



## **Role of artificial intelligence in accounting system**

**Mohd Shoeb**

Assistant Professor Department of Commerce, Akir Husain Delhi College (Eve.) University of Delhi, Delhi, India

### **Abstract**

Artificial Intelligence is now one of the most important Technologies in the world in almost every field. This study try to emphasis the pivotal role of artificial Intelligence in accounting and its systems to compare the impact on the accounting system before and after its implementation.

Accounting tasks involve a wide range of structured, semi-structured and unstructured decisions. This study indicates an impact on various factors that improve productivity and accuracy.

In totality, it indicates that AI systems are found to allow the user substantial control of search for solutions of the problems in accounting and take decisions on whether to follow AI systems, increased access to top management, and a decrease for supervision.

This study analyses the relative impact of AI on two different types of accounting work: Taxation and Auditing. The results in Dicate an impact on factors that ultimately improve productivity.

Artificial intelligence allows the user the ability to solve various problems, while allowing the user the ability to perform more work. The comparison of taxation and Auditing AI systems indicates that audit systems seem to allow for greater control over search. Taxation seems to allow more work to be done without supervision, make more decisions immediately, and allow the user to make a more decisions.

**Keywords:** artificial intelligence, accounting, taxation, auditing, decisions, productivity, automation.

### **Introduction**

In recent years, the pace in the development of artificial intelligence technology has attracted worldwide attention. With the rapid development of Artificial intelligence, you will find that artificial intelligence has its effect on almost every area of the world, from a simple change of human resource to gradually affect people's day to day life. According to a survey, most jobs will be handled to machines in the next 25 years including all manufacturing production, sales and accounting. Therefore, basic accounting practitioners are one of the stakeholders that will be affected mostly by artificial intelligence.

### **The evolution and principle of artificial intelligence**

"Artificial intelligence" was first noticed up at D art mouth seminar in 1956. Since then, researchers have developed many theories and principles, and the concept of Artificial intelligence has also been spread out. Artificial intelligence, in essence, is a simulation of the process of thinking and information obtaining. Human thinking simulation can be carried out in two ways. First, structural simulation can imitate the structural mechanism of the human brain and create a "brain-like" machine. The second one is called functional simulation, which will temporarily leaves out the internal structure of the human brain and simulates from its functional process. The modern electronic computer is a simulation of the brain's thinking function and the information process.

### **The effect of artificial intelligence on the accounting stakeholders**

In the era of artificial intelligence, orthodox accounting people will leave a few more complicated tasks to the

accounting software to complete, this will greatly improve the productive efficiency, reduces the errors, improve the competitiveness of the enterprises, this will also be conducive to promote the transformation of the accounting industry.

### **Avoid financial Embezzlements and losses**

In traditional accounting positions, incompatible positions are not actually separated, especially in small and medium-sized enterprises, financial personnel will have access in both cash flow and the bookkeeping, so there will be disorder accounts in financial accounting, and of course financial fraud, self-serving criminals are given the opportunity to benefit themselves. The management level has the authority over the internal control, which will cause harm to the relevant interests parties like shareholders and this situation is not conducive to the long-term development of the enterprise. However, in the environment of artificial intelligence, a large amount of accounting and other work will be handed over to the computer to complete; accounting personnel only need to review it. At the end of the period, the system will settle the bill automatically and carry out the trial balance. In the accounting system, each accounting personnel has its own corresponding privileges, and has different accounts and passwords, a clear separation of responsibilities, so to a certain extent, this will reduce the possibilities of financial fraud. Accounting system, however, this still cannot solve the financial fraud from happening in the source, because any system have to be controlled by people, eventually the settings of permissions is done through people, so by using accounting system cannot put an end to the management above the internal control.

### **Improve the quality of accounting data and information**

In the orthodox and old practices of accounting position, from the making of accounting vouchers, the registration of accounting books, to the formation of financial statements, the accounting people will have to check all these procedures. But, on the one hand, it took a lot of human resources, material resources and financial resources, the efficiency is quite low, tasks won't be finished on scheduled, even though it will be finished on time, it will be the result of overtime working; On the other hand, as a result of excess hours of work, it is hard to avoid delays and mistakes, resulting in the distortion of accounting information. When an enterprise uses accounting software to do accounting, on the one hand, all financial procedures can be completed in time, which improves the efficiency of the work. Financial personnel only need to do the audit in the accounting system. On the other hand, by using the accounting software, accounting personnel only need to input data, then leave the process to the computer to complete, although there could also be errors when the accounting personnel try to input the financial data, but when you have a wrong data entry, the accounting software system will automatically report the error, which will greatly reduce the working error, improve the quality of accounting information.

### **Promote the change in old accounting and audit standards**

In the previous accounting profession, the job profile of accounting people are divided according to the business process, but under the modes of artificial intelligence, AI will take the place of old accounting and auditing work, improving the work efficiency greatly, changing the method of separation of traditional accounting and auditing work, this will help accounting people to improve their own work quality and ability. This will also optimize the setting of accounting positions, optimize the structure layout, and change the old financial and practical working methods. At the same time, the artificial intelligence may appear new problems in the accounting industry, so that the targeted solutions can be brought up. As the application of artificial intelligence in the accounting industry becomes more and more extensive, the traditional accounting posts do not need so many employees, which is an obvious change. The history of computerized accounting in our country begins as early as the 1980s, so far, it has been commercialized, used by all kinds of accounting entities, forcing those originally simple accounting records and accounting work replaced by artificial intelligence, accordingly, most positions of accounting personnel are no longer needed.

### **The effect of artificial intelligence on accountants**

With the help of artificial intelligence in all accounting processes, intelligent decision making, and accounting service, accounting basic work flow will be more professional on one hand, on the other hand, a large number of procedural accounting work will be replaced by accounting information system, which leads to the transformation of the accounting people, from the procedure, duplication of accounting work, to more valuable and more professional judgment, based on large data analysis and data mining such as accounting management. With the increase of information and personnel costs, coupled with the rise of large data, such as

financial shared services center, it is very likely to reduce the number of accounting people; maybe most of the basic accounting people will face a similar fate with endangered reptiles. With the continuous development in science and technology, artificial intelligence is gradually replacing some part of the accounting people; the enterprises will gradually reduce the demand for accounting people in the accounting department, making the accounting people face the crisis of retrenchment.

In fact, accounting people don't have to panic, as long as you are no longer using the old means of working, and willing to be a so-called "machine or robot accountants", then, transforming to the computerized accounting for most accountants is actually good news. The so-called "robot accountant" refers to professional financial people who use advanced technology to perform time-consuming, redundant and duplication of data entry tasks and interact with such automation technology. While using these robotic technologies, they will also help enterprises make business decisions based on their own experiences. Technology alone cannot change the future.

The key is how people can make good use of advanced technology to make it more valuable in a long-term. As automation begins to replace accounting tools of the previous, the task of accountants will no longer be to just transcribe data, but to interpret it and pass it on to customers. In this new era, accountants should no longer be people who can only use tools, but should be an important part of providing customers with solutions.

This paper further analyzes the irreplaceability of accountants from the two main branches of accounting system: financial accounting and management accounting. This research study further analyzes the irreplaceability of accountants from the two main branches of accounting system: financial accounting and management accounting.

### **Financial accounting**

Firstly, liabilities: The accounting standards for companies—Accounting standards "(2006) article 23 gives the definition of debt: liabilities are formed by the past transactions or events of an company or firm, it is expected to lead to the economic benefits from the present obligations of the company. Record a number as a liability, you need to determine whether it meet the definition of liabilities first, the financial and accounting people will have to use professional knowledge and experience to judge the firm, and also has to assume the obligation under the current conditions, the analysis for the foreseeable future will lead to economic benefits from the enterprise and can prove that the amount produced by past transactions. In addition, the definition of debt needs to meet two conditions at the same time: with the obligations related economic interests are likely to flow out; the amount of future outflow of economic benefits can be measured reliably and accurately. That is standing under the current management status of future outflow of economic forecasting, also, accounting people will get data from the subjective consciousness to measure of the possibility of occurring events, their awareness of and sensitivity to changes in economic environment will determine whether or not the estimate was accurate and reliable, it will eventually affect the results of the firm's financial report. Machine can't do the work completely independently, because it can't perceive the changes in the firm internally and externally, it only can

carry on the digital Numbers which will be used to express liabilities, centralized data more quickly. Company will restructure a plan, for example, if the estimated cost of restructuring obligations cannot be calculated on time, this will hide the debt of the company, also generate effect on the company's future financial activities.

Secondly, selection of accounting forecasts: Accounting forecasts or estimates refers to the judgment made by an firm on transactions or events with uncertain results on the basis of recently used information. Accounting forecast is due to the financial people to obtain information from a possible or changing environment, some transactions and events cannot be decided immediately environmental uncertainty, some accounting estimate will be changed as the change of environment, so it can provide more reliable accounting information.

Accounting standards stipulate that enterprises should adopt future applicable law to deal with changes in accounting estimates. For example, when an enterprise initially withdraws the bad debt provision with 8% of the balance of accounts receivable, it should increase the proportion of the bad debt provision and reduce the profit when customers have serious cash flow shortage. The risks to shareholders and investors are not fully and objectively demonstrated if the company does not report the increased bad debt provision. The current formula of artificial intelligence can only performed by using certain set of calculus, it will need accounting personnel to make decisions according to the change of external environment, it also illustrates the accounting personnel to participate in the decision-making of the enterprise.

From two aspects of the above liabilities and accounting estimates, financial accounting from the accounting to finally provide the financial reporting process is not simply to fill in with the operation, but it needs accounting personnel to use their professional knowledge and working experience, combined with the accounting standards and relevant laws and regulations, to provide true and fair financial information to users. Artificial intelligence will be troublesome facilitation and collection of data process, and provide technical support for data analysis process, making accounting personnel repetition a boring job, but when comes to responding to the environment, the final decision will still be made by accounting personnel.

### **Management accounting**

First, participate in business Estimation: Management accounting, according to the past and the present market environment, the related theory and the mathematical model of the future business activities of the company level will change direction based on forecast and estimates, for business decision-making. In management accounting of sales forecasting, for example, combined forecast during various external environment present situations and future development trends, combining qualitative analysis with quantitative analysis, analysis of consumers' psychological change and the change of market share, etc. As the market develops under the influence of various factors, management accounting needs to modify the initial prediction results to ensure that the predicted results are as good as possible in real conditions.

Second, participate in economic decision-making: When we plan the future business activities of company, there will be many alternatives. Management accounting requires

rational analysis, comparing the advantages and disadvantages of the alternatives, and selecting the best ones. When making product features cost decision, for example, compare the features of the product and cost, calculated value, improve the production technology or try to reduce the cost, in order to achieve the target cost of the company. Artificial intelligence cannot understand the correlation between production and operation activities through logic, induction and reasoning like human beings, so it cannot take the place of financial personnel to participate in economic decision-making process. Three, participate in performance appraisal and evaluation: When a company grows to a certain scale, its ownership and management rights will belong to shareholders and managers respectively, and there is a principal-agent relationship. In order to evaluate whether managers to maximize shareholders' wealth as their goal, not to seek vested interests, to manage the accounting for management performance assessment and evaluation as an important part of internal control study. At this point, management accounting can use accounting robotics to build models, simulate the environment to find out uncontrollable factors, more efficient and accurate. Most of the management activities of enterprises cannot be separated from the participation of management accounting, from budgeting, decision-making to the final assessment and evaluation of managers' performance. Artificial intelligence can provide information, build models and simulate the future environment to help management accounting accomplish tasks, but it cannot completely replace management accounting to make management decisions.

### **Accountants face the effect of artificial intelligence**

Since artificial intelligence cannot completely replace accounting, accountants should also actively respond to the impact of artificial intelligence. Therefore, accountants should keep learning in order to improve their professional skills, and at the same time, get involved in management, so as to make themselves a management, intelligent accountant.

First, professional skills. That is, the ability of accounting, financial statements and taxation to handle all aspects is the most important thing of many skills of accountants. As an accountant, if your professional skills are not solid, professional quality is not qualified; this is a problem.

Therefore, accountants should keep learning and improving their abilities.

Second, management skills. That is to learn how to manage your team and lay a good foundation for future improvement. Mastering management skills may not have much impact on accountants in the short term, but accountants will realize its importance when they take on positions of financial manager or higher positions. Third, IT skills. Cloud computing is the benchmark of the current era of big data. The importance of technology has been reflected in the past accounting, the present paperless office and the computerized accounting. Therefore, in addition to some simple computer operations, accountants must have command in certain computer programming techniques to enhance their own data processing skills. Fourth, analytical reasoning. That is, the ability to read through statements and control risks easily. Accountants can analyze a lot of financial information through the accounting statements.

Therefore, it is very important to analyze and evaluate risks reasonably and accurately.

Fifth, Decision-making skills, the ability to evaluate the quality of a project and improve the decision-making ability quickly. During accounting, financial people need to be responsible for financial management, base on the economic environment to determine the condition of the competition, coupled with its own finances, provides reference for enterprises short-term and long-term project decisions and opinions. Sixth, the ability to forecast, which is, the cost of overall planning, easy to deal with fiscal and tax capacity. Checking the cost, provide valuable advice to reduce the cost of enterprises, and predict the future economic trend and risk degree of company. Seventh, Ability to think. It is necessary to summarize and improve the ability to think about the new things. For example, think about how to avoid tax for the firm, how to improve the utilization of funds and so on. This will allow managers to see your add on value to the business.

Accounting information will bring great changes to the internal management and external survival and development of company. In order to adapt to the development of artificial intelligence, the transformation from finance and accounting work to management and accounting work must be completed by cultivating the talents of compound finance and accounting. Accounting talents should be familiar with accounting theory and practice, is good at IT, at the same time should also be proficient in capital operation, internal control, management, accounting, tax, finance, insurance and other related to accounting in the field of one or more professional knowledge and practical operation, the work involved in all aspects of the strong strain and disposal ability, can in the field of accounting control as the center of a wide range. In general, the basic accounting people and the entire accounting industry should take the following steps in the future:

First, to adapt the changes of the accounting work situation and realize the transformation from traditional accounting to management accounting: The age of artificial intelligence, robot can efficiently and accurately provide a large number of financial data, which requires the accounting staff acquires professional financial analysis skills, extracted from huge amounts of data are worth to the company's future development of the financial information. Therefore, accountants should change their thinking method actively, abandon the accounting function of traditional accounting, and make a good forecast of the current and future economic prospects of enterprises. Cultivate the ability of management analysis, strengthen the awareness of enterprise management, actively engage in economic activities, achieve management functions, and provide valuable Suggestions and decisions for enterprises.

Second, to adapt the development of science and technology, and find their own value and work target positioning: With the rapid development of artificial intelligence, the need of the accounting industry for interdisciplinary talents has been greatly increased. As accounting people, one should not only know how to use artificial intelligence, but also have to acquire corresponding financial data analysis ability, and master relevant skills of the business, making big data combined

With artificial intelligence and the actual work. As an accounting personnel, therefore, to actively to the development of management accounting and artificial intelligence, improve their professional quality, promote management performance, overall planning and professional ability, improve their strain ability in practical work. Third, to adapt the development of information and master computer and artificial intelligence skills: The application of artificial intelligence will make the work of accountants more valuable, rather than stay in the simple accounting work. Accountants should have the skills to quickly learn and accept new knowledge, and make full use of artificial intelligence. They should understand that the development of science and technology is inevitable. The use of robotics is not only beneficial to the development of the accounting profession, accounting industry in the process of development also need the help of artificial intelligence, so as the accounting personnel shall actively adapt to the new change, change their own knowledge framework and thinking mode.

### Conclusion

The inclusion of artificial intelligence is the result of social and economic development. Artificial intelligence has changed the old way of accounting, but it will not put an end of artificial accounting. The emergence of artificial intelligence is an opportunity, not a challenge, for the accounting industry and accountants. The emergence of artificial intelligence has caused some accountants to lose their jobs to some extent, but in the long run, it will not replace accountants. Which requires the accounting people to have a positive view on artificial intelligence, to continuously improve their comprehensive skills, make their efforts to improve their comprehensive ability, to make changes from traditional accounting people to a management type, high-end accounting personnel? Accountants should actively adapt to the development of this society, constantly innovate, change themselves, constantly update their knowledge, and become an irreplaceable high-quality accountant.

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