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Accounting Software Application

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An accounting system has become an essential requirement for any firm. Business owners are now aware that managing finances manually may not help in attaining their goals. In most cases, financial management which is expected to have the ability to assist firms in managing their financial plans more effectively is among the reasons for financial loss. With this discussion we shall conduct a detailed evaluation of accounting software.

The reasons why companies need accounting Software.

There are various reasons why firms require accounting software. These soft wares enable one to complete a firm's bookkeeping using a number of steps. It involves providing the business's transactions and the software aids in computing the totals. Through the use of these soft wares, one has the ability to do the accounting from anywhere with internet connection. Accounting software as well aid in keeping information in a single place thus making it easy to reference the past transactions. One does not have to waste time digging through the papers as well as spreadsheets (Nikolina, 2012).

Accounting software are as well used to minimize human error which mainly takes place during calculation as well as data entry. Inaccuracies in financial statement may result to issues which have an effect on business life span as well as the accounting software can maintain these challenges from taking place. Manual bookkeeping processes mainly involve make many mathematical calculation by hand. In comparison computers do not have the ability to make these errors. Nevertheless, accounting is not immune to human errors as a result of data entry as well interpretation mistakes.

In addition accounting software aids in simplifying tax filing. Disorganized records can cost one when a firm file taxes. Whenever one provides receipts over to the accountant, it can be

a chance to purchase some basic accounting software. Misrepresented information on the return may land the fines, penalties and possible legal issues. Unless one is confident one may never lose a receipt or misreporting of sales, software may be the most appropriate accounting option (Ian & Mark, 2016). Though the return makes it through the IRS without discrepancies, disorganized books can as well be an expense. If the tax preparer charges an hourly rate, one may be required to pay for the extra time spent thus making sense of the records. Accounting software aids in keeping the business's transactions organized. The tax preparer tend to have an access to the books to fill out return.

Accounting software assists businesses to supply the appropriate members of employees with timely as well as accurate financial information. For instance, if a firm's finance director required a report of cash flow to take to meeting. Majority of the software systems contain inbuilt reporting modules which allows users to develop this form of report through filling in a form or through clicking button.

Advantages and disadvantages of accounting soft wares?

The main role of an accounting software is to simplify the back office roles. Through finding the appropriate program, one has the ability to store, access as well as the process the data required to run the firm with several click as well as taps. The leading examples of accounting software are Xero and Sage Intacct.

Xero accounting software is a tool used for professionals that are involved in bookkeeping and require detailed support anywhere, anytime. Some of the advantages of Xero include: the automatic currency conversion. One does not have to worry on converting the currency manually since there is an automate converter which is inbuilt to aid in sorting the

troubles out. Therefore if the firm processes bills using Australian Dollars, then the software aids in converting the currency into the US Dollars. In addition the accounting software tends to be user friendly. It is easy to learn the accounting basic given that the users have identified that even with limited accounting skills. Xero tends to be easy to use as well as configure. The terms used in the software are easy to follow and there are many tutorial to learn if one runs into trouble. However Xero does not have the time tracking feature in its starter as well as standard plans. Therefore the users do not have the ability to use this feature in the accounting solution

⁴ (“Financial Reporting Software Market will Hit Big Revenues in Future,” 2020).

Sage Intacct refers to the provider of cloud based financial management as well as accounting software. It is appropriate for accounting firms and can give financial reporting as well as operational ideas and the capability to automate essential financial operations. This application enables firms to extract as well as report upon detailed financial data in a high speed. Forms have the ability to support the activities in a more effective way through minimizing the time needed to get the responses surrounding the financial information. This application as well does away with IT based issues as well as delays. The software update are effectively planned as well as rolled out to the whole Intacct user base at the same time. No time or money is spent maintaining servers as well as applying updates. However this software mainly makes use of “bugs” support instead of providing its clients with support on usage. Clients as well experience many errors in the Intacct as well as the Salesforce integration. This is as a result of the complex setup.

³ **Differences between an accounting software and an Enterprise Resource Planning (ERP) system**

An accounting software mainly involves providing all functionality for accounting. This involves several aspects such as accounts receivable, accounts payable, financial reporting as well as sales recording. With small businesses, accounting software is mainly the first software system to be used. It is developed with an aim to allow the accountant to make financial statements which are composed of balance sheet, ledger, trial balance and many others. The software offers a number of benefits to the firm for instance enhancing efficiency and preventing miscalculations (“India Accounting Software”, 2016).

In contrast ERP software involves several functionalities such as accounting software and some advanced tools. ERP aids in covers functional areas such as inventory tracking, customer relationship management and payroll. When a business grows it is thus required to switch to an ERP software to aid in meeting the needs for more functionality. Generally, ERP systems have the ability to run 90 percent of all the operational activities which exist in the firm. Every aspect is run automatically and also connected with one another.

The main difference between the accounting software and the enterprise resource planning system is based on scope. An ERP system tends to have a number of function in comparison to the accounting software and majors on financial aspect as well as other factors. In addition accounting software do not have the full potential to meet the industry based needs in comparison to an ERP system. A number of the ERP vendors for instance SAP have developed industry based solutions which aims a meeting the market need of certain industries. The accounting solution limitedly adapt by industry, one can incur cost for licenses and the software can be accessed through cloud. An ERP system can be implemented as well as customized to the needs of the industry.

Basically the differences between the software is based on the needs of a firm. The ERP system has the ability to be used by each aspect of the firm and each worker can have access to it. In comparison an accounting software basically used by the accounting as well as finance division and it is mainly used by the accounts. In addition, an ERP has the ability to maintain major integration of business operation in one system, involving aspects that include inventory as well warehouse management, customer relationship management, supply chain and many others.

Prior to deciding on the software that should be chosen, the firm is required to be aware its needs first. In case the firm requires automation accounting, then the use of accounting software is not sufficient. Nonetheless, incase, the firm is required to automate each operational activity and associate one with the other, then the ERP system is the most appropriate. Firms are as well required to consider the cost. The ERP system aid in providing sufficient solution to several departments tend to be more costly than the accounting software that are used to deal with one division (Baxter, 1997). When the firm is confident on the software that should be chosen, the next phase involves choosing the appropriate software solution provider.

Conclusion

Business owners benefit from accounting software since it assists them to have a clear understanding of their profitability. As a firm continues to grow, its accounting requirements tends to get more complex and an enterprise resource planning system is mostly required. Accounting software aids in saving time, enhance the accuracy of data and aids in streamlining tax filing.

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