

ANSWERS

1. MULTIPLE CHOICE QUESTIONS

1. (3) **Explanation:** The components of Computerised Accounting System (CAS) are as follows:
(i) Procedure (ii) Data (iii) People (iv) Hardware (v) Software
2. (2) **Explanation:** In the process of accounting, the business transactions are analysed first and then the process of recording (in Journal), posting (in Ledger), preparation of Trial Balance, preparation of financial statements is carried out.
3. (1) **Explanation:** As per the accounting equation, $\text{Assets} = \text{Liabilities} + \text{Capital} + (\text{Revenue} - \text{Expenses})$.
4. (2) **Explanation:** The term 'Chart of Accounts' means listing the heads of accounts to which Various transactions are to be debited or credited.
5. (4)
6. (4)
7. (2) **Explanation:** An effective CAS should be simple, integrated, fast, accurate and reliable. It should not be inaccessible, complex and obsolete.
8. (3)
9. (1) **Explanation:** Mnemonic codes consist of alphabets or abbreviations as symbols to codify information.
10. (3) **Explanation:** Cash sub-system deals with receipt and payment of cash by a business.
11. (1)
12. (1)
13. (2) **Explanation:** Generic or Ready-to-use softwares are appropriate for organisations which are small in size and where adaptability is high.
14. (1)
15. (4)
16. (3)
17. (2)
18. (1)
19. (4)
20. (4) **Explanation:** Transactions are processed as inputs, that are further processed through CAS to generate the following reports:
(i) Day book/Journal.
(ii) Ledger.
(iii) Trial Balance.
(iv) Balance Sheet.
(v) Statement of Profit & Loss.
21. (2)
22. (2)
23. (3) **Explanation:** Capital Work-in-Progress is reported under Assets (Non-current Assets).
24. (4) **Explanation:** Following are the steps in installation of CAS/Automation of accounting process:
(i) Planning.
(ii) Selecting appropriate Hardware and Software.
(iii) Chart of Accounts.
(iv) Grouping of Accounts.
(v) Generation of Reports.
25. (3)
26. (2)
27. (1)

2. SEQUENCE BASED MCQS

1. 4. **Explanation:** The correct sequence of accounting cycle is:
- C. Analysis of transactions.
 - A. Recording of transactions in Journal
 - D. Posting to Ledger.
 - E. Preparation of Trial Balance.
 - B. Preparation of Financial Statements.
2. 3.

3. MATCHING QUESTIONS

1. 4. **Explanation:**
- A. Transaction is a record of inflow and outflow of resources.
 - B. Accounting equation ensures equality of assets and liabilities.
 - C. Codification of accounts utilises hierarchy in accounts.
 - D. Encryption enables difficult interpretation of information.
2. 1. **Explanation:**
- [Hint: The item 'Number codes' in **List II** is not matched with any item in **List I**.]
3. 2.
4. 4. **Explanation:**
- A. Data Vault provides security through encryption of data/information.
 - B. Audit Trail is similar to Data Audit, which enables to know what changes have been made in the system and by whom.
 - C. Password is the key that allows access to the system.
 - D. Codification is the process that generates codes for accounts, which are the identification marks for those specific accounts.

4. COMBINATION WITH SINGLE ANSWER QUESTIONS

1. 2. **Explanation:** Balance Sheet is not a component/pillar of the CAS.
2. 4. **Explanation:** A, B and E are true for data.
- C—Data is processed and converted into information.
- D—Information helps the decision maker in making decisions directly. Data needs to be processed into information first.
3. 3. **Explanation:** A, B and C are disadvantages of CAS. D is not a disadvantage as CAS enables effective control over system. E is also not a disadvantage of CAS as CAS is an effective method of record-keeping.
4. 2. **Explanation:** A, C, E are the factors that will have to be considered by Dish India Ltd. before having a software developed. A Tailor-made software will have higher cost, difficult to train users, high development and maintenance cost as compared to ready-made and customised softwares. B is not a factor to be considered as a Tailor-made software cannot be exchanged. D is also not a factor to be considered in relation to Tailor-made Software as that is connected to Ready-made Softwares.