

Abstract

With the revolution in information technology, there has been far-reaching change in the nature of business and created competitive advantages for those who value its effects. Finance and accounting requirements for businesses have also undergone drastic change. Technology is increasingly making the ability to transact easier, thus compelling the business firms to provide a higher level of service to stay relevant. Web based technologies has radically altered the manner in which accounting information is produced, disseminated, and used. This change has increased the role of internet accounting and has helped the accountants in time saving, reduction of transaction costs, handling bookkeeping processes, minimizing the costs of storing information and producing at the right time. Now traditional source documents such as accounting books, ledgers have been replaced by internet based accounting software and electronic financial spreadsheet. Internet accounting applications has changed all of this. With such applications available in plenty, one can easily maintain details of even the smallest of transactions. Data can be retrieved and analyzed at the click of a button. Records can be generated easily and quickly. Society as well as whole economy is also changing continuously with the growth, integration, and sophistication of technology and it has helped business firms in forming deep business relationships beyond the traditional enterprise boundary. Consumers and businesses have become particularly quick to recognize the potential and to realize the benefits of forming new relationships across computer-enabled networks. The increased technology and change in global business has resulted in expanding accountants' duties and offered new challenges. Thus, this paper reveals that Internet accounting has provided a bright future for accounting system managers and users and with this technological up gradation the traditional business processes has been modernized. The future of Internet accounting is less about documents and publishing and more about transaction processing and participation in transaction workflows.

Accounting - What is it all about?

Accounting is primarily a system of measurement and reporting of economic events based upon the accounting equation for the purpose of decision making. It is a formal mechanism for gathering organizing and communicating information about organization's activity. Previously, accounting used to be a very cumbersome process with all the books, ledgers, numerous columns and endless sheets; the entire process was very time-consuming and demanding as well. Not to mention that a single mistake meant hours of re-accounting work for the accountants. Internet accounting applications has changed all of this. With such applications available in plenty, one can easily maintain details of even the smallest of transactions. Data can be retrieved and analyzed at the click of a button. Records can be generated easily and quickly.

What is Internet Accounting?

Internet accounting involves application of online technologies to the business accounting function. It currently focuses on expanding the functionality of accounting applications and extending their reach by "Web enabling" applications. These applications help the user to interact with Internet e-mail and file transfer

Ms. Reenu Shukla
Assistant Professor
DCTE
Jaipur

Dr. Monu Bhargava
Assistant Professor
CIITM
Jaipur

protocols (FTP) for transporting data files and messages to users of the World Wide Web (WWW). It helps in publishing reports and the results of queries of the accounting database as Web-friendly HTML pages, which can be stored on Internet/ Intranet Web servers and viewed using Web browser software. It allows application screens to be accessed as forms embedded in HTML documents.

Thus, internet accounting involves performing regular accounting functions, accounting research and the accounting training & education through various computers based/ internet based accounting tools. Various tools of internet accounting includes international web-based materials, various internet resources, institute and company databases which are internet based, web links, internet based accounting software, digital tool kits and electronic financial spreadsheet tools to provide efficient decision making. It allows businesses to replace their current desktop accounting software with an application on an Internet site and vice-versa.

Benefits of Internet Accounting

- Internet accounting is easier than ever to deploy and use web-based accounting solutions.
- It helps to perform accounting process faster and more efficient.
- It enables firms to store and retrieve documents electronically.
- It allows firms' employees to perform a variety of tasks from any computer terminal with an internet connection such as updating financial records, finalize expense reports, and enter data.
- It helps the firms in delivering electronic financial statements and reports instantly.
- It enables firms to access records from multiple locations.
- Using internet accounting firms can easily obtain information from their clients through file transfers.
- It helps in consistent backup.
- The Internet allows accountants to quickly search for crucial information and resources.
- Internet Accounting makes easy for firms to complete electronic monetary transactions.

- Firms can implement measures to prevent data loss.
- Using internet accounting, firms can grow their business and go global by using virtual meeting spaces.

Positives of Internet Accounting

1. **Provides Anytime and Anywhere Access:** One of the biggest advantages of internet accounting is that it provides anytime and anywhere access specially to the businesses having multiple locations.
2. **User-friendly:** These applications are user-Friendly and allow easy access even for people who do not have financial knowledge.
3. **Easy Data Updates:** Internet accounting helps in making updates easily and quickly.
4. **Data Security:** It facilitates safe transfer of data files.
5. **Reduces Time and Cost:** The internet accountant has accounting applications which call for a lot much less time and input from the accountants themselves, reducing the price of the service supplied.
6. **Supply Adequate Information:** It enables firms to store and retrieve documents electronically. Therefore, reducing manual error.
7. **Easy Backup and Restoration of Records:** Internet Accounting helps in making provision for creating back-ups for data so that we can access data even if something goes wrong in our account.

Shortcomings of Internet Accounting

1. **Internet Traffic Jam:** If internet speed is not good or internet connection is not working properly it becomes difficult to access information.
2. **Involves High Cost:** These application are high cost as it involves high costs on developing, introducing and using the system.
3. **Non Availability of Data:** Sometimes all data is not available online. It creates problem to businesses houses.
4. **Dependence on Machines:** The manual accounting is transformed into internet

accounting resulting in dependence on machines.

5. **Security Problems:** Even though use of these applications are safe and secured but still they can get hacked which increased the fear of security.

Impact of Internet Accounting on Businesses Contributing Writer

This article was created by a professional writer and edited by experienced copy editors, both qualified members of the Demand Media Studios community. All articles go through an editorial process that includes subject matter guidelines, plagiarism review, fact-checking, and other steps in an effort to provide reliable information.

Internet has allowed for many advances in the practice of accounting in recent years. Accountants and experts are using automated techniques in recording, storing, managing and analyzing data which enables the companies to expand their financial capacities by receiving more accurate, timely and beneficial information than ever before. With this Web enabled service, daily transactions of routine business have become simpler and quicker such as recording transactions and running reports - all via the Internet. Many drastic changes have occurred in an accounting system due to this dynamic environment. These changes include:

- **Traditional Reports Vs. Web Published Reports:** The publishing of traditional reports have now been transformed into web based published reports reducing paper work. It facilitates many database features such as data mining and drill down of data which helps in getting exact and purposive information.
- **Detailed Financial Disclosure with Cost Effectiveness:** Investors require large quantities of updated data with the help of combination of internet and intranet. This huge amount of data is available at low cost with required frequency.
- **Tax Accounting:** In business houses the government plays an important role. Internet technology has helped the tax authorities by increasing their reliance on on-line interactive tax audits thereby reducing the auditing cost and increasing the scope of tax accounting.
- **Computer-Based Accounting Services on Different Locality:** With the use of

computer- based accounting services book-keeping, tax consulting services, financial statement preparation and auditing are progressively emerging as realistic services.

- **Beginning of Database Accounting:** With the extensive use of electronic databases ledgers, T-accounts and paper-based journals are replaced by computer-based packages resulting in the emergence of database accounting.
- **Remote Auditing:** With the introduction of internet accounting, the scope of remote auditing has amplified. The reliance of private and public accountants has also increased on online interactive remote auditing. This is also helpful in reducing their physical presence at the time of auditing. Through the efficient use of this technology the scope and frequency of online distance auditing has grown up, resulting in easy access to materials, remote transfer and retrieval of documents by the accountants. Timely detection of errors in financial reports and financial performance can be made through continuous online distance auditing.
- **Bulk of Opportunities for Customers and Suppliers:** Internet technology will give buyers and sellers a platform for more and better information and high quality services through online interaction. Due to increasing role of Customer Relationship Management firms require to provide prompt and appropriate information over the internet. This will also help the firms in maintaining the detailed individual records of customers and offers them enhanced services. On the other hand Supply Chain Management is also playing important role through providing online access to specification, production schedules and sales forecasts of the companies to whom they supply materials products and services. For performing all the above task accountants need to link databases and information system of respective entities and jointly designing, operating and controlling those interfaces.
- **Expertise and Expert Systems:** The Internet provides collection of database in the form of expert systems by which we are able to contain papers, lectures, conference proceeding, documents, standards, guidelines, pronouncements, accounting practice, legal precedents, etc.

Conclusion

The role of IT has shifted over the last decades. The Internet has revolutionized the corporate world by making information global and spawns electronic commerce. The meaning of accounting has totally changed for the users and accountants in getting accounting information systems and professional practices in auditing, financial reporting, management accounting, tax accounting, forensic accounting and business intelligence and counter intelligence. In accounting department, decentralised traditional tasks have been converted into centralised due to development of internet accounting. Many legal changes have also occurred electronically, with the developments of on-line accounting such as electronic transactions, on-line contracts, and intellectual property rights.

Organizations are responding in different ways and at different rates to the wide range of IT based opportunities and pressures. This signifies that accounting and IT are inseparable. Accountant's uses of sophisticated management accounting techniques

are clearly dependent of IT existence and adding value to economic entities. Thus, Internet accounting promises a bright future for accounting system managers and users and is a further demonstration of how technology can be leveraged in the transformation of traditional business processes.

References

- Maria do Céu Gaspar Alves (2010). "Information Technology roles in Accounting Tasks – A Multiple-case Study" *International Journal of Trade, Economics and Finance*, Vol. 1, No. 1, June.
- Alex Kogan, Fred Sudit and Miklos Vasarhelyi (1998). "The future of accounting and Electronic Commerce on the Internet", *Today's CPA*, Pg. 19.
- Pitturro, M. (1999). "Get into e-commerce without betting the store", *Journal of Accountancy*, May.
- Prahalad, C.K. & Hamel, G. (1990). "The core competence of the corporation", *Harvard Business Review*, May/June.