes by providing a clear trail of financial transactions.

Disadvantages of Accounting Codes

Complexity: Implementing and maintaining a comprehensive coding system can be complex, particularly for large organizations with diverse operations.

Initial Setup Time: Developing an appropriate coding system requires significant time and effort during the initial setup phase.

Training Requirements: Employees must be trained to understand and correctly use the accounting codes, which can be time-consuming and costly.

Rigidity: Once established, changing the coding system can be difficult and disruptive, potentially leading to inconsistencies if not managed properly.

Risk of Misuse: If codes are not properly managed or updated, there is a risk of misuse or misclassification of transactions, which can lead to inaccurate financial reporting.

Maintenance Effort: Continuous monitoring and updating of the coding system are necessary to ensure it remains relevant and accurate, requiring ongoing effort and resources.

Chart of Accounts

A company's Chart of Accounts is a list of all Asset, Liability, Equity, Revenue, and Expense accounts included in the company's General Ledger. The number of accounts included in the Chart of Accounts varies depending on the size of the company. A chart of accounts (COA) is a structured list of accounts used to classify, record, and report financial transactions in a company. It is a critical component of financial accounting and serves as the foundation for financial reporting and analysis.

Components of Chart of Accounts:

A typical chart of accounts includes the following components:

1. **Account Types:** The COA is typically divided into several primary categories, each representing a different type of account. The main categories are:

Asset Accounts: These accounts represent the company's assets, such as cash, accounts receivable, inventory, property, and equipment.

Liability Accounts: These accounts represent the company's liabilities, such as accounts payable, loans, and taxes owed.

Equity Accounts: These accounts represent the company's equity, including common stock, retained earnings, and dividends.

Revenue Accounts: These accounts represent the company's revenue, such as sales, services, and interest income.

Expense Accounts: These accounts represent the company's expenses, such as salaries, rent, and utilities.

Gain/Loss Accounts: These accounts represent the company's gains and losses, such as gains on the sale of assets and losses on the sale of assets.

2. **Account Numbers:** Each account in the COA is assigned a unique number, which helps in identifying and organizing accounts. These numbers are usually structured in a logical

sequence that reflects the account types and their hierarchy. For example, asset accounts might be numbered from 1000 to 1999, liability accounts from 2000 to 2999, and so on.

3. Account Descriptions: Each account has a name and a brief description that explains its purpose and what types of transactions should be recorded in it. This ensures consistency and accuracy in financial reporting.

4. Sub-Accounts: For more detailed tracking, main accounts can be broken down into sub-accounts. For instance, within the “Expenses” category, there might be sub-accounts for different types of expenses like “Salaries,” “Office Supplies,” and “Utilities.”

5. Hierarchical Structure: The COA often has a hierarchical structure that allows for the categorization of accounts in a way that mirrors the financial reporting needs of the organization. This hierarchy makes it easier to generate financial statements and perform analysis.

IFRS ADOPTION IN NIGERIA

The term IFRS consists of IFRS issued by International Accounting Standards Board (IASB); International Accounting Standard (IAS) issued by International Accounting Standard Committee (IASC); and interpretations issued by the standard interpretations Committee (SIC) and the International Financial Reporting Interpretation Committee (IFRIC).

ROLES OF FINANCIAL REPORTING COUNCIL OF NIGERIA

The Financial Reporting Council of Nigeria (FRCN) was established by the Financial Reporting Council Act, 2011(Section 1). The Act established for the council a board which shall have overall control of the council. Section 8 of the Act stipulates the functions of the Council as follows:

1. Develop and publish accounting and financial reporting standards to be observed in the preparation of financial statement of public interest entities;
2. Review, promote and enforce compliance with the accounting and financial reporting standards adopted by the Council;
3. Receive notices of non-compliance with approved standards from preparers, users, other third parties or auditors of financial statements;
4. Receive copies of annual reports and financial statements of public interest entities from preparers within 60 days of the approval of the Board;
5. Advise the Federal Government on matters relating to accounting and financial reporting standards;
6. Maintain a register of professional accountants and other professionals engaged in the financial reporting process;

REASONS FOR THE ADOPTION OF IFRS IN NIGERIA

1. To encourage comparability, reliability, transparency and efficiency of financial reporting in Nigeria.
2. To assure investors abroad of a meaningful decision on portfolio investment.
3. To reduce the cost of doing business abroad by eliminating the need for supplementary information from Nigerian companies.
4. Facilitation or easy consolidation of financial information of the same company with offices in different countries. Multinationals companies avoid the hassle of restating their accounts in local GAAPs to meet the requirements of national stock exchange and regulators, making the consolidation of accounts of foreign subsidiaries easier and lowering overall cost of financial reporting.
5. Easier regulation of financial information of entities in Nigeria.
6. Enhanced knowledge of global financial reporting standards by tertiary institutions in Nigeria.
7. Additional and better quality financial information for shareholders and supervisory authorities.

Benefits of IFRS Adoption in Nigeria

International Financial Reporting Standards (IFRS) are a set of accounting standards developed by the International Accounting Standards Board (IASB) that provide a global framework for how public companies prepare and disclose their financial statements. Nigeria adopted IFRS to enhance the transparency, comparability, and reliability of financial information. The benefits of adopting IFRS in Nigeria include:

Global Comparability: IFRS facilitates the comparison of financial statements between Nigerian companies and their global counterparts, which is beneficial for investors, analysts, and other stakeholders.

Increased Investment: The adoption of IFRS improves investor confidence by providing more reliable and transparent financial information, potentially attracting more foreign and local investments.

Improved Financial Reporting: IFRS enhances the quality and consistency of financial reporting, providing a more accurate representation of a company's financial position and performance.

Economic Integration: Adopting IFRS helps Nigeria integrate more fully into the global economy, aligning its financial reporting with international standards and practices.

Enhanced Accountability and Governance: IFRS adoption promotes better corporate governance and accountability, as companies are required to disclose more comprehensive information.

Access to Capital Markets: Companies that report under IFRS are more likely to gain access to international capital markets, as their financial statements are more easily understood and accepted by global investors.

CHALLENGES OF IFRS ADOPTION IN NIGERIA

The practical challenges that have been faced in Nigeria as a result of implementing the IFRS need to be identified and addressed in order to benefit fully from the introduction of IFRS. The challenges according to Obazee (2011) and Fowokan (2011) are discussed as follows:

1. Accounting Education and Training: Practical implementation of IFRS requires adequate technical capacity among preparers and users of financial statements, auditors and regulatory authorities. Nigeria faced a variety of capacity-related issues, which was dependent on the approach they took. One of the principal challenges Nigeria encountered in the practical implementation process, was the chronic shortage of accountants and auditors who are technically competent in implementing IFRS. Usually, the time lag between decision date and the actual implementation date is not sufficiently long to train a good number of professionals who could competently apply international standards.
2. Tax Reporting: The tax considerations associated with the conversion to IFRS, like other aspects of a conversion, are complex. IFRS conversion calls for a detailed review of tax laws and tax administration. IFRS convergence will create problem. How do taxation laws address the treatment of tax liabilities arising from on convergence from Nigeria GAAP to IFRS. Where this is not taken care of, it would duplicate administrative work for the organization.
3. Amendment to Existing Laws: In Nigeria, accounting practices are governed by the Companies and Allied Matters Act (CAMA) 1990, and the Statement of Accounting Standards (SAS) issued by the Nigerian Accounting Standards Board (NASB) and other existing laws such as Nigerian Stock Exchange Act 1961, Nigerian Deposit Insurance Act 2006, Banks and Other Financial Institution Act 1991, Investment and Securities Act 2007, Companies Income Tax Act 2004, Federal Inland Revenue Services Act 2007. IFRS provisions do not recognize these local laws and if IFRS should be applied fully in Nigeria, the above laws will be modified.
4. Fair Value: In IFRS format, Fair value is used in measurement of most items of financial statements and this lead to volatility and subjectivity in financial statements in arriving at the fair value. Where this adjustment is reflected in income statements as gain or losses, it remains a contentious issue if it should be applied in computing distributable profit

5. Management Compensation Plan: Because of the new financial statements reporting format envisaged under IFRS which is quite different from Nigeria GAAP, the terms and conditions relating to management compensation plans would have to be changed. Therefore, contracts terms and conditions of management staff will be renegotiated.

Five Institutions Responsible for Regulation of Accounting Information in Nigeria

Financial Reporting Council of Nigeria (FRCN): The FRCN sets accounting and financial reporting standards in Nigeria and oversees compliance with these standards.

Institute of Chartered Accountants of Nigeria (ICAN): ICAN regulates the practice of accountancy in Nigeria, including the setting of professional standards and ethics for accountants.

Securities and Exchange Commission (SEC): The SEC regulates the securities industry, including the financial reporting of publicly listed companies.

Central Bank of Nigeria (CBN): The CBN oversees the financial reporting practices of financial institutions in Nigeria, ensuring their compliance with relevant accounting standards.

Nigerian Stock Exchange (NSE): The NSE monitors the financial reporting and disclosure practices of companies listed on the stock exchange, ensuring they meet required standards.

ACT 216

COMPUTERIZED PAYROLL ACCOUNTING

Learning Objectives

At the end of the lesson, the student should be able to:

1. Define Payroll Accounting
2. Describe the Duties of Payroll Section in Accounting
3. State the Factors affecting the applicability of Computerized Accounting System

Main Content

The payment system in any organization or institution is very paramount. A payroll is a list of employees or staff receiving wages or salaries with amount due to each. The payroll consists mainly of two sections, viz: (a) Payroll payment and (b) payroll deductions. Payroll payments consist of the annual basic salary, the monthly basic salary, grade level, and allowances of each staff. While the payroll deductions consist of deduction that are made out of the employee's total emolument such as tax deductions and NULGE deductions.

In simple terms, payroll may be understood as a document showing for each worker his gross earning, any deductions (statutory and otherwise) made from his gross earnings and the net amount payable to him in a particular pay period. The objectives of payroll accounting are to process information such as; Hours Worked, Pay Rate, Gross Earning, Deduction and Net Pay (salary). Gross pay or earning is the total emolument or, pay/salary or total weekly wage that employees earn in a particular period before statutory and other deductions are made. A payroll management system is a crucial component of any business, responsible for compensating employees for their services and maintaining financial records of employee earnings, deductions, and tax liabilities.

It is the process by which employers pay wages to their employees, demonstrate commitment to their workers, fulfill obligations to government agencies, and keep financial records in order. Payroll is the process by which a business pays its employees for work performed during a specific period. It involves calculating employee pay, recording payroll transactions, and determining and paying payroll taxes. A company must have a timekeeping system that accurately reflects the hours put in by non-exempt employees as well as the regular salary payments for exempt workers. Employers typically withhold federal income tax from employee earnings, and at the end of the year, they must report all wages, tips, and other compensation paid.

Payroll can be managed using a manual or computerized system, and it can be handled in-house or outsourced to another provider. Processing payroll is a complex and time-consuming

endeavor that requires adherence to strict federal and state rules and regulations. It requires extensive record-keeping and attention to detail. Companies can use professional services and outsource their payroll or use cloud-based software if they do not want to do it themselves. Payroll accounting pertains to the recording of all financial transactions related to payroll, including gross salaries, wages, bonuses, commissions, and overtime pay, as well as payroll taxes withheld from employees' gross pay and payroll taxes that are not withheld from employees and are an expense of the employer.

BENEFITS OF PAYROLL SOFTWARE

The adoption of computerized payroll systems offers numerous benefits to organizations across various industries. These benefits extend beyond merely automating payroll processes and can significantly enhance organizational efficiency, accuracy, and compliance. Explaining these benefits to students helps them understand the rationale behind the widespread adoption of computerized payroll systems.

Some key benefits of using computerized payroll systems include:

Increased Efficiency: Automation of routine payroll tasks accelerates processing times, reduces manual errors, and frees up valuable time for payroll administrators to focus on strategic activities.

Enhanced Accuracy: Payroll software performs calculations accurately and consistently, minimizing the risk of errors associated with manual data entry and calculation.

Improved Compliance: Computerized payroll systems automate tax calculations, deductions, and filings, ensuring compliance with tax regulations and labor laws at federal, state, and local levels.

Streamlined Reporting: Modern payroll software generates comprehensive reports on payroll expenses, tax liabilities, and employee earnings, facilitating financial reporting and analysis.

Data Security: Payroll systems employ robust security measures to safeguard sensitive employee information and prevent unauthorized access, ensuring compliance with data privacy regulations.

Key features and functions of modern payroll software include:

Payroll Calculation: Automated calculation of employee wages, taxes, deductions, and benefits based on predefined rules, rates, and employee data.

Employee Self-Service: Online portals that allow employees to access and manage their payroll information, view pay stubs, update personal details, and request time off.

Tax Filing and Reporting: Automated tax calculations, form generation (e.g., W-2, 1099), and electronic filing of payroll taxes with tax authorities.

Compliance Management: Tools to ensure compliance with tax regulations, labor laws, and industry standards, including automatic updates to reflect changes in regulations.

Integration Capabilities: Seamless integration with accounting software, HR systems, time and attendance systems, and other business applications to streamline data sharing and reporting.

Customization Options: Flexibility to customize payroll settings, reports, and workflows to align with organizational requirements and preferences.

DIFFERENCES BETWEEN MANUAL VS COMPUTERIZED PAYROLL SOFTWARE

Features	Manual Payroll	Computerized Payroll
Meaning	Manual payroll means that you, or another employee within your company, calculate the payroll each pay period entirely on paper	Computerized system enables you to store unlimited data while managing the data as well.
Speed	Accounting software processes data and creates reports slower than the computerized system	Accounting software processes data and creates reports much faster than manual systems.
Efficiency	Less efficient as more time is required.	More efficient as less time is required.
Cost	Manual accounting with paper and pencil is much cheaper than a computerized system, which requires a machine and software	Expenses associated with accounting software include training and program maintenance. Expenses can add up fast with costs for printers, paper, ink and other supplies.
Processing of Data	Processing is slower as large volume of data need to be dealt.	Processing is faster as computerized system is there

ACT 216

INTRODUCTION TO MICROSOFT EXCEL ESSENTIALS

Learning Objectives

At the end of the lesson, the student should be able to:

1. Describe Microsoft Excel
2. Describe the Functions of Microsoft Excel

Main Content

MS Excel is an electronic spreadsheet. A spreadsheet is a generic term for the software package that simulates a paper worksheet often used by people in management. Most spreadsheets started as electronic versions of hard copy accounting worksheets with one major purpose – simple row and column arithmetic. It has various features to offer – namely, fast calculations, what-if analysis, charts (also called graphs), automatic re-calculations, and many more. It has user interface features common to other Microsoft Office Applications. It is used primarily to enter, edit, format, sort, perform mathematical computations, save, retrieve and print numeric data.

How to open MS Excel?

To open MS Excel on your computer, follow the steps given below:

- Click on Start
- Then All Programs
- Next step is to click on MS Office
- Then finally, choose the MS-Excel option

Alternatively, you can also click on the Start button and type MS Excel in the search option available.

What is a cell?

A spreadsheet is in the form of a table comprising rows and columns. The rectangular box at the intersection point between rows and columns forms a cell.

What is Cell Address?

The cell address is the name by which is cell can be addressed

Features of MS Excel

Various editing and formatting can be done on an Excel spreadsheet. Discussed below are the various features of MS Excel.

- **Home**
 - Comprises options like font size, font styles, font colour, background colour, alignment, formatting options and styles, insertion and deletion of cells and editing options

- **Insert**
 - Comprises options like table format and style, inserting images and figures, adding graphs, charts and sparklines, header and footer option, equation and symbols

- **Page Layout**
 - Themes, orientation and page setup options are available under the page layout option

- **Formulas**
 - Since tables with a large amount of data can be created in MS excel, under this feature, you can add formulas to your table and get quicker solutions

- **Data**
 - Adding external data (from the web), filtering options and data tools are available under this category

- **Review**

- Proofreading can be done for an excel sheet (like spell check) in the review category and a reader can add comments in this part
- **View**
 - Different views in which we want the spreadsheet to be displayed can be edited here. Options to zoom in and out and pane arrangement are available under this category

Benefits of Using MS Excel

MS Excel is widely used for various purposes because the data is easy to save, and information can be added and removed without any discomfort and less hard work.

Given below are a few important benefits of using MS Excel:

- **Easy To Store Data:** Since there is no limit to the amount of information that can be saved in a spreadsheet, MS Excel is widely used to save data or to analyse data. Filtering information in Excel is easy and convenient.
- **Easy To Recover Data:** If the information is written on a piece of paper, finding it may take longer, however, this is not the case with excel spreadsheets. Finding and recovering data is easy.
- **Application of Mathematical Formulas:** Doing calculations has become easier and less time-taking with the formulas option in MS excel
- **More Secure:** These spreadsheets can be password secured in a laptop or personal computer and the probability of losing them is way lesser in comparison to data written in registers or piece of paper.
- **Data at One Place:** Earlier, data was to be kept in different files and registers when the paperwork was done. Now, this has become convenient as more than one worksheet can be added in a single MS Excel file.
- **Neater and Clearer Visibility of Information:** When the data is saved in the form of a table, analysing it becomes easier. Thus, information in a spreadsheet that is more readable and understandable.

ENTERING DATA INTO EXCEL

Active cell is indicated by a rectangle boundary over that cell. Data entry is accomplished by feeding the data in the active cell.

Entering Text

Text entries can be numbers, letters or symbols. Numbers can also be treated as text, especially in cases where calculations are not required; for example, telephone numbers, record numbers, zip codes, roll numbers, and so on. Excel studies the entered data to determine the type. If you type an address which is alpha-numeric in nature, it is automatically taken as a text entry; For example, Block 11, IGNOU, 10 Ashoka Road. Numeric entries that are to be treated as text should be preceded with an apostrophe; for example, '64. It is then considered as text entry.

Entering Numbers

Numeric entries are constants and can be integers, decimal fractions, integer fractions and scientific notations. For example (9.994E+0.05). If ##### symbol occurs when you make a numeric entry, it implies that the number is very long and the column width not wide enough to accommodate it.

Entering Date and Time

Date and time entries can also be made in Excel worksheets. Excel allows calculation on dates because it converts the entry to a serial date number; for example, you can find out the age of a person by reducing the current date from his date of birth. Excel recognizes date and time only when they are specified in the right formats. The valid formats for the date and time are:
Valid Date Format Valid Time 6/10/, 6-OCT-, 6-OCT, OCT-6 11:30, 11:30:20, 2:30 AM

Entering Formulas

Excel uses formulas for calculations. Formulas can be simple as well as complex in nature. Using a formula, expressions can be calculated by typing the formula in the appropriate cell; for example, = B4+C5 is a formula that adds the cell content of cell B4 to the cell contents of Cell C5. The formula specified must be preceded by an equal to (=) sign. = 35 * 44 = 23 ^ 2 = C5 - C3 = C1 + C2 + C3 + C4 + C5 = S3 - D6 * 44/3 Formulas can also contain named cells or cell ranges. Excel formula functionalities lie in the fact that it can relate the formula to the cells referred in it and, if the contents of these cell change, a new result is calculated with the aid of the automatic recalculation nature. The formula entered in an active cell is also displayed in the formula bar as you enter it. To display the result of the calculated expression in the active

cell, press the Enter key. It is to observe that the cell displays the result, and the formula bar displays the formula or expression.

EXCEL FUNCTIONS

Functions can be used to calculate formulas and expressions in Excel. Functions are predefined formulas that performs calculations by using specified values called arguments in a particular order, called the syntax; For example, the SUM function adds the values or ranges of cell. To enter a formula that contains a function, follow the steps:

1. Click on the cell in which you want to enter the formula.
2. To start the formula with the function, click on the Edit Formula button in the formula bar.
3. Click on the down arrow head right next to the Functions box to invoke a drop-down list of available functions, which include SUM, COUNT, AVERAGE, MAX, etc
4. Click on the function you want to add to the formula. If the function does not appear in the list, click on More Functions.
5. Enter the arguments for the function.
6. When you complete the formula, press the Enter key

ACT 216

INTRODUCTION TO SAGE 50 ACCOUNTING PACKAGE

Learning Objectives

At the end of the lesson, the students should be able:

1. Describe Sage 50 Accounting Software
2. Describe the components of Sage 50 Accounting Software

Main Content

Sage 50 accounting software is a complete accounting solution package with robust resources to perform accounting and financial functions. It is one of the most popular and generally accepted accounting packages that is flexible and possess peculiar characteristics that enables both profit and non-profit making organizations build their own charts of accounts and process their financial transactions, prepare and present their financial statements electronically. Sage 50 accounting software comes in different flavors depending on the number of users. Sage 50 Pro, Sage 50 Complete, Sage 50 Premium and Sage 50 Quantum.

Sage 50 Accounting is the most widely used accounting software, with millions of corporate users worldwide. There are various versions of Sage 50 Accounting software

Features of Sage 50 Accounting Software

- i. Cost Effectiveness: It is affordable to the user and save cost.
- ii. Comprehensiveness: It has various configurations that satisfy users' requirements.
- iii. Reliability: It has been used by many organizations for a considerable length of time with proven degree of success.
- iv. Flexibility: Fairly easy to be amended, modified and upgraded to meet users need.
- v. Portability: Suitable for use with any computer system and with optional features for upgrading the operating system.
- vi. Interfacing: Able to link conveniently with existing system and other application packages like excel, word etc.
- vii.Storage: Capacity for extensive storage facility with backup processed Information.
- viii. Timing: The Process time/speed is very high.
- ix. Peripherals: The input and output hardware devices required by the Sage 50 readily conform to existing modality.
- x. Documentation: The procedures for input, processing and output of documents make reference easy (user guide manual)'

The Sage 50 Menu Options:

File: Allows you to open an existing company, create a new company, print, print-preview, set up the printed page, backup and restore company data, import or export files, edit payroll tax tables, and exit Sage 50.

Edit: Allows you to cut, copy, and paste objects from one place to another via the Windows clipboard. You can check spelling, change record IDs, edit or delete records, select or save memorized transactions, and display accounting behind the Screens for a selected transaction. In addition, you can add or remove lines when you are working with transactions. The options on this menu vary, depending on which area of Sage 50 you are using. In addition, you can send email to customers and vendors as well as visit their Web sites by using the options on this

Maintain: Allows you to enter, view, or edit required information for your company's customers, vendors, employees, and sales reps, chart of accounts, inventory items, item prices, and job cost items. You can also edit company information, set up memorized transactions, enter sales tax codes, users/passwords, and default parameters for how you want your accounting handled.

Tasks: Allows you to enter quotes, sales orders, sales invoices, receipts, purchase orders, purchase invoices, payments, write checks, time and expense tickets, payroll transactions, and General Journal entries. You can also calculate financial charges, select bills to pay, select employees to pay, make inventory adjustments, reconcile bank statements, void checks, enter transaction items, post and un-post information to the general ledger (balance forward), change the accounting period, close the fiscal and payroll years, and purge inactive items and old transactions.

Analysis: Allows you to view customized graphical overviews of the entire company to analyze cash flow, collections of amount due from customers, payments due to vendors, and financial status.

Options: Allows you to set global preferences for a company and to change the system data. You can turn on (or off) the status bar, Navigation aid, and start Screen. You can also set up an internet connection within Sage 50.

Reports: Allows you to get a list of reports for printing or viewing. You can also create and edit the format for reports, forms, and financial statements.

Services: Allows you to access and synchronize with various Sage 50 Web resources online and manage or process downloaded Web transactions. You can also view Sage 50 Today, set up online credit card authorization, or check for Sage 50 product updates.

Window: Allows you decide how you want your desktop to look.

Help: Allows you to open windows of context-sensitive help, run a tutorial for Sage 50, display data file statistics for the currently opened company, and see which version of Sage 50 is currently installed. You can see information on ordering checks or invoice forms for printing.