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COURSE OPTION: B.SC. AGRIBUSINESS MANAGMENT

COURSE CODE: ACC 101 - INTRODUCTION TO BASIC ACCOUNTING

LEVEL: 100

**Question: Differentiate between manual accounting system and computerized accounting system**

**Answer:**

**Manual Accounting:**

1. Financial statements are prepared on the basis of trial balance.
2. Adjustments are made in order to balance the expenses incurred and the revenue generated in the accounting period. Hence, entries are passed for errors and rectification
3. Books are closed at the end of accounting period by posting of closing and reversing journal entries.
4. After the preparation of ledger accounts, balances of various accounts are known and hence a trial balance is prepared in order to summaries the data.

**Computerized Accounting:**

1. The generation of financial statements is independent of trial balance because such statements are directly processed using the originally stored data.
2. Need not pass manual entries for errors and rectification. Computerized vouchers are prepared and stored that follow the principle of cost matching revenue.
3. Opening and closing account balances are stored in databases.
4. Need not generate ledger accounts to produce trial balance. The data in each transaction is processed to show the balance report automatically.