

Manual Accounting System And Computerized Accounting System

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Abstract

This paper has been conducted using a questionnaire completed by staff of businesses, non-governmental institutions, and United Nations agencies in South Sudan. This study compares manual versus automated accounting methods to determine which is a better option than the other and recommend it to companies and organizations. The better option for institutions to monitor and report on financial transactions has to be suggested from the two accounting systems. Computerized accounting has been found to be the most effective because it processes payments and reports more quickly; data loss and fraud are quite likely due to the frequency of internet crimes done by those trying to profit. Manual accounting is seen as not effective in recording, processing, and data reporting, a computerized accounting system has been recommended; however, upgrading has to be a safe technique to manage financial payments and receipts without interference with accounting work. Manual accounting is limited to the precise books needed to complete and support each operation. It is impossible to have the data everywhere and at any time. This study will make clear why certain organizations valued manual labor over automation while others did not, the most effective approach would be suggested above the others along with an explanation of why it is most likely to be used.

Index Terms— manual accounting, automated accounting, system.

Introduction

The accounting system dates back to Mesopotamian Egyptian and Babylonian civilizations, making it as old as money itself. The Roman empires administration kept meticulous financial records. The contemporary accounting system was created in the 19th century (Jason, 2022) and has advanced quickly with an increasing demand for improvement as firms become more and more globalized. Accounting

includes so many supporting systems that make recording and reporting easier accounting transactions are documented in a timely manner whether they are entered manually on paper or electronically to aid in reporting and organizing transactions for particular needs.

With the development of technology in recent years there have been some additional difficulties in adapting and duplicating systems for ease of use. Every organization needs accounting but it is not just used for documenting financial data as has historically been thought of, it is also used for taking decisions. As accounting developed, large firms felt the need to automate their accounting functions which led to the current situation where accounting is fighting against the digitalization of all institutions. We will discuss both manual and digital accounting systems in this paper.

The Manual Accounting System

Manual Accounting is a traditional paper-based system where accounting data is recorded in a paper journal and ledger registers, vouchers, books are used to retain, organize and analyze accounting transactions of a company. It is mostly used in small businesses operated by a few people, such as sole proprietors, shopkeepers, etc. to maintain the record of the company transactions and that is because of its lower cost in use and implementation (Surbhi, 2018).

The manual accounting has been acknowledged to be the first accounting system for recording transactions on papers and ledger books before the improvement of the current accounting technology.

Too much personnel time is taken when recording or reporting, but verification takes more time than documenting. Some errors easily occur, but detecting them for correction is not easy due to the volume of transactions incurred or the lack of adequate experience of the personnel who worked on them. Manual accounting was one of the ancient systems for documenting and disclosing financial data to internal and external users.

Advantages of Manual Accounting

1. Cheap workforce
2. Reliable
3. Independence from computers and versatile phones
4. Sufficiency of talented employees

Drawbacks of Manual Accounting

1. Slow in recording transactions
2. Record it day by day in all significant account books/ledgers.
3. Difficulty in inside control and reporting

4. More accountants are required for the isolation of the duties.
5. Human blunders are common when more exchanges occur.
6. Computation of figures isn't simple when there are more exchanges included.

The Computerized Accounting System

Computerized accounting can be depicted as the bookkeeping framework that employs the computer framework and pre-packaged, customized or custom fitted accounting program, to keep a record of money related exchanges and produce monetary articulations, for examination (Surbhi S, 2018).

The Advantages of Computerized Accounting

1. Efficient and portable reporting.
2. Reliable and no tedious work.
3. Accuracy
4. Easy within the generation of reports and usage of inner control aspects.
5. Restoration of records and backup
6. Accessible by authorized officials without the need to show books or ledgers
7. It requires less time than people do to perform bookkeeping tasks.
8. Real-time data
9. Reduce hazard of information errors

Drawbacks of Computerized Bookkeeping

1. High costs for framework setup, utilize, and implementation
2. Adequate preparing is required for the personnel.
3. High fetched of working personnel
4. Dependence on computers and versatile phones
5. Dependence on power
6. Reliance on another company since most businesses cannot create their own
7. Infection by an infection 8. Cost of overhauling the framework

The Literature Review

The ledger was the first accounting system, it only requires paper and pencils that are inexpensive to buy and use, so getting away from it can be difficult for some businesses. According to True Tamlin, manual

accounting is generally preferred for small and medium-sized businesses and can be used without any problems. In contrast, large companies use complex accounting systems that are expensive but work beyond anyone's expectations.

Based on the above claim, it mentions the many advantages of manual accounting, including cheap labor, independence of machinery, availability of skilled workers, reliability and not working every day. However, it appears to be slower than computerized accounting due to its mobile broadcasting capabilities.

Accounting computerization has been working for decades, but due to the struggle to eliminate the old accounting system, its entire functioning is facing more problems.

Computerized accounting has advantages over manual accounting because it is based on machine-managed systems. Before the merger, more time is needed to update and prepare financial statements, so most financial statements are prepared quarterly or annually, giving employees time to prepare reports.

Sometimes companies that use ledgers need additional staff on the reporting side to meet deadlines. Notifications are just a click away today; when it's a job, you don't need to type the date and description again as it should be in the system.

In today's world, many people need digitalization. However, going for it is not easy due to the costs associated with it and the pressure from those working in accounting that the ledger takes.

Employees refuse to leave some companies for the digital transformation that many employees seek. After customers leave school, they look for more convenient services that can be obtained anytime and anywhere. Khatabook realized that the risk of computer use of the ledger is higher due to the introduction of human error. In contrast, automated accounting has less risk of errors. Errors occur only when there are errors in accounting or when using standards.

Which means that computerized accounting is much better than information books on do's and don'ts. The idea is that every business or company is designed to grow; they are all designed to expand to achieve their goals.

In computerized accounting, data and information can be sent quickly via e-mail, which does not have a ledger to send financial information and can meet security issues if accepted by criminals (Supriyo Sir, 2022).

The Geeksforgeeks.org website states that computerized accounting is a very fast process because everything is systematically automated using accounting software. It needs a computer and an operator to perform these tasks. There is little or no chance of any error, and the software does

not have to do with automatic input, editing of frames and calculations etc. As it is designed to be automatic, it gives clear output.

In a letter from staff (reference.com, 2020), most businesses today use computerized accounting, but some companies still prefer manual processes. Manual methods are cheaper because there is no need for computer equipment, software and training costs for employees. A manual system may be more secure because it does not use the internet to send information to accountants or the IRS. Manual accounting systems are prone to errors and do not use software to provide accurate calculations. Creating financial records takes more time and effort, and records without backup are likely to be destroyed by fire or flood. It takes a long time to prepare tax returns when using the manual process. The guide spends many person-hours collecting the necessary information while conducting the review. The guide is best for small businesses, but not suitable for large-budget companies. Using the books requires accountants to know more about accounting principles than employees who use accounting software. This makes it difficult to find the right staff to keep the books because fewer companies use ledgers and more computers.

Recommendations and Conclusion

Given that not only accounting but also the world is moving towards digital, it would be great if accounting, the lifeblood of an organization, could be digitized to deliver Good service and usefulness.

Many computer accounting authors have pointed out that the entire financial system must work so that users and stakeholders can benefit from their work.

Businesses and organizations should prioritize faster delivery of services to meet reduced demand due to limited budgets.

The decision to automate the entire process is independent of the size of the company. This is because human activities are slow without the help of machines.

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