

## **Emerging trends in accounting**

### **Digital formation of Accounting:**

Digital accounting refers to **the formation, representation and transmission of financial data in an electronic format**. Computers and accounting software have transformed the financial industry.

Digital accounting refers to the formation, representation and transmission of financial data in an electronic format. Computers and accounting software have transformed the financial industry. Technology advancements have enhanced the accountant's ability to interpret and report data faster, more efficiently and more effectively than ever before.

The greatest benefits of the digital age to productivity can be organized into four main categories. They are E-Business, Cloud Computing, Enterprise Resource Planning (ERP) Systems and Digital Technology Advancements.

### **Big data analytics in accounting:**

Big Data accounting and finance is a collection of vast sets of unstructured data stored in various forms gathered from different sources. It comes in at such a fast rate that a traditional server cannot process it and is usually measured in terabytes and zettabytes. Big data in accounting and data science enables accountants to identify issues with real-time access to the data so that businesses can make decisions based on hard evidence and facts instead of uncertain assumptions. This is what has made understanding big data analytics in accounting meaning for accounting and finance professionals a must today. The Journal of big data and accounting data science journals are key tools in understanding the realm of data science and data analytics.

## **Impact of Big Data on Accounting and Data Science**

The rapid growth of technology and high-volume data generation is changing how industries and businesses operate. Traditionally, humans examined and analyzed numbers, and decisions were made based on conclusions drawn from calculated risks and trends. Here is how big data has transformed accounting and data science:

### **1. Real-Time Access to Data**

Earlier, manual data recording methods limited the visibility of data. It used to be challenging to complete the tasks every month before the books were closed. Today, you have real-time access to the accounting data, which helps you instantly correct errors in reports, escalate efficiency, and save both time and money.

### **2. Applying Data Analytics to Big Data**

Big data comes in a large volume of unstructured data that must be organized. Applying data analytics to big data in accounting helps businesses gain significant insights, predict future possibilities, and automate financial tasks. For an accountant to be a big data expert, they must learn technical and analytical skills to manage statistics and examine large data sets with data mining accounting.

### **3. Data Analytics and Audit**

The change in data auditing is one of the best examples of big data in accounting. Today, auditing is so much more than big data analysis in accounting of the income statement and balance sheet. Auditors might have had to manually go through big files to track risks in the past. However, the rise of technology and big data in accounting has revolutionized how auditing is done..

#### **4. Better Risk Management**

Today, it is crucial for big firms to regularly identify risks and their effects on the business. Risks in financial services are mostly related to mergers and acquisitions, frauds, supply-chain risks, etc. With the introduction of big data in accounting, you can significantly improve risk.

#### **5. Improved Insights**

Big data analytics in accounting allows for the collection and analysis of vast amounts of financial data from various sources. This enables accountants to gain deeper insights into a company's financial performance. They can identify trends, patterns, and anomalies that might go unnoticed with traditional methods.

#### **6. Predictive Modeling**

Big data enables the development of predictive models that can forecast future financial outcomes with greater accuracy. By analyzing historical data and external factors, accountants can create models that predict cash flow, revenue, and expenses. This helps in provide measures.

#### **7. Fraud Detection and Prevention**

Big data analytics is a powerful tool in detecting and preventing financial fraud. By monitoring large volumes of financial transactions in real time, anomalies or suspicious patterns can be quickly identified. This proactive approach helps in fraud prevention rather than merely reacting after an incident. It safeguards a company's assets and reputation, reducing the financial impact of fraudulent activities.

#### **8. Compliance and Regulatory Reporting**

Big data analytics assists in ensuring compliance with complex financial regulations. By continuously monitoring and analyzing financial data, accountants can identify discrepancies and ensure that the company's financial reporting aligns with regulatory standards. This minimizes the risk of penalties and legal issues. active financial planning and risk management. For instance, companies can better anticipate periods of financial stress and take preventive measures.

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### **Cloud computing Accounting:**

Cloud accounting uses [accounting software](#) hosted on a safe remote server. Small business teams can store and access accounting systems, reports, and financial documents from the company computer and anywhere you have an internet connection.

Cloud accounting is a system that allows multi-user access and safe online or remote server storage. Your users send all your data to cloud providers where the same data is processed and safely stored, and returned. Cloud technology allows business processes to be streamlined and tailored to company growth.

# Benefits of Cloud Accounting Software

## 1. Access Your Finances Anytime from Anywhere

With a cloud-based software program, you can access your financial data anytime, anywhere. You don't need to worry about wasting time with downloads and updates that come with regular software because the cloud is hosted remotely. A software provider can even offer a [mobile app](#), making it easier to access your numbers while you're on the go. This system can give you the flexibility not to sit in your office to access your accounts or check on your cash flow.

## 2. Get an Up-To-Date View of Your Business

You can get a completely up-to-date view of your current financial situation when your data lives on the cloud. This will help you make informed decisions about the financial future of your business. If you were using a traditional method of accounting, you would have to scroll through pages of information only to get accounting data reports. You can now meet the demands of a fast-growing business by accessing real-time financial data when needed.

## 3. Save Time with Automation

With most [cloud-based accounting programs](#), you can automate your workflow to save time. For example, you can enter your vendor information and set up a workflow that automatically pays that vendor on the same due date every month. You can also automate sending out invoices to your recurring customers.

## 4. Make Collaboration Easier

Using a cloud-based accounting program makes it easier for you to collaborate with your accountant. The cloud makes it easier to generate reports that your accountant might need from you. You can also give your accountant access to the software, so they can access your numbers anytime they need to. With an online accounting program, you also have control over how much access to financial information can give to an employee. For example, if you have any employee processing payroll, you can give them access just to payroll without them being able to access bank accounts or financial information.

## 5. Improve the Accuracy of Your Accounting

There are lower risks of accounting errors with cloud-based accounting systems because all the relevant financial information is entered in the same place. If you're entering expenses and income regularly and categorizing transactions, you can pull up an accurate report at any time.

You don't need to know different accounting practices, formulas, or shortcuts as you would if you used an excel sheet.

## 6. No Installation Required

Cloud-based accounting software is hosted online, so you don't need to buy a program to install it on your computer..

## 7. Access to Tech Support

A major benefit of using cloud-based accounting software is access to [tech support](#).

You can access tech support via telephone or chat and get instant access to technical professionals available to help you with any issues you might have with the cloud-based software. This can save your company time and money by not having to employ an in-house IT representative to deal with the software.

## 8. Go Paperless and Declutter Your Office

When handling your finances, your paperwork can add up and become quite challenging.

Filing through expenses, receipts, and invoices can be quite arduous. With a cloud-based accounting software program, you can immediately import the data from your paperwork into the cloud. Moving this data into the software will give you an easier real-time view of your finances without flipping through papers.

## 5 Best Cloud Accounting Software

- FreshBooks
- NetSuite ERP
- QuickBooks Online
- Zoho Books

- Bonsai

### **Accounting with drones:**

How accountant use Drone technology to achieve their task depends on the sectors or schedule of activities. In addition, drones are unmanned aerial vehicles (UAVs) that can fly remotely. The global drone market predicts to increase from \$26.3 billion in 2021 to \$41.3 billion by 2026. Also, in 2020, both US and the UK used drones to deliver drugs during the COVID-19 pandemic (Appelbaum et al., 2020).

Drone technology has proven helpful in war zones and intelligence gathering and also in a civilian role, such as:

- Accounting and Auditing Profession,
- Search And Rescue,
- Traffic Monitoring,
- Videography,
- Surveillance,
- Delivery Services,
- Weather Monitoring,
- Drone-Based Photography,
- Firefighting, Agriculture,
- Personal Use.
- [Land surveying](#)

### **Companies that have used drone in their workplace and in others area of operations.**

- It was recorded that PwC completed its first stock count audit using drone technology. With the assistance of a drone, they were able to capture images at a coal reserve in South Wales and used them to measure the volume of the coal, based on the measurement of volume.
- Amazon and Google are already testing ways to deliver packages with drones.
- Facebook has started using drones to provide internet connections in remote locations.
- [Basin Electric's](#) utilization of drones has enhanced efficiency and safety while concurrently reducing costs.
- Furthermore, Ford Motor Company filed a patent to start the [use of drones for dead bateries](#). The patent was filed on 3<sup>rd</sup> February, 2017 and circulated on March 8th, 2022, and assigned serial number 11271420.

### **Forensic accounting**

Forensic accounting is the branch of accounting that deals with the detection and prevention of financial crimes. As a forensic accountant, you'll use your competencies in accounting, auditing, and investigative techniques to detect and analyze cases of fraud and other financial crimes.

Forensic accountants investigate fraud, embezzlement, and other white-collar crimes. As businesses become more complex, so will their financial investigations; oftentimes, forensic accountants will be asked to present accounting analysis and evidence in a trial or business-related issues. You might end up working in one or several of these areas during your career as a forensic accountant:

- **Business economic losses and bankruptcy:** You'll collaborate with businesses, creditors, and bankruptcy trustees to investigate possible fraud or mismanagement of assets in business bankruptcies or other situations involving economic losses.
- **Family and marital disputes:** You'll liaise with attorneys and clients to investigate cases of possible fraud or misappropriation of assets in divorce or other family disputes.

- **Hidden or misappropriated assets:** As a forensic accountant, you may look for assets that have been transferred or concealed by an individual or business.
- **Insurance claims:** You'll investigate the claims to determine their validity.
- **Money laundering:** If you identify a financial crime, you may pass on details to the FBI and other law enforcement agencies to investigate. You may also work with them as a local partner.
- **Securities fraud:** You'll follow the regulations of the Securities and Exchange Commission (SEC) and Finance Industry Regulatory Authority (FINRA) to investigate cases of possible securities fraud.
- **Tax fraud:** You'll work with the IRS and local government to investigate cases of possible tax fraud.

## Forensic accounting audit procedures

An organization's financial statements provide an overview of its financial health. However, these statements may uncover only some of the story. In these cases, a forensic accountant may perform an investigation. Here is the typical process of a forensic accounting audit:

### 1. Investigation

The first step in a forensic accounting investigation is to gather all relevant information. This includes financial statements, tax returns, bank records, and any other documents that could provide information. Once you have all the needed data, it is time to start investigating the numbers. The goal of this phase is for you to identify any irregularities that could indicate fraud or wrongdoing.

### 2. Reporting

Once the investigation is complete, you'll report your findings to the client. Depending on the nature of the case, you may share these findings with law enforcement or other regulatory agencies.

### 3. Litigation

In some cases, the findings of a forensic accounting investigation can lead to litigation. In such cases, you may be asked to provide expert testimony or support during the trial.

## Accounting for planet creating Accounting:

Creative accounting is an [accounting](#) practice that helps the company deviate from the profits and revenues for the year by following rules and regulations. It is a skill that experts use to manipulate the company accounts. The experts best handle the loopholes in the system through **creative accounting solutions**, and the method should be ethical; otherwise, it can be a severe problem for the company's management.

The most important thing here is that investors should be cautious while choosing investment companies. They should know the financial arrangements, which are possibly done by understanding the notes to the accounts. The management should ask about any suspicious item, and if the management cannot answer the query, the investor should not invest their money in these bogus companies.

## Methods

### 1 – Wrong Estimation of Inventory in Stores

Some companies' management does this type of practice to overstate the inventories' valuation. They use **creative accounting solutions** to show that their [cost of goods sold](#) is understood and thus tries to show the increased profits their company will earn this year.

### 2 – Failures to Make Proper Contingent Liabilities

It is a very technical method of creative accounting. The [contingent liabilities](#) are not shown properly in the notes to accounts; thus, it will give the impression that the company is not having any liability and thus is free from that.

### **3 – Booking Less Expense**

To show lower expenses, the company sometimes makes client payments by cash or an outdated cheque. It helps the management book the lower expenses per year, and their books of accounts will depict the fewer [expenses](#) figure, which may attract some investors.

### **4 – Willfully Attempting to Manipulate Depreciation Figures and Methods**

Many companies use this technique to make a good impression on their investors. The depreciation calculation method is sometimes changed by simply giving a disclaimer. No estimation increases the lifespan of the assets. The management attempts to set an arbitrary life span, usually more than expected. It thus can have a less depreciation calculated on the above and corresponding to that increases the [salvage value of the assets](#) company's assets. Although depreciation is cashless, the calculation of the same greatly impacts the company's finances.

### **5 – Lowering Personal Liabilities of the Company**

A company does not usually tend to show its liability, so it is also a great creative accounting technique.

### **6 – Manipulating Revenues and Sales Figures**

It is a very basic thing most companies are doing. Sometimes they lower the [sales revenue](#) in their books to get rid of taxes, and sometimes they increase the sales figure with some arbitrary transaction to show the company's revenue to encourage their investors.

## **Out sourced Accounting:**

Accounting outsourcing refers to the practice of hiring external accounting professionals or firms to handle specific accounting functions or the entire accounting process on behalf of a business. It involves delegating financial tasks and responsibilities to a specialized team outside of the organization, allowing the business to focus on core activities and strategic initiatives.

Here are the things done when working with an [accounting firm in UAE](#) to which the business is planning to outsource their accounting needs:

1. Assessment- Understand what all [accounting services](#) do the business requires
2. Select the correct accounting firm- Finalize on an accounting firm after looking at your requirements.
3. Clarify on the services required- Let the accounting firm know about your business requirements.
4. Provide the relevant information- Give the accountants to whom you are outsourcing the required Information and data so that they can start
5. Execution of the accounting tasks- The accounting firm will start executing the accounting tasks for your business
6. Quality check and review meetings- Have meetings with the accounting firm to discuss quality and provide suggestions. This can be beneficial for both the parties.

## **Predictive Accounting:**

Predictive accounting predicts future revenue and cost on the sales processes in the universal journal when a sales order is created before any accounting documents posted from the subsequent processes.

Predictive accounting enables you to take the most up-to-date data from areas in S/4HANA outside of Finance, such as Sales; other integrated products, such as SAP Concur; or external systems, and use it to predict future results at any time. You then have a better understanding of what your accounting results, at the end of the current period or quarter, might look like, and why.