

A computer can be described as –

- An electronic device
- Designed to accept raw data as input
- Processes them and produces meaningful information as output.

It has the ability to perform arithmetic and logical operations as per given set of instructions called program.

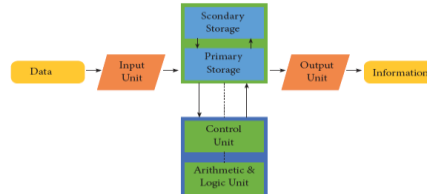
- CAS/ERP (Enterprise Resource Planning) e.g.
- Finacle - banking
 - Tally - accounting, ERP
 - Quick Book - accounting
 - SAP - Systems Applications & Products

Components: (architecture/building blocks)

- input unit
- central processing unit and (CPU)
- output unit.

Classification CAS components:
1)Hardware, 2) Software 3) People
4) Procedure 5) Data & 6)Connectivity

Relationship of components with CPU



Computerised Accounting System (CAS)

- system of maintaining accounts using computers.
- It takes business transactions as inputs that are processed through accounting software to generate all kind of accounting reports from each stages/cycle of accounting.

The same principles of debit and credit are equally applicable in a computerised environment.

CAS is commonly used in the areas of-

- ✓ Recording of business transactions
- ✓ Payroll, Stores, Banking, Billing and Generations of reports

Features of CAS: Accuracy, Reliability,

Transparency, Simple & integrated,

Speed, Scalability, Security, Versatility,

On-line facility.

Manual Accounting	Computerised Accounting
Transactions recorded manually and stored in volumes of books	Transactions entered easily into computers and stored in databases
Ledger, Trial balance and financial statements prepared manually	Data of entered transactions are processed automatically.
Analysis of financial statements and preparation of reports done manually	Automatically done from database using analytical & reporting tools of the CAS
Time involved is more as everything including repetitive tasks done manually.	Time is taken only for entering transactions initially and thus saves time.
Cost of maintaining several books of accounts including labour cost is high.	Cost is less as all records are kept in soft copy and most of them processed unmanned
Retrieval of data is difficult and time consuming as several books to be read.	Retrieval is easier due to application software tools.
Accuracy is at risk as certain clerical errors as arithmetical, error in carrying forward, etc. can happen.	If the input is correct, the output will also be correct, if the programming of the process is also correct.
Communication of report takes time and it is difficult.	It is easier and takes lesser time. Soft copy report is for any time any place.

Grouping of accounts: A. Liabilities and capital Capital

- Capital
- Reserves and surplus
- Non-Current Liabilities**
- Long-term borrowings
- Other long-term liabilities
- Current liabilities**
- Short term borrowings
- Trade payables
- Other current liabilities

B. Assets

- Fixed tangible assets
- Land and building
 - Plant and machinery
 - Furniture and fixtures
- Intangible assets
- Goodwill
 - Copyright
 - Patents
- Current Assets**
- Short term investments
 - Inventories
 - Trade receivables
 - Cash and cash equivalents
 - Short term loans & advances
 - Other current assets
- C. Revenues**
- Sales
 - Other income
- D. Expenses**
- Material consumed
 - Wages
 - Manufacturing expenses
 - Depreciation
 - Administrative expenses
 - Interest
 - Selling and distribution exp.

Basis	Ready to use software	Customised software	Tailor made software
(i) Nature of business	Small, conventional business	Large, medium business	Large
(ii) Cost of installation and maintenance	Low	Relatively high	High
(iii) Expected level of secrecy (software and data)	Low	Relatively high	Relatively high
(iv) Number of users and their interface	Limited	As per specifications	Unlimited
(v) Linkage to other information system	Restricted	Not restricted	Not restricted
(vi) Adaptability	High	Relatively high	Specific
(vii) Training Requirements	Low	Medium	High

CAS involves codification of accounts. Code is an identification mark. Types:

a. Sequential codes(e.g.)	b. Block codes(e.g.)	c. Mnemonic codes(e.g.)
code - Accounts	code - Dealer Type	code - Information
CL001 NSM Ltd	100 - 199 Small	HQ - Head Quarter
CL002 ABC Ltd	200 - 299 Medium	BR - Branch

Advantages of CAS

- (1) Faster processing
- (2) Accurate information
- (3) Reliability
- (4) Easy availability of info.
- (5) Up-to-date information
- (6) Efficiency
- (7) Storage and retrieval
- (8) Motivate employees
- (9) Automated doc. production
- (10) MIS Reports

Limitations of CAS

- Heavy cost of implementing
- Higher Cost of training
- Fear of unemployment
- Disruption of work dur. Installation
- System failure
- Time consuming when failure
- Unexpected unknown errors
- Security breaches
- Health dangers (eye strain etc.)