

Impact of Information Technology on Accounting Systems

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Abstract:

The objective of this study is to analyze the influence of Information Technology on accounting systems. The integration of information technology into accounting practices is a groundbreaking system. In the present day, the majority of corporate entities, ranging from giant companies to small firms, rely on their Accounting Information Systems to effectively manage their operations. This study presents a comprehensive analysis of the influence of information technology on accounting systems. This study also explores several aspects of accounting processes and their classifications. Accounting plays a crucial role in business operations, and using IT may improve the speed and accuracy of calculations, as well as promote flexibility and the secure storage of information.

Keywords: IT, Accounting System

Introduction

Accounting is the process of systematically documenting, categorizing, and summarizing financial transactions and occurrences, and evaluating the outcomes. It involves capturing and analyzing monetary information to provide meaningful insights [1]. Accounting can also be defined as an information system that quantifies, analyzes, and handles data.

Conveys financial data regarding an economic organization [2]. The progress in information technology has significantly enhanced accounting procedures and revolutionized economic activity. The utilization of computers and other digital technology has significantly enhanced office productivity by enabling swift document interchange, research, collaboration with distant partners, and data collection and

analysis. Information technology provided individuals with excellent tools to find and pursue economic and business opportunities. 2. IT

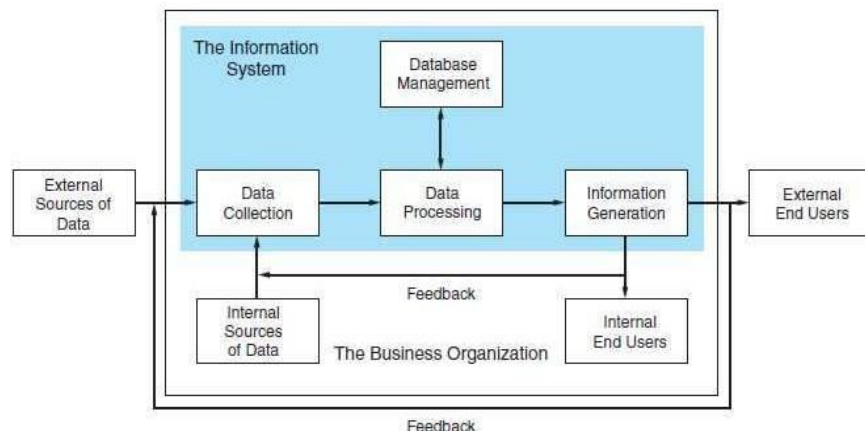
Information Technology (IT) involves the utilization of computers and telecommunications devices to store, retrieve, send, and manipulate data [4]. This can be defined as any process that presents data, information, or perceived knowledge in a visual format using any method of distributing multimedia [5]. In a business environment, this application is specifically developed to assist management in their role as stewards, providing support for their daily operations and decision-making processes. In 1880, machines were designed to assist in the accounting system [6]. Over the years, progress in information technology has revolutionized accounting systems and their operations. Several advancements occurred in the Accounting Information System (AIS). This system is specifically developed to facilitate the management and oversight of activities pertaining to the economic and financial aspects of the company. An accounting system is crucial for the majority of company enterprises. The progress of technology has resulted in the development of a computerized accounting system, which is widely used by businesses today. This has resulted in a market characterized by intense competition. Hence, organizations must enhance their systems to align with their information requirements for enhanced decision-making.

3. AIS (Accounting Information System) An information system is a complex network of interconnected subsystems that collaborate to gather, analyze, and retain data, as well as convert and disseminate it for the purposes of strategic planning, decision-making, and oversight [7]. Utilizing computers in information systems can enhance the effectiveness of gathering, processing, storing, transforming, and distributing information [8].

An Accounting Information System (AIS) is a tool that has been integrated into the field of Information and Technology systems. Business enterprises greatly value its significance. This individual is responsible for producing accurate and trustworthy financial information that is necessary for making informed decisions. There are numerous diverse designs of the system since they must take into account aspects that impact the process of gathering and reporting information. The outcome will ultimately be determined by the intended recipients of the information and the specific choices they are expected to make. The system's architecture may be influenced by factors like as the firm's size, volume of transaction data, kind of operations, organizational structure, and business form.

3.1 Overview of Accounting Information System Model

Figure 1 depicts the overarching framework of an Accounting Information System. This model is universally applicable to all information systems, independent of their technological design, making it a widely accepted general model [9]. The components consist of end users, data sources, data collecting, data processing, database management, information generation, and feedback.



The initial phase of the AIS involves the gathering of data. The goal is to verify that the incoming data is accurate, comprehensive, and devoid of significant mistakes. This step enhances the significance and effectiveness. The system should exclusively harvest pertinent data and gather it just once. Data sources might originate from either internal or external sources.

Once the data has been collected, it will be saved in the database management system and subsequently transformed into information through processing. The tasks related to data processing range from straightforward to intricate, encompassing algorithms, statistical methods, sales prediction, and summarization techniques employed in accounting.

The generated information will be subsequently transmitted to both external and internal end users. External end users encompass a variety of stakeholders including as creditors, stockholders, investors, regulatory bodies, suppliers, and customers. Conversely, the internal end user refers to the management at all hierarchical levels inside the business. Feedback is subsequently returned to the entity in order to inform them of what aspects to keep and what aspects to enhance.

In conclusion , The progress in information technology has significantly enhanced the accounting processes of commercial enterprises.

The utilization of modern computerized accounting information systems has led to a noticeable enhancement in firm performance. A multitude of

The transaction processes were streamlined, resulting in more efficient operations. The accessibility of computer technology for small business organizations presents significant prospects for these entities to enhance their business.

Advancements in information technology have improved the flow of information, making it more effective and efficient. This, in turn, has enhanced management decision-making and increased the firm's capacity to fulfill its corporate and business plan objectives. This, in turn, may enhance the likelihood of the company's endurance.

The application of information technology in accounting is imperfect. Occasionally, we need to acknowledge the reality that they are merely technological devices. The accounting information system of a business significantly aids in the execution of accounting procedures. Nevertheless, it is important to acknowledge the potential for occasional inefficiency in the system, as well as in certain accounting software. In order to be efficient, business entities must select systems and software that are compatible with one other.

In the current era of modern information technology, computers have enhanced accounting procedures. However, computers are unable to substitute the role of humans in accounting systems.

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