Short Questions for NCERT Accountancy Solutions Class 11 Chapter 13

1. State the four basic requirements of a Database Applications.

A database has the following basic requirements:

1. Back-end Database: A data storage system that remains hidden from users. It gives user the authority to access.

2. Front-End Interface: Acting as the connecting link that binds user and database oriented software through which communication takes place between user and back-end database.

3. Reporting System: Set of objects that include all relevant information comprehensive enough to prepare a report.

4. Data-Processing: Transforming input data to useful information by a sequence of actions essential for decision making

2. Name the various categories of Accounting Package.

Accounting packages have the following categories:

1. Tailor- made Software

2. Ready to use software

3. Customized software

3. Give examples of two types of Operating Systems.

1. Single-User Operating System like DOS

2. Multi-User Operating System like Windows, Linux

4. List the various advantages of Computerised Accounting Systems.

Advantages of accounting system that are computerised are as follows:

1. Accuracy

2. Speed

3. Scalability

4. Reliability

5. Real term user interface

6. Up to date information

7. Document production

8. Legibility

5. Give two examples each of the organisations where 'ready-to-use', 'customised', and 'tailored' accounting packages respectively suitable to perform the accounting activity.

1. Ready to use accounting packages are used by small sized enterprises like grocery stores, pharmacy etc.

2. Customised accounting packages are used by medium to large businesses having a nationwide presence like Shopping malls, hotels, restaurants.

3. Tailored accounting packages are used by businesses that are geographically scattered like MNC's like Oil Industries, Software Companies.

6. Distinguish between 'ready-to-use' and 'tailored' accounting software.

Basis of Comparison	Ready-to-Use Accounting Software	Tailored Accounting Software
Nature of Business	Used in small businesses	Used for large businesses spread across geographies.
Adaptability	High adaptability	As it is created for a particular business hence adaptability is less
Linkage to other Information System	Has limited links to other information system	Numerous linkages with other information system
Number of Users	Limited number of users	Large number of users
Installation and Maintenance Costs	Low maintenance and installation cost	High maintenance and installation cost

Long Questions for NCERT Accountancy Solutions Class 11 Chapter 13

1. Define a Computerised Accounting System. Distinguish between a Manual and Computerised Accounting Systems.

An accounting information system that processes events and financial transactions according to GAAP (Generally Accepted Accounting Principles) and produce reports as per user requirements is called a computerised accounting system.

There are two types of accounting systems: Manual and Computerised

Here are some points of difference between Manual and Computerised accounting system

Basis of Comparison	Manual Accounting Systems	Computerised Accounting Systems
Meaning	An accounting system which uses ledgers and books to maintain accounts.	A system that uses an accounting software for recording financial transactions.
Recording	Recording of financial transactions is done through book of original entry	Data of financial transaction is recorded in a database.
Calculation	All calculations are done manually	In such a system only data input is required, calculation is done by the software.
Speed	It is comparatively slower	Much faster
Backup	Backup cannot be created manually as it will be very much time taking	Transactions and entries can be backed up
Trial Balance	It is prepared when it is essential to prepare one	It can be prepared instantly with data for each day
Preparation of Financial Statements	Prepared at the end of one period which may be a quarter or one year	It can be prepared for any specific period with the click of a button

2. Discuss the advantages of Computerised Accounting Systems over the Manual Accounting Systems.

The following are the various advantages of the Computerised Accounting Systems over the Manual Accounting Systems.

Speed: A computer will have a faster processing capacity than manual recording of accounts, so a computerised system can process more accounting data than a manual setup.

Accuracy: A computerised system reduces the errors while recording of data as the information is fed once into the system and is used for subsequent queries but in manual system data needs to be written manually each time a new accounting report needs to be prepared.

Reliability: Computer software is made to perform repetitive tasks, it is more reliable to perform daily operations than a manual system. There is no limitation such as tiredness, boredom or fatigue in case of computers which makes it more reliable.

Up-to-date-information: The existing records in a computerised system gets updated as soon as it is entered. While the same thing is not true for a manual system. Hence, information is not always up to date in a manual system.

Real time User Interface: A computerised accounting system is interconnected to various other network of computers and so information is available at the same time to all the users. Such a system cannot be found in a manual entry.

Automated Document Production: Using computerised system the financial documents such as Cash book, Statement of Accounts, Trial Balance are easy to obtain. A computer system has pre-defined formats for generating accounting reports, with which report generation is a breeze, while the same cannot be held true for a manual system.

Scalability: Computerised systems of accounting are highly scalable and as no additional manpower is required to record data. In manual system a company has to hire many accountants for managing transactions.

Legibility: In computerised accounting system, records are typed using standard font. So the readability is clear. In manual entry writing of each accountant varies so interpreting and reading written records becomes difficult and is prone to misinterpretation.

3. Describe the various types of accounting software along with their advantages and limitations.

Accounting software are of following types:

i. Ready-to-use

ii. Customised

iii. Tailored

Ready-to-use: Such software is used primarily by small businesses which do not deal with large number of transactions. These software's are easily available in market containing the standard features

Customised: These type of software has features that has features to meet the requirements of special users. There is option of customizing the accounting features of the software. Functions can be programmed as per requirement of business. Used primarily by medium and large organisations.

Tailored: Tailor-made software are highly specific to a particular organisation and it is used by organisations that are spread across geographies and has multiple users accessing the system. It is designed keeping in mind the requirements of the business.

Ready to use software has following advantages:

1.   Software that is easily available in market.

2.   Low installation and maintenance cost

3.   Less time required to get acquainted with software.

4.   High adaptability and easy to learn.

5.   Suited for small sized enterprise.

Ready to use software has following limitations:

1.   Number of user are limited

2.   Not suitable for medium and large organisations

3.   Contains generic features

4.   Less scope of linking with other info

Customised and Tailor-made accounting software has following advantages

1. Suitable for medium, large and geographically spread organisations

2. Specific as per user requirement

3. Can be modified as per business request

4. Low cost of training

Customised and Tailor-made accounting software has following limitations

1. Installation and maintenance is cost intensive

2. Custom software development takes time

4. 'Accounting software is an integral part of the Computerised Accounting Systems' Explain. Briefly list the generic considerations before sourcing accounting software.

Accounting software is an important part of Computerised accounting system. A software should be selected considering the proficiency and skill of accounting professionals. This point should be evaluated before making a computerised accounting system a part of organisation as accounting professionals.

Here are some points that are important and should be considered before introducing an accounting software in an organisation:

1. Flexibility: An accounting software should be flexible in terms of data input, data retrieval and generation of report. It should be able to run cross platform across different operating systems and configurations.

2. Cost of Maintenance and Installation: Cost of installation plays a major part as it will be involving hardware configuration to support the installation, cost of training staff, and data recovery in case of failure. Maintenance involves renewal and creating backup.

3. Size of organisation: The type of software is also dependent upon the size of organisation. Small business can use standard software's while a customised software is required for large organisations.

4. Training Needs: Customised software require more training while standard software require less training.

5. Security: Security is a prime factor while selecting a software for accounting as any unauthorised access to software can cause loss of revenue to organisation.

6. Reports: Software should be able to integrate with MIS software and prepare reports which can be used in the organisation

7. Vendor Reputation: Software should also be chosen based on the customer support, post-sales support and any other assistance provided by vendor and also the reputation of vendor among organisations and good user reviews by users in market.

5. 'Computerised Accounting Systems are best form of accounting system'. Do you agree? Comment.

Computerised systems are best form of accounting system as it is easier to maintain records which results in less errors, computer systems are highly reliable and enhances overall efficiency. The aspects are mentioned below:

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