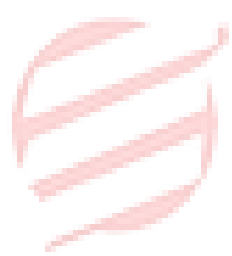


ACCOUNTING PACKAGES USED IN AUSTRALIA



EssayCorp **5** years
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History and Development:

Even a decade ago, the demand and use of cloud based accounting software was negligible in Australia. Dependence on traditional way of accounting was quite high among business firms. Manual accounting entries with the use of pen and paper was a common scenario in Australia during the 1980s. However, introduction of several accounting software and spreadsheets had changed the system of accounting function in the country during 1990s. However, Brender and Markov (2013) mentioned that the major limitation of conventional accounting software is that the same cannot be connected to the internet and is also subject to installation on the computer system. Introduction of cloud based accounting software in Australia during late 1990's like Xero, Quick books and others has brought about an evolution in the accounting functions of the business firms. The cloud based software are easy to use, internet based and integrated in nature. These have contributed to the growing popularity of accounting software packages in the country.

In the view of Christauskas and Miseviciene (2012), cloud based accounting software packages has become more than a simple accounting package to a business management tool. The main challenge faced by the business enterprises during the 1990's was lack of integration as the different elements of accounting functions were not able to interact with each other. Even, there was lack of coordination among sales, purchase and inventory management. On the other hand, with the increased complexities in regulations, even non-accounting disciplines felt the necessity to evolve beyond simple excel sheets. This led to the creation of specialized modules like taxation, compliance functions, secretarial functions and payroll. However, these functions were required to be integrated with the back office functions.

The concept of cloud accounting is not a new concept in Australia however there was a lack of implementation of cloud based accounting software even five years back. This was mainly due to the problems faced by traditional accountants in using cloud based accounting software. However, situation have changed in Australia at present with the demand for cloud based accounting software getting wide popularity among business firms in Australia.

Services and Features:

The limitations of the traditional accounting system is overcome by the accounting software packages available in the market. MYOB, Xero, Quick books, Fresh books and Zoho books are some of the leading names in this regard. Here, it is important to note that due to immense market competition, the features and services offered by the current accounting software are almost similar. In this context, Cleary and Quinn (2016) mentioned that automation and integration of accounting functions are the two key benefits offered by accounting software packages. These two benefits further increase the competitive edge of the firms over the rivals.

The most popular features of accounting software packages are easy invoicing, fast bank reconciliation, accessibility through mobile based apps, faster inventory management, smart reports & dashboards, integrated payroll, expenses claiming and online bill payment. In addition, these accounting software also allow multi-currency transactions, online storing of files at one place, generating purchase orders & sales orders, filling of GST returns, creating business performance dashboards and fixed assets accounting. Here, it is important to note that these accounting software packages are mostly cloud based software which further allows multiple access to accounting information.

Market demand:

The demand for any product is determined by the users of the product in the market. In this context, Marand *et al.* (2013) mentioned that market demand for cloud based accounting software has been increasing rapidly in Australia among both SMEs and large scale organizations. The increasing demand for the cloud based accounting software can be attributed to the automation facilities offered by such software. On the other hand, Özdemir and Elitaş (2015) stated that cloud based accounting software are not required to be installed on computers and can be used from any device having internet connection. These features of cloud based accounting software is also contributing to the rising demand for the software in the market.

On the other hand, it is seen that the accounting software package market in Australia is dominated by software like Xero, Zoho books, Quick books and MYOB. There is a stiff competition among these software as almost similar features are offered by these software package. The competition is mainly based on price. This requires companies to select a software

package based on own scale of operations, business nature and banking requirements. However, the popularity of accounting software packages seems to be more in case of small and medium scale organizations compared to large organizations. Large scale organizations like Coles, Woolworths and others prefer to perform accounting functions in the conventional way backed by advanced technologies. The future demand of accounting software is also expected to rise in Australia because of increasing GDP and rising number of small & medium scale firms in the industry.

Challenges of accounting:

Cost

Implementation of accounting software packages is not so easy. As mentioned by Pendley (2015), in addition to the cost of accounting software a firm is required to have minimum standards of system use in terms of processor speed, RAM and hard drive memory. Creation of back-up data and technical support in relation to the use of the software also consumes additional costs. Furthermore, subscriptions or monthly rental for most of the software are mainly based on the add-on features and number of users allowed by the software. This further increases the cost of accounting software packages. This often becomes challenging for small scale firms to bear such cost of accounting packages.

Difficulty in use:

The problem with cloud based accounting software is that these are not based on conventional system and have own designing. Staffs accustomed to traditional accounting methods are more likely to face difficulties in using the software. This requires firms to arrange for additional training facility for the staffs to use the accounting software. In fact, chances of committing errors is quite high during the initial phase of the implementation.

Time

Initially, the processing time for creating invoices and expenses in the software would take more time as compared to simply recording the same in an excel sheet or a ledger. However, the speed of accounting goes up with the progress of time when the staffs becomes habituated to the use of accounting software. In this context, Marand *et al.* (2013) mentioned that implementation of accounting software can lead to temporary slow-down of business operations.

Threat from cybercrimes:

A major problem associated with the cloud based accounting software is that the same is based on internet. This raises the risk of cybercrimes. The bank account of the business is also linked to cloud based accounting software which allows the owner to access to the software or bank account from any place. However, this increases the chances of cybercrimes like phishing, malware and others. Confidentiality of business information might be at risk.

Recommendations and Suggestions:

The following recommendations have been developed for better implementation of cloud based accounting software among business firms:

Training sessions:

It is advisable for the business firms to arrange prior training sessions to make such staffs equip with technical skills to use cloud based accounting software. Here, it is important to train staffs to both feed input data into the software and use various components of the software.

Installation of anti-virus software:

It is recommended for the business firms to buy and implement anti-virus software on computer to reduce the risk of cybercrimes as a result of online nature of accounting software. This could make the entire accounting system more secured and free from the risk of loss of confidentiality.

Cost optimization:

The price associated with the purchase and use of cloud based accounting software can be compensated by firms by focusing on cost reduction and cost control. It is advisable for business firms to identify non-value adding business activities and eliminate the same to reduce resource wastage.

Conclusion:

The study highlighted the historic evolution of accounting software packages in Australia. It was found that the use of cloud based accounting software has mainly increased among the small and medium scale business enterprises in Australia as the same offers integration of accounting functions. On the other hand, the study revealed that real time inventory management, invoicing,

online banking transactions and integrated payroll are some of the leading features of cloud based accounting software. However, it is suggested for the business firms to arrange for necessary training sessions and anti-virus software prior to implementation of cloud based accounting software. This can ensure smooth implementation and application of cloud based software.



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