

NCERT SOLUTIONS

CLASS - 11th



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Class : 11th

Subject : Accountancy

Chapter : 12

Chapter Name : Applications of Computers in Accounting

Q1 State the different elements of a computer system.

Answer. A computer system is a combination of six elements :

- Hardware
- Software
- People
- Procedures
- Data
- Connectivity

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Q2 List the distinctive advantages of a computer system over manual system.

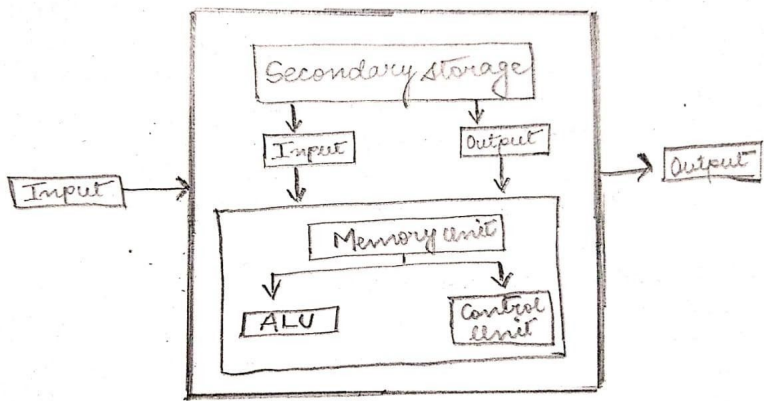
Answer. The advantages of a computer system over manual system are as follows :

- Speed
- Accuracy
- Reliability
- Versatility
- Storage

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Q3 Draw a block diagram showing the main components of a computer.

Answer.



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Q4 Give three examples of a transaction processing system.

Answer. Three examples of transaction processing system are :

- Automated Teller Machine (ATM)
- Departmental stores
- Order and payroll processing

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Q5 State the relationship between information and decision.

Answer. Data when processed becomes information. When the related information is summarized to meet a particular need, it is called as a report. The content and the design of the report is expected to vary depending upon the level to which it is submitted and decision to be made on the basis of the report. A report must be effective and efficient to the user and should substantiate the decision making process.

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Q6 What is Accounting Information System?

Answer. Accounting Information System (AIS) identifies, collects, processes and communicates economic information about an entity to a wide variety of users. Such information is organized in a manner that correct decisions can be based on it. Every accounting system is essentially a part of the AIS which in turn is a part of the broader system, the organisation's Management Information System.

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Q7 State the various essential features of an accounting report.

Answer. The following are the essential features of an accounting report :

- Relevance
- Timeliness
- Accuracy
- Completeness
- Summarization

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Q8 Name three components of a Transaction Processing System.

Answer. The three components of Transaction Processing System are :

- Accept the complete transaction data as input
- Store the data in computer storage media
- Retrieve the data for processing as and when required for generating accounting report as output.

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Q9 Give example of the relationship between a Human Resource Information System and MIS.

Answer. The manufacturing department receives the list of workers from the Human Resource Department. It sends the details of the production achieved by the workers on the basis of which the HR department to the finance and accounts department to pay the wages. The details of the wages paid and statutory dues are also send by the F&A department to the production department also to the HR to monitor the performance of workers. The HR department communicates to the other departments about the good/bad performance on the basis decision on various operational matters may be taken.

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Q1 'An organisation is a collection of interdependent decision-making units that exists to pursue organizational organisational objectives'. In the light of this statement, explain the relationship between information and decisions. Also explain the role of Transaction Processing System in facilitating the decision making process in business organisations.

Answer. Data when processed becomes information. When the related information is summarized to meet a particular need, it is called as a report. The content and the design of the report is expected to vary depending upon the level to which it is submitted and decision to be made on the basis of the report. A report must be effective and efficient to the user and should substantiate the decision making process.

Transaction Processing Systems (TPS) are among the earliest computerized systems catering to the requirements of large business enterprises. The purpose of TPS is record, record, process, validate and store transactions that occur in the various functional areas of a business for subsequent retrieval and usage. A transaction could be internal or external. When a department requisitions material supplies from stores, an internal transaction is said to have occurred.

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Q2 Explain, using examples, the relationship between the organizational MIS and the other functional information system in an organization. Describe how AIS receives and provides information to other functional MIS.

Answer. The relationship between Accounting Information System, Manufacturing Information System and Human Resource Information System. - The manufacturing department receives the list of workers from the Human Resource (HR) department. It sends the details of production achieved by the workers on the basis of which the HR department to the finance and accounts (F&A) department to pay the wages. The details of the wages paid and statutory dues are also sent by the F & A department to the production department also to the HR department to monitor the performance of workers. The HR department communicates to the other departments about the good/bad performance on the basis decision on various operational matters may be taken.

Business process in the production department may involve activities like, preparation of plans and schedules, issues of material requisition forms and job cards, issue of inventory, handling invoices, etc. The accounting sub-system transaction cycle would therefore include the processing of purchase orders, advance to suppliers/vendors, inventory status updation, account payable, etc. All of this information has to be shared with the other MIS in the organization.

The computerized accounting system as a sub component of the accounting information system transforms financial data into meaningful information and communicates the information to the decision-makers. The report demanded may be routine or specific ones.

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Q3 'An accounting report is essential a report which must be able to fulfill certain basic criteria'. Explain. List the various types of accounting reports.

Answer. Data when processed becomes information. When the related information is summarised to meet a particular need, it is called as a report. The content and design of the report is expected to vary depending upon the level to which it is submitted and decision to be made on the basis of the report. A report must be effective and efficient to the user and should substantiate the decision- making process. Akin to any report, every accounting report must be able to fulfill the following criteria:

- Relevance
- Timeliness
- Accuracy
- Completeness

→ Summarization

The accounting reports generated by the accounting software may be either routine reports or on the specific requirements of the user. MIS reports can be of the following types :

- Summary reports
- Demand reports
- Customer/supplier reports
- Exception reports
- Responsibility reports

Page : 478 , Block Name : Long Answers

Q4 Describe various elements of a computer system and explain the distinctive features of a computer system and manual system.

Answer. A computer system is a combination of six elements :

Hardware : Hardware of a computer consists of physical components such as keyboard, mouse, monitor and processor. These are electronic and electromechanical components.

Software : a set of programmes, which is used to work with such hardware is called its software. A coded set of instructions stored in the form of circuits is called firmware.

People : people interacting with computers are also called ~~love~~ware of the computer, they constitute the most important part of the computer system – system analysts, and operators.

Procedures : procedure means series of operations in a certain order or manner to achieve desired results. There are three types of procedure which constitute part of computer system : hardware-oriented, software-oriented and internal procedure.

Data : These are facts and may consist of numbers, text, etc. These are gathered and entered into a computer system. The computer system in turn stores, retrieves, classifies, organizes, and synthesizes the data to produce information according to predetermined instructions.

Connectivity : The manner in which a particular computer system is connected to others say through telephone lines, microwave transmission, satellite link, etc. is the element of connectivity.

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