

## **Innovative Methods and Challenges in Accounting, Management and Financial Sector.**

**DR.C.V. RANGAREDDY**

Head- Department of Operations  
ICBM-SBE [cvrangareddy@gmail.com](mailto:cvrangareddy@gmail.com)

**C.A. ANIL KUMAR T.K**

### **Abstract**

*Researchers attempted to worked on to prove that innovation in technologies changed work of an accountant from Journalising the accounting transactions up to preparation of financial statements. Thanks to the software and IT in accounting and management sector, it is clearly evident that the information technology impacted the pace and the accuracy of business and its managers decision making. Paper is descriptive which explains about different innovative methods being introduced to make the accounting access more simpler.*

**Keywords:** Technological innovation, management, software, accounting, ERP, AI.

### **Introduction:**

Innovation in technologies changed work of an accountant from Journalising the accounting transactions up to preparation of financial statements. Luca Pacioli is the father of modern accountancy. The language of the business is accounting. It is the gathering, recording, classifying and summarising in a sequential manner and finally showing the results in terms of profit and loss account along with assets and liabilities of a business. It is also very much useful for business managers for decision making in terms of cost reduction, cost pricing, taxation etc.

### **1. Cloud -Concept**

Internet is not only restricted to place our websites, advertisement now –a-days it is also extended to retrieve the data and information remotely by using the concept called cloud computing. The accountant can just login from anywhere and access the data and information enter and modify the data. It helps in real time analysing the data because everybody can access the data. With cloud computing the paper work will be reduced and there will be a permanent e-documents for fast and easy way of collection and use of data. One more major advantage is that it also having the synchronization concept which can be adopted in different platforms.

### **2. Changing The Role Of Accountant:**

With the advancement in the field of software, the task of an accountant is not only limited to the role of book-keeper or the final preparer of financial statements but also his role was extended more than what a traditional accountant has. Now he can analyse the past data, sales trend, overhead cost etc by single click and provide required data to management according to their need. He can now analyse the data in quicker and easier manner and can spend most time to discover the ways to improve the business. Also, he can comply the tax provisions

and also, he can use the past data related to taxation where there is a scope for reducing the tax burden and penalties by complying in within time limits.

### **3. Maintaining Of Client Transactions In More Efficient Manner:**

Due to the concept of digitization, it is not only useful for the people working with in the accounting firm, but benefits are also extended to clients also. In traditional days the accountant and the client both have to decide the time and location to discuss the financial situations. They have to use the physical documents or papers to discuss the situation. If any one of them skipped the meeting the valuable time of the accountant will be wasted. If the accountant skipped the meeting there is prone for losing important client. In present scenario and with new technology, the client and the accountant can meet on site and discuss the situation even for long time without disturbing their regular work and at the same time the accountant can interact with other clients without disturbing his regular work.

### **4. Mobile Accounting:**

Thanks to the new generation mobiles, which are having more capabilities or equal to the laptops and desktops. The mobile accounting advantage is taken mostly by the low and medium business people. These devices are able to create and forward the invoices, gather signatures, capture receipts, useful for creating expenditure claims. With this mobile accounting, one can save the data by making one swipe and retrieve as and when required from anywhere. There is no need of sitting in the office all the time. With your mobile or tablet device you can take your office anywhere in the world. The accountant can also maintain a positive relationship with the client, since he can deliver important answers as and when the client requires.

### **5. Ocr-Minimization Of Manual Entry**

By using the integrated system already, there is a minimal of manual entry used by to manage business transactions. Optical character recognition is now even simplifying the process. Cameras and scanners are useful to capture the financial information like invoices and receipts, bar codes etc.,. Due to this technology, not only the time but also errors are eliminated and there will be no scope of duplication of work.

### **5. Advanced Solutions In Tax Software**

Financial information existing in the cloud like payroll, receivables, expenses, payments can be easily retrieved by the new generation tax software. Due to this the CFOs can easily follow the tax compliance and avoid heavy penalties from tax authorities. As this software is integrated with local government tax authorities. ERP or software, which enables easy return uploading and this new generation tax software is easily up-gradable and adoptable.

### **6. Electronic Funds Transfer (Eft):**

Business process is now connected to banks through electronic fund transfer (EFT). Financial transactions like payment or receipt can be done electronically, unlike earlier cheque process system, which involves consuming more number of days. There is online sale

and purchase system which enables immediate payment or receipt without any delay. It is also very useful for payment of salaries on a particular date.

### **Other Benefits Of Using The Modern Software:**

#### **Money Saving:**

Reduction in travel time and expenses, consumption of paper will be reduced. Apart from this, there will be less reduction in environmental destruction.

#### **Time Saving:**

Important time saving factor is schedule flexibility. The client can engage with the accounting firm at any time and can obtain any information from the firm.

#### **Global Financing:**

Now a days without IT, financial markets could not do any multi-currency or multi countries financial transactions. The software allows us to maintain the transaction in multi currencies by following international accounting standards. Accuracy, improved internal and external reporting, flexibility, graphics usage, faster processing, storing and protection of the information, reliability are the other benefits.

### **Disadvantages**

#### **1. Lack of security**

Users are worried about the security of their data as they may be accessible by third parties. There are firewalls which protects unauthorised access, still there is prone for unauthorised access.

#### **2. Weak reporting service**

Few accounting software may not give the exact reports as per the requirements of the user's domestic laws.

#### **3. Lack of efficiency**

Business owners may not have that much of technological skills to use the software in complete manner.

#### **4. Not user-friendly & difficult to customize**

Due to restrictions in the customisation of software the low level operating people may not be able to skip the unnecessary columns without higher authority approval.

#### **5. Lack of features and expensive**

All accounting software may not offer all the features expected by the accounting persons due to this the people has to depend on other software.

**6. No Bank Reconciliation feature**

Some Accounting software may not have the bank reconciliation system which is indeed a basic requirement of any business.

**7. Software compatibility**

Many users have expressed inconvenience, because their accounting software is not compatible with their inbuilt programs.

**8. No 24/7 technical support**

For fixation of bugs in the accounting software the people has to wait for longer queue or wait for next working day.

Advancements in information the technology have enabled companies to computerize their information systems. Accounting information systems have also been computerized as a result of significant Improvements in the technology. As accounting information systems are being computerized, accountants must gain the skills to use computerized systems. The use of computerized Accounting information systems has brought opportunities for companies to perform the accounting functions more effectively and efficiently because the use of computerized AIS has brought significant time and cost savings. Use of information technology to perform accounting functions has brought a chance for companies to progress toward paperless offices. Companies applying a production system may as well apply it more effectively if they use computerized systems. Such tools as electronic data interchange and electronic funds transfer can provide companies with opportunities to apply production system more effectively and save money. Some of the advantages of using a computerized accounting system are:

**Conclusion:**

Even with few disadvantages, the innovation technologies has benefitted the accounting world. By selecting or choosing suitable software according to the nature and size of the business, one can get the fruits from these innovations. The use of accounting software opens the opportunities to the young generation who possess the necessary skills and competences. In terms of cost reduction and time saving these innovative methods showed tremendous results.

**References:**

1. Ahrens, T. (1997). *Strategic interventions of management accountants: . European Accounting Review*, 6(4), 557–588.
2. CrossRefGoogle Scholar
3. Ahrens, T., & Chapman, C. S. (2007). *Management accounting as practice. , 32(1), 1–27.* <https://doi.org/10.1016/j.aos.2006.09.013>.
4. CrossRefGoogle Scholar
5. Anderson, E. W., Fornell, C., & Mazvancheryl, S. K. (2004). *Customer satisfaction , 68(4), 172–185.*
6. CrossRefGoogle Scholar
7. Anthony, R. N., Govindarajan, V., Hartmann, F. G. H., Krause, K., & Nilsson, G. (2014). *Management control systems.*

8. Google Scholar
9. Argyris, C. (1977). , 2(2), 113–123. [https://doi.org/10.1016/0361-3682\(77\)90028-9](https://doi.org/10.1016/0361-3682(77)90028-9).
10. CrossRefGoogle Scholar
11. Bedford, D. S. (2015). Management control systems <https://doi.org/10.1016/j.mar.2015.04.003>.
12. CrossRefGoogle Scholar
13. Bedford, D. S., Bisbe, J., & Sweeney, B. (2019). . <https://doi.org/10.1016/j.aos.2018.05.010>.
14. CrossRefGoogle Scholar
15. Bedford, D. S., Malmi, T., & Sandelin, M. (2016). . . <https://doi.org/10.1016/j.aos.2016.04.002>.