

## **E- ACCOUNTING: THE NECESSITY OF MODERN BUSINESS**

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### **ABSTRACT**

*E-accounting - a new emerging concept in the field of accounting. In e-accounting, source documents and accounting records exist in digital form instead of on a paper. This concept is accepted at international level. It saves a lot of time and energy and saves paper and finally reduces the cost in any type of organization. Day-by-day technology is advanced and new softwares are coming for recording of accounting transactions. Accounting is one of the important functions of every organization; it is also called as the mirror image of the business. The traditional accounting is very time consuming process of accounting and for the result there is require waiting for the finalization of the year or accounting so the traditional accounting is a postmortem process. Compare to modern accounting practices we can get results on one click to computers.*

**Key Words: Emerging, Digital Form, Traditional accounting, Technology**

### **I. INTRODUCTION**

Accounting plays a critical role in the success or failure of contemporary business institutions. Accounting systems are responsible for recording, analyzing, monitoring and evaluating the financial position of business organization, preparation of documents necessary for the tax purpose, providing information support to many other organizational functional areas, and so on. Prior to the advent of personal computers, businesses were limited to manual methods for keeping track of financial data.

E-accounting or online accounting is the application of online and internet technologies to the business accounting function. Similar to e-mail being an electronic version of traditional mail, e-accounting is "electronic enablement" of lawful accounting and traceable accounting processes which were traditionally manual and paper-based. E-accounting involves performing regular accounting functions, accounting research and the accounting training and education through various computer based /internet based accounting tools such as digital tool kits, various internet resources, international web-based materials, institute and company databases which are internet based, web links, internet based accounting software and electronic financial spreadsheet tools to provide efficient decision making.

Internet users are incessantly growing up. Internet World Stats ([internetworldstst.com](http://internetworldstst.com)) latest estimations indicate 3,345,832,772 verified Internet users in the world as of November 2015. This corresponds to an Internet penetration rate of 46.1%. In other words, nearly half of all the people in the world have access to the Internet. In Asia, the total internet users in 2000 is 1104,304,000 and in 2015 1,611,048,215 which shows a growth rate of 1309%. This tremendous growth created many openings in varied spheres of like E-marketing, E-shopping,

EHRM, E-CRM, E-mail, E-banking etc. So, it can be said that today's world is internet driven world in which everything is enabled. In the same beat, now accounting is possible anywhere, anytime through internet which is known as online Accounting or E-accounting is new development in the area of accounting and there is lack of knowledge about this new concept. Thus the objective of this paper is to get familiarity with e-accounting and to motivate small scale business to adopt e-accounting.

## II. CONCEPT OF E- ACCOUNTING

E-accounting is composition of two words i.e. 'E' means electronic in which every record is in electronic form not on paper. 'Accounting' is the art of recording, classifying and summarizing transactions in a significant manner. So, in an electronic accounting system source documents and accounting records exist in digital form instead of on paper. It is an application of online and internet technologies to the business accounting function.

E-accounting is new development in area of accounting. There has been an immense growth in this era of information and communication technology in business to support the exchange of data and information within and between organizations. This concept is adopted at international level. There are large number of companies who started e-accounting. The International Accounting Standards Board is also in favour of e-accounting. This board is developing new standards which can be utilized for e-accounting at international level. All major institution and organization are in the favour of e-accounting. All major accounting related to Bank Reconciliation, Management Information System (MIS), cash management, accounts payable, accounts receivable, pay roll, and credit management, financial statements are totally online.

As India is a developing and agricultural country so it takes some time to reach this concept in rural areas. But day by day rural people are also interested in knowing and using new internet technologies for their overall development. Now a days most of the banking transactions, railway ticket booking, and almost in every sphere of life there is rarely any area which is not available on internet.

E-accounting term is a originally coined by Joanie Mann at InsynQ one of the founders of ASP industry, and was introduced in 1998 along InsynQ hosted quick books offering under the banner of InsynQ Accounting solutions, and later CPAASP. E-Accounting involves performing regular accounting functions, accounting research and the accounting training and education through various computer based/internet based accounting tools such as: digital tools kits, various internet resources, international web-based materials, institute and company databases which are internet based, web links, internet based accounting software and electronic financial spreadsheet tools to provide efficient decision making.

## III. THE PRESENT STUDY

The present study is designed to focus on the topic of E-accounting practices adopted by the modern businesses. It was found from various studies that many organization are getting failure in the business not because of availability of high technology, poor quality of material, not availability of train staff, management problems but main reason is the accounting practices adopted by the businesses. So it is need for the businesses that they must have to adopt E-accounting practices as replacement for the traditional practices.

## IV. LITERATURE REVIEW

Amidu M and Abar J. (2005) express their views in their research article titled “Accounting Information and Management of SME’s in Ghana”, that, there is a urgent need of application of information Technology while writing accounts in a business organization.

Doost R.K (1999) explained in his research article titled “Computer and Accounting – where do we go from here”, those computers are playing a very important role in the age of globalization.

Patel. K.J. (2011) expressed his views in his research article entitled “adoption and Impact of E-Accounting”,that, how E-Accounting is adopted in any type of business organization. He also explained the overall impact of E-Accounting in the business concern.

## V. OBJECTIVE OF THE STUDY

The main objective of present research study is as follows-

To study the conceptual background of the term E-accounting.

To study and examine the benefit & disadvantage of E- accounting.

To study the various accounting and financial software using by the business.

## VI. RESEARCH METHODOLOGY

The whole research study is based on secondary data. Such secondary data is collected from various reference books related to E-Accounting, Corporate Accounting, E-Auditing, Commerce, Industry, Economic, and Management. The secondary data is also collected from various website and other related literature and reviewed it.

For the said research study secondary data is also collected and reviewed from the various national and International Research Journals which are related to E-accounting and E-auditing.

## VII. Need of E-Accounting

E-accounting helps businesses keep their financial data and accounting software in a safe , secure environment, allowing real time access to authorized users, irrespective of their location or computing platform. This is possible due to application software hosted on a remote but safe and secure environment by and ASP (Application Service Provider) that allows access to users of financial information with different levels of permission and password. Main benefits are:

- By use of e-accounting there is no need of in-house bookkeepers’ training and expertise.
- There will be no such problems if e-accounting is using e.g. employee turnover, vacations and absenteeism.
- There will be no communication difficulties between the accountant and business owner due to work pressure.

- The business organizations have sufficient time to concentrate on the revenue side of business rather than spending time on accounting and payroll function.
- They are portable. The company can access its documents from almost any computer with a broadband connection.

## VIII. BENEFIT OF E-ACCOUNTING

Following are the benefits associated with the use of E-accounting:

1. It saves time and money.
2. Gain greater control of finance by moving from paper records to computerized accounting software.
3. Send sales invoice and other document directly to another business accounts for the recipient to approve without having to reenter the information
4. E-accounting may improve the effectiveness of accounting and reporting task, budgeting, controlling and auditing which may reflect on the organization effectiveness as well.
5. Organization entire accounting project can be easily outsourced by accounting system.
6. It generates employment opportunities for software developer and accountants.

## IX. PROBLEMS IN E- ACCOUNTING

There are some problems in application of E-accounting:

1. In present era, available online office suites require a high speed of broadband internet connection.
2. All the data of the company resides on a remote server, however a back up can be taken on regular basis.
3. E- accounting lacks some features available on the offline office suits.
4. A network connection is always required to send and receive changes. Internet dependency makes it more difficult to work offline.

## X. CONCLUSION

E- accounting is new development in the field of accounting. In this system, every document and records exist in digital form instead of on paper. All major institutions and organizations at national and international level are in the favour of e-accounting.

In other words electronic accounting practices have provided saving of time, synchronous and comparable presentation of financial statement become easier. On the other hand, the electronic audit concept has been brought forward by carrying out the audit activities through electronic environment by means of electronic entries and documents. Though, data security, speed of broadband, internet connection, network connectivity etc. are the basic problems related with e-accounting. Hence, being professional, Indian Chartered Accountants are absolutely confident about the work process, ensure service integrity, observe professional ethics and generate trust in clients for a long lasting business relationship. So for urban as well as rural development e-accounting is must in the present scenario.

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