



NCERT Solutions for Class 11

Accountancy

Chapter 12 – Application of computer in Accounting

1. State the different elements of a computer system.

Ans: The different elements of a computer system are explained below:

a. Hardware: Hardware refers to the different physical components of a computer system, such as the CPU, mouse, monitor, and so on.

b. Software: Software refers to a collection of programs that enable a computer system to carry out the orders supplied to it by the user. Operating systems, utility programs, system software, networking software, and other forms of software are examples.

c. Users: The people who interact with the computer system are referred to as users.

d. Procedures: Procedures are a series of actions that are carried out in a precise order to accomplish the intended results. Hardware-oriented processes, software-oriented procedures, and internal procedures are the three basic types.

e. Data: Data refers to information entered into a computer system, such as text, numbers, and graphics.

f. Connectivity: Connectivity refers to the computer system's ability to communicate with other electronic devices. Satellites and telephones, among other things, are used to provide connectivity.

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

Ans: In comparison to a manual system, a computer system provides distinct advantages. The following are some of the benefits of a computer system:

a. Precision — Using a computer system eliminates the issue of human mistakes. As a result, it is more accurate.

b. Versatility – The computer system can multitask, allowing multiple tasks to be completed at the same time.

c. Fast Speed - Unlike a manual system, the operations may be carried out properly at a very high speed with minimal tiredness difficulties.

d. Reliability – Because the functions are based on a variety of programs, the results and their accuracy are extremely trustworthy.

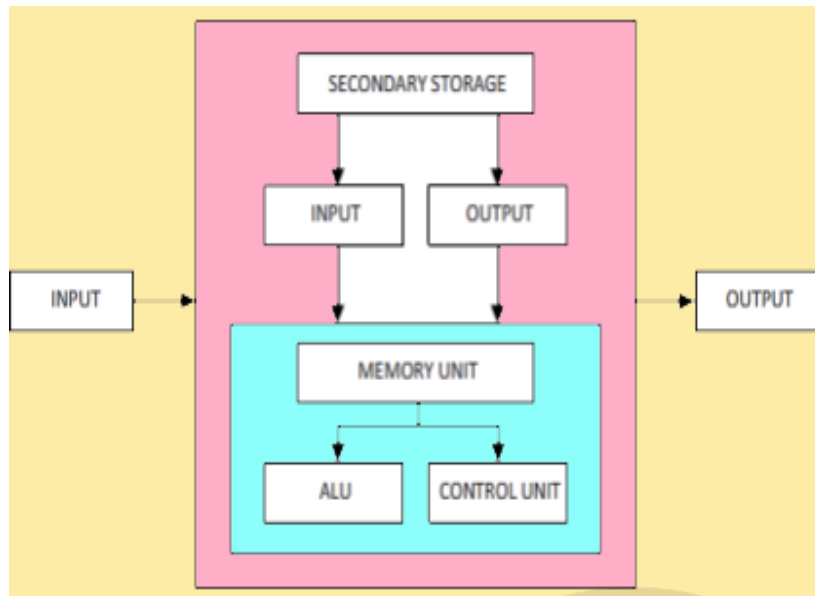
e. Storage - In contrast to the manual approach, a computer system can store a large amount of data in a little amount of space.

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

Ans: The main components of a computer are:

- a. Input
- b. Secondary Storage
- c. Memory Unit
- d. ALU
- e. Control Unit
- f. Output

The block diagram is shown as,



4. Give three examples of a transaction processing system.

Ans: The term "transaction processing system" refers to a computerized system that records, processes, validates, and stores everyday transactions. Daily, these transactions take place in a variety of enterprises.

The three types of transaction processing systems are as follows:

a. Payroll Applications: These are applications that enable the processing of payrolls and salaries for the organization's employees.

b. Automated Teller Machines (ATMs): These are specialized computer programs that handle a variety of bank transactions.

c. Order Processing: Customers' orders are processed to initiate invoicing and calculating receivables.

5. State the relationship between information and decision.

Ans: Information and decisions are mutually reliant on one another. On the one hand, information aids decision-making; on the other hand, decisions are made with the help of derived and extracted data. The following points can be used to demonstrate the importance of information in the decision-making process:

- a. A company may be made up of several different decision-making units, each with its own set of demands to address to reach the shared organizational goals and objectives.
- b. A company must define goals for itself, which necessitates the creation of numerous policies and procedures to achieve those goals.

6. What is an Accounting Information System?

Ans: The Accounting Information System is defined as a system that allows for the identification, gathering, processing, summarising, and production of information about an organization, which can then be used in a variety of ways by users to maintain the organization's goals and objectives.

As a result, auditors, CFOs, and analysts may be intrigued. The Accounting Information System (AIS) provides the benefit of dealing with enormous volumes of data in a short amount of time while producing the most accurate and effective outcomes. As a result, the Accounting Information System enables organizations and businesses to make effective business decisions.

7. State the various essentials features of an accounting report.

Ans: The following are the several fundamental features of an accounting report:

- a. Relevance** – The information presented in the report must be relevant and valuable to the user's needs, making the decision-making process easier.
- b. Timeliness** – The information that is made accessible to the organization's decision-makers for the decision-making process must be made available to them promptly so that they can correctly satisfy their requirements.
- c. Completeness** - The information must be complete, and an incomplete report might lead to ambiguity and uncertainty, which may not benefit the user and instead make his or her task more difficult.
- d. Accuracy** — To improve the decision-making process, the report must be accurate and consistent with the user's requirements.

e. Conciseness - The report should be brief and not overly complicated. This complicates the user's interpretation duty at the end of the day. As a result, the report must meet the user's precise requirements.

8. Name three components of the Transaction Processing System.

Ans: The computerized system that records, processes, validates, and saves the daily transactions that occur daily is referred to as a transaction processing system.

The following are the three components of a Transaction Processing System:

a. Input: This is the mechanism that accepts the data from the entire transaction as input. This can be accomplished by the acquisition of data, modification of data, validation of data, and manipulation of data processes. It's worth noting that transactions that aren't completed aren't considered input.

b. Data storage: The computerized system is in charge of storing processed data in storage devices like hard discs.

c. Output: This refers to the data being presented in the form of a report as an output.

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

Ans: The Human Resource Information System and the Management Information System have a direct and interconnected relationship. The Human Resource Information System (HRIS) keeps track of the various records of the company's employees, such as their salary and other benefits.

On the other hand, the Management Information System aids in the collection, editing, validating, storing, and distributing of data so that various tasks can be completed. The Human Resource Information System (HRIS) and the Management Information System (MIS) collaborate, with the HRIS providing information such as skills, experiences, and qualifications to the MIS, which then uses this data for a variety of purposes to aid decision-making.

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

Ans: Information and decisions are mutually reliant on one another.

On the one hand, information aids decision-making; on the other hand, decisions are made with the help of derived and extracted data.

a. An organization may be made up of several different decision-making units, each with its own set of demands to address to reach the shared organizational goals and objectives.

b. An organization must set goals for itself, which necessitates the formulation of numerous policies and programs for that aim.

The transaction processing system is regarded as a critical component of an organization's operations. A transaction processing system is a computerized system that records, processes, validates, and stores an organization's daily transactions. Input, Storage, and Output are the three components of a Transaction Processing System. As a result, the system enables the organization to obtain the required information by following the process:

i. Data Gathering: The transaction processing system gathers all of the information or data required to complete any transaction, whether manually or using technologies such as point of sale and scanners.

ii. Data Editing: The Transaction Processing System verifies the data collected for accuracy, completeness, and correctness.

iii. Data Validation: After the data has been changed, it is corrected for inaccuracies and errors.

iv. Data Manipulation: The system is in charge of calculating, processing, and analyzing the information it receives.

e. Data Storage: The information is kept in one or more databases.

f. Output Generation: The TPS enables the creation of output in the form of a pre-formatted report.

11. 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.

Ans: The Human Resource Information System (HRIS) and the Management Information System (MIS) collaborate, with the HRIS providing information such as skills, experiences, and qualifications to the MIS, which then uses this data for a variety of purposes to aid decision-making.

The Management Information System aids in the collection, editing, validating, storing, and disseminating of data to carry out various duties and make relevant decisions inside the organization.

The Accounting Information System is one of the functional information systems with which the Management Information System has a functional relationship. The Accounting Information System and the Management Information System have a direct and interconnected relationship. The Accounting Information System aids in information identification, gathering, and processing. As a result, it is a crucial function that also gives information to other subsystems.

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

Ans: The term "information" refers to data that has been collected and processed to meet the many needs and demands for which it is necessary. As a result, it enables users to have a better understanding and avoid ambiguity. When information is necessary to meet a user's extremely particular needs systematically, it is transformed into a report. The following are the essential characteristics of an accounting report:

a. Relevance

b. Timelines

c. Completeness

d. Accuracy

e. Conciseness

The numerous sorts of accounting reports are as follows:

i. Supplier/Customer Report: Supplier/Customer Reports are reports that provide information to suppliers or customers on a variety of topics.

ii. Responsibility Report: These are the reports that managers prepare to meet the duties of their respective departments.

iii. Summary Report: These are reports that are capable of providing a summary of many types of organizational activity.

iv. Exception Report: These are reports that are prepared by taking into account some unique exceptions.

v. Demand Report: A demand report is generated in response to a company's request and requirements.

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

Ans: The various elements of a computer system are explained follow:

a. Hardware: Hardware refers to all of the computer system's physical components, such as the CPU, monitor, and keyboard.

b. Software: Software refers to a collection of programs that enable a computer system to fulfill and execute commands issued by the user. Application software, language processors, operating systems, utility programs, system software, and connection software are examples of different types of software.

c. People: People are the users who interact with the computer system and are thus the most significant component of the system. Analysts, operators, and programmers are examples of these users.

d. Procedures: Procedures are a series of actions that are carried out in a predetermined and particular order to accomplish the intended results. Hardware-oriented processes, software-oriented procedures, and internal procedures are the three basic types.

e. Data: Data refers to the information that is entered into a computer system, such as text, numbers, and graphics.

f. Connectivity: The way a computer system is connected to other electronic devices is referred to as connectivity. These could include connections to telephone lines, satellite links, and so on.

The distinctive features of a computer system and manual system are explained below:

a. Speed: Computers are far faster than human processes, therefore they can complete jobs in a fraction of the time required by a manual system.

b. Versatility: Computers are versatile in the sense that they can execute a wide range of tasks, whereas the manual system can only perform a limited number of jobs.

c. Accuracy: When compared to the manual system, which is prone to various types of faults and blunders, the computer system's operations are more accurate.

d. Storage: Computer systems can store far more information and data than manual methods, which are confined to only a few limited items.

e. Reliability: The reliability of a computer system is much higher than that of a manual system because the manual system is prone to numerous restrictions and faults, but the computer system's findings are much more accurate and effective.