

Z A B E R M O H A M M E D

THE USE OF ICT IN ACCOUNTING

OF WHAT GREAT IMPORTANCE IS THE USE
OF ICT IN ACCOUNTING?

STOCK CONTROL

Computerised stock control systems run on similar principles to manual ones, but they are more flexible and information is easier to retrieve. You can quickly get a stock valuation or find out how well a particular item of stock is moving.

A computerised system is a good option for businesses dealing with many different types of stock. Other useful features include:



- Stock and pricing data integrating with accounting and invoicing systems. All the systems draw on the same set of data, so you only have to input the data once. **Sales Order Processing (SOP)** and **Purchase Order Processing (POP)** can be integrated in the system so that stock balances and statistics are automatically updated as orders are processed.
- Automatic stock monitoring, triggering orders when the re-order level is reached.
- Automatic batch control if you produce goods in batches.
- Identifying the cheapest and fastest suppliers.
- Bar coding systems which speed up processing and recording. The software will print and read bar codes from your computer.

The system will only be as good as the data put into it. A **thorough** stocktake is recommended before publishing results.

Many people by now would have mentioned the phrase “EPOS” but what is that?

EPOS: abbreviation for Electronic Point Of Sale, the bookshop till system used for sales data and stock control.

EPOS is integral to stock control because if a supermarket wanted to monitor how well a particular item is doing, in the course of two weeks, the EPOS system would count how many times that particular item has been sold (via employee swiping item barcode through the barcode reader in the checkout) and figures can then be generated and accurate decisions can be made as to whether to keep the item running or to scrap it altogether.

SPREADSHEETS

The birth of computerised spreadsheets as well has had a positive overview in the role of accounting, if spreadsheets are not known to you, they basically are an organised sheet of columns or rows which can be used for things such as, calculations and data handling. The three main advantages of using computerised spreadsheets are as follows:

- Calculations such as the mean of something, or standard deviations, or regression analysis
- Spreadsheets can communicate the importance of the business in annual meetings (graphs can be plotted to show significance in specific fields and can be laid out professionally by businesses) also accounting firms such as PWC can also be in par with JAVED & CO because the same software is being used, therefore it's a level plane field for competing firms.
- For stock taking, simple formulas can be integrated via EPOS, i.e. the "IF" "THEN" formula, which can be used in this retrospect ("IF" a number of stock items falls below say 3, "THEN" change the colour of cell to red)

BENEFITS AND COSTS OF USING A COMPUTERIZED ACCOUNTING SYSTEMS

The benefits of using computerised accounting systems can almost be endless to an accountant that has been used to using the old writing method for the past decade. Apart from the obvious reasons as to why a computerized accounting system is better than a manual accounting system (Less clutter around in workplace, cost saving, and being quicker to use) there are more deeper reasons:

- Published accounts can be sent electronically via email, than the more risky convention of using the royal mail.
- Mistakes can be rectified more efficiently and quickly.
- A 40 GB hard drive can hold up to a potential of two million documents.
- More and more accounting firms are using this method more, which means certain restrictions/ access might be integrated into that system, which could eventually mean the phasing out of the older methods.

The most important point however is the birth of specialist computer accounting packages, such as Microsoft Office and SAGE accounting; these packages take further shortcuts by already implementing templates and specific layouts. Also as more of these

packages are bought, the software design teams phase out errors in previous packages and can also make the software user friendly. By making the packages user friendly, the employees do not need to have a vast knowledge of bookkeeping and accounts in order to input data. This can also have a negative effect because if an accounting opinion is required, then someone who has lesser knowledge and relies on the computer could make more mistakes than a more experienced accountant.

Another benefit of a computerized accounting system is that if information is electronically stored, then certain boundaries can be applied to a pc as opposed to a ledger, i.e. to have an intranet installed, all your data is kept safe and has an added security of a login username and password, and you can also set passwords on the document in itself. Whereas if the data was stored in a ledger, there is a higher chance of unauthorised access.

A major factor however is the cost of setting up a computerized accounting system, if the room only has fixtures and fittings in it, major work would then need to be done to it such as:

- buying the computers
- setting up access points for each pc (so then a login system can be used)

Other factors can also be purchasing the software, but due to rapid obsolescence of software, purchasing of software could be every 2-3 years. Speaking of obsolescence, hardware in itself is declared 'retro' after just five years of purchase, so it would be recommended that hardware upgrades should happen as soon as the computer cannot handle the software or even sooner.

WHAT KIND OF DATABASES MIGHT AN ACCOUNTANT FIND USEFUL??

Databases are very useful for an accountant, personally, when using a database, I could link so much pieces of information into one form which then can be viewed at a click of a button.

For example if the accountant wanted to keep a list of debtors, he could enter each of the debtors profile on one field, and then enter the amount owed on another field, and even a picture of debtors on another field, and then link all that onto one form, that can be brought up on a click of a button.

Also if an accountant wanted to create a stock database, he could create a stock file which could contain a record for each item of stock, that record can then be further broken down into fields that can note down description, price, quantity etc.

HOW MIGHT A CREDIT CONTROLLER MAKE USE OF HIS/HER COMPUTER??

Credit controllers can use their computer to access the accounting information for a business, with the use of a simple search the controller can find out the credit history of the buyer and to see if the customer has bought off the business previously and how efficient they were in paying back the money.

A SPECIALIST COMPUTER ACCOUNTING PACKAGE!

I have mentioned above an accounting package entitled SAGE Accounting. SAGE Accounting is fundamental to every accountant using a computer because it implements so much tools that a changing business can use such as; accounts, payroll and forecasting.

Though recommended that a business employ a qualified accountant, SAGE Accounting is a good tool to use for a business as well. This software provides step by step instructions from basic bookkeeping to creating final accounts, so as well as doing the work, it is also teaching you how to do the work as well. SAGE also has an interactive feedback function, so you can either go onto their website and view FAQ'S, or you can send an email regarding a specific problem, or you can even phone their 24hr support team, or you can even click on help.

Most people would assume that this piece of software is targeted for say a person who has a rough idea of accounting, or a large business, or a small business, but this piece of software can be used by almost anybody. It has all the features that a large business needs (as well as having all the features that a small business needs) and with its user friendly interface can be used with great efficiency.