

Accounting Information System assignment 1

SCT222-0142/2021

1. Discuss the generally accepted accounting principles
 - a) Principle of regularity - The accountant has adhered to GAAP rules and regulations as a standard
 - b) Principle of consistency - Accountants commit to applying the same standards throughout the reporting process, from one period to the next, to ensure financial comparability between periods
 - c) Principle of Sincerity - The accountant strives to provide an accurate and impartial depiction of a company's financial situation.
 - d) Principle of the permanence of methods - The procedures used in financial reporting should be consistent, allowing a comparison of the company's financial information.
 - e) Principle of Non-compensation - All aspects of an organization's performance, whether positive or negative, are fully reported with no prospect of debt compensation.
 - f) Principle of Prudence - This refers to emphasizing fact-based financial data representation that is not clouded by speculation.
 - g) Principle of Continuity - While valuing assets, it should be assumed the business will continue to operate.
 - h) Principle of Periodicity - Reporting of revenues is divided by standard accounting periods, such as fiscal quarters or fiscal years.
 - i) Principle of Materiality - Accountants must strive to fully disclose all financial data and accounting information in financial reports.
 - j) Principle of utmost good faith - It presupposes that parties remain honest in all transactions.
- 2) Compare and contrast the similarities and differences between computerized accounting system and manual accounting systems
 - a) Similarities between computerized accounting and manual accounting system
 - i) Purpose - Both systems aim to accurately record financial transactions, provide useful financial information, and help make informed business decisions.

- ii) Recording process - Both systems require the input of financial data and follow a process of recording transactions, classifying and summarizing information, and producing financial statements
 - iii) Basic accounting principles - Both systems must follow the same basic accounting principles, such as the principles of double-entry accounting and GAAP.
 - iv) Types of transactions - Both systems handle similar types of financial transactions, such as sales, purchases, payments, and collections
 - v) Auditability - Both systems must be auditable, allowing an external auditor to verify the accuracy of the financial information.
- b) Difference between computerized accounting and manual accounting system
- i) Speed and Efficiency - Computerized accounting systems process transactions and generate financial reports much faster than manual systems.
 - ii) Storage capacity - Computerized accounting systems can store large amounts of data, making it easier to access historical information and run complex reports.
 - iii) Real-time data - Computerized accounting systems provide real-time access to financial information, allowing companies to make more informed decisions
 - iv) Accuracy - Computerized accounting systems can reduce the risk of human error, resulting in more accurate financial information.
 - v) Security - Computerized accounting systems typically have better security measures in place to protect sensitive financial data
 - vi) Ease of use – manual accounting system have an advantage on ease of setup and entry compared to computerized accounting