

Blockchain Accounting

What is Blockchain Accounting?

The field of accounting is one that is continuously faced with the challenge of keeping up to date with financial trends as they emerge. Blockchain being the new buzz word in virtually every industry – banking, investing, healthcare, education, insurance, real estate, government, travel, etc. It is inevitable that the same is not used in accounting. Blockchain itself can be seen as a technology based accountancy.



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How Blockchain accounting technology will impact?

Blockchain technology has the potential to impact all recordkeeping processes, including the way transactions are initiated, processed, authorized, recorded, and reported. The records are entered into and stored in a shared ledger, which is generally made accessible to all concerned parties. In this case, the accountant, regulators, auditors, and clients would each possess an identical copy of the ledger on real time basis. Each client would have access only to the relevant portion of the ledger that contains their own records. The manual processes would be minimised to great extent.

Each record in the Blockchain is encrypted, automatically dated and time stamped and due to which it would not be possible to amend/modify the records.

Benefits of Blockchain Accounting

Blockchain accounting reduces human interference to certain extent and as processes are automatized, this helps in:

- a) Improving Efficiency
- b) Reduce Errors
- c) Easier Reconciliation
- d) Reduce Fraud
- e) Improve Regulatory Compliance
- f) Time-efficient Auditing

Blockchain will help in fair valuation of the tangible as well as intangible assets. **Blockchain will give a powerful way to share and access documents and transaction value.**

Impact on CA Profession

Blockchain will significantly impact the traditional accounting approach, the task responsibilities of accountants largely remain intact. The accountant's role will change, but it will not be eliminated. Information must still be interpreted and categorized correctly before it is entered into the Blockchain. It will be the accountant's prime responsibility to ensure its implementation and maintain it. Accountants will not need to be engineers with detailed knowledge of how Blockchain works. But they will need to know how to implement it and advice to the client, its impact on their businesses.

Audits can be far more automated without having to pour through paper trail documents. Auditors will be able to verify key data underpinning financial statements, thus reducing both cost and time.

This can be the game changer in the global accounting profession and we professionals should be ready to adopt and cope it.

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