

1  **Answer:** B) A software-based accounting system for financial transactions

 **Explanation:**

A **Computerized Accounting System (CAS)** is a **software-based** method of recording, processing, and analyzing financial transactions. It automates tasks like **ledger maintenance, financial statement preparation, tax calculations, and reporting**, reducing errors and improving efficiency. Unlike **manual accounting**, CAS eliminates the need for **physical ledgers and handwritten records**, ensuring **faster data processing** and real-time access to financial information. Popular CAS software includes **Tally, QuickBooks, and SAP ERP**.

2  **Answer:** C) Manual ledger system

 **Explanation:**

Computerized Accounting Systems (CAS) are classified into three types:

1. **Ready-to-use software** – Standard accounting software like **Tally** and **QuickBooks**, used by small businesses.
2. **Customized software** – Tailor-made for specific business needs (e.g., hospital or retail management software).
3. **ERP-based systems** – Advanced, large-scale systems used by corporations for **integrated financial management** (e.g., **SAP, Oracle ERP**).

A **manual ledger system** is not computerized; it relies on **handwritten records**.

3  **Answer:** C) Faster and more accurate financial record-keeping

 **Explanation:**

A **CAS automates calculations, reduces errors, and speeds up data processing**. Unlike **manual systems**, which require physical books and manual computations, CAS enables **automatic posting to ledgers, real-time financial statement generation, and easy data retrieval**. This enhances **decision-making** and **financial analysis**, allowing businesses to operate more efficiently.

4  **Answer:** C) Automated ledger posting and report generation

 **Explanation:**

A **Computerized Accounting System automates:**

- **Journal entries and ledger posting**

- **Trial balance and financial report generation**
- **Error detection and correction**
- **Integration with other financial tools**

This reduces human intervention and speeds up **financial reporting and decision-making**.

5  **Answer:** B) QuickBooks

 **Explanation:**

**QuickBooks** is a widely used **accounting software** that helps businesses manage **invoices, payroll, and financial reports**. Other popular CAS software includes **Tally, SAP, and Xero**, designed to automate accounting processes for better financial control.

6  **Answer:** B) To simplify and automate financial management

 **Explanation:**

A **CAS** is designed to **automate** and **simplify financial tasks**, such as recording transactions, generating invoices, and preparing reports. It does **not replace accountants** but enhances their efficiency by reducing manual effort and increasing accuracy in financial data management.

7  **Answer:** C) Manual bookkeeping effort increase

 **Explanation:**

A **CAS** **reduces manual bookkeeping efforts** by automating data entry, transaction posting, and report generation. It offers benefits like **speed, accuracy, efficiency, and real-time reporting**, making financial management more effective.

8  **Answer:** B) Enterprise Resource Planning

 **Explanation:**

**Enterprise Resource Planning (ERP)** is an advanced **software system** that integrates **accounting, finance, inventory, human resources, and supply chain management** into a single platform. Examples include **SAP, Oracle ERP, and Microsoft Dynamics**.

9 **Answer:** C) Weather Report

 **Explanation:**

A **CAS** generates important financial reports like **Profit & Loss Accounts, Balance Sheets, and Cash Flow Statements** to help businesses track performance. However, it does not generate **non-financial reports like weather updates**.

10  **Answer:** B) Internal audit trails

 **Explanation:**

A **CAS** includes **internal audit trails** to track all **transactions, edits, and user activities**, helping businesses detect **fraud, unauthorized changes, and errors** efficiently.

11 **Answer:** B) A software-based accounting system

**Explanation:** A Computerized Accounting System (CAS) automates financial transactions using accounting software. Unlike manual systems, CAS improves accuracy, efficiency, and data security by storing and processing financial data electronically.

12 **Answer:** D) Manual spreadsheet system

**Explanation:** CAS includes ready-to-use, customized, and tailor-made software designed for accounting. A manual spreadsheet system does not qualify as a CAS because it lacks automation features.

13 **Answer: B) To improve efficiency and accuracy in financial record-keeping**

**Explanation:** The main objective of a CAS is to enhance the accuracy, efficiency, and reliability of accounting processes. By automating tasks such as ledger maintenance, financial reporting, and reconciliation, it reduces human errors, improves compliance, and ensures timely financial analysis. It does not eliminate accountants but aids them in faster and more accurate decision-making.

14 **Answer: C) Manual ledger preparation**

**Explanation:** One of the key features of a CAS is automation, which eliminates the need for manual ledger preparation. Instead, the system records, classifies, and processes financial data electronically. It can generate financial reports instantly, detect inconsistencies, and provide real-time financial insights.

15 **Answer: A) Tally ERP**

**Explanation:** Tally ERP is a widely used accounting software that helps businesses manage transactions, taxation, payroll, and financial reporting. Other examples include QuickBooks, SAP, and Zoho Books. In contrast, MS Word is a word processor, and Adobe Photoshop is used for image editing.

16 **Answer: B) Increased speed and efficiency**

**Explanation:** CAS processes transactions automatically, reducing processing time compared to manual accounting. It minimizes errors, provides instant reports, and allows for real-time financial monitoring, improving overall efficiency and decision-making.

17 **Answer: B) Custom-made software**

**Explanation:** Custom-made software is designed to meet the specific needs of a business, unlike ready-to-use or general-purpose software, which is available for a broader audience. Organizations requiring specialized accounting processes often invest in customized solutions.

18 **Answer: B) Database management system**

**Explanation:** A CAS relies on a **database management system (DBMS)** to store, retrieve, and manage financial data efficiently. This allows for structured data storage, ensuring easy retrieval and security of financial records.

19 **Answer: B) Data is processed instantly when entered into the system**

**Explanation:** Real-time processing ensures that financial transactions are recorded and updated immediately. This feature enables businesses to have up-to-date financial information, aiding in timely decision-making and financial planning.

20 **Answer: C) High chances of errors**

**Explanation:** CAS reduces the likelihood of errors compared to manual accounting. It automates calculations, reconciliation, and reporting, ensuring accuracy in financial records. Other benefits include data security, faster processing, and compliance with financial regulations.

21 **Answer: C) Ready-to-use accounting software**

**Explanation:** Small businesses often use **ready-to-use software** like Tally, QuickBooks, or Zoho Books. These provide essential accounting functionalities without requiring complex customization. Larger enterprises, however, may require **ERP software** for integrated financial management.

22 **Answer: A) Restricting access to financial data**

**Explanation:** **Data security** in CAS ensures that financial records are protected from unauthorized access, cyber threats, and data corruption. It involves encryption, access controls, and regular backups to maintain confidentiality and integrity.

23 **Answer: D) All of the above**

**Explanation:** CAS enables automatic generation of **Income Statements, Balance Sheets, and Cash Flow Statements**. These reports help businesses analyze financial performance, track profits, and assess liquidity.

24 **Answer: B) Software**

**Explanation:** **Accounting software** processes transactions, categorizes financial data, and generates reports. It is the central component of CAS, ensuring accuracy and compliance with accounting standards.

25 **Answer: A) Susceptibility to cyber threats**

**Explanation:** CAS is vulnerable to **cybersecurity risks** such as hacking, data breaches, and malware. Businesses must implement strong security measures like firewalls, encryption, and regular backups to safeguard financial data.

26 **Answer: B) A record of all financial transactions in the system**

**Explanation:** An **audit trail** provides a chronological record of all transactions processed in the CAS. It helps in tracking financial activities, ensuring transparency, and aiding in fraud detection and compliance audits.

27 **Answer: C) Risk of system failure and data loss**

**Explanation:** While CAS offers speed and accuracy, it is dependent on hardware and software. System failures, cyber-attacks, or technical glitches can result in data loss if proper backup mechanisms are not in place. To mitigate risks, businesses should use **cloud storage, automatic backups, and cybersecurity measures.**

**28 Answer: B) Tailor-made software**

**Explanation:** **Tailor-made software** is customized to meet the specific needs of a business, especially for large corporations with complex financial structures. Unlike ready-to-use software, tailor-made systems integrate multi-currency transactions, tax regulations, and compliance with different accounting standards across countries.

**29 Answer: A) Storing and processing financial data online**

**Explanation:** Cloud-based accounting software allows businesses to **store, process, and access financial data online.** This eliminates the need for physical storage, enables remote work, and enhances data security by providing encrypted storage solutions. Examples include **Xero, QuickBooks Online, and Zoho Books.**

**30 Answer: A) The ability to handle increasing accounting needs**

**Explanation:** **Scalability** in CAS means that the system can adapt to the growing needs of a business, such as handling more transactions, adding new features, and supporting multiple users without compromising performance.

**31 Answer: A) It prepares tax reports automatically**

**Explanation:** A CAS can calculate taxes, generate tax returns, and ensure compliance with regulations. **It automatically applies tax rates, calculates GST, VAT, or corporate tax, and prepares tax reports, helping businesses avoid penalties.**

**32 Answer: A) Double-entry accounting**

**Explanation:** **Double-entry accounting** ensures that every financial transaction has two equal and opposite effects (debit and credit). CAS follows this principle to maintain accuracy and reliability in financial records.

**33 Answer: A) It stops generating financial reports**

**Explanation:** A virus attack can corrupt data, disrupt financial reporting, or even lead to data theft. **To prevent such incidents, businesses should use firewalls, anti-virus software, and regular system backups.**

34 **Answer: A) Enterprise Resource Planning software**

**Explanation:** ERP (Enterprise Resource Planning) software integrates accounting with other business functions such as HR, inventory, and supply chain management. It provides a **centralized platform** for business operations, improving efficiency and decision-making.

35 **Answer: A) The number of transactions processed**

**Explanation:** The **performance of a CAS depends on the number of transactions it can handle simultaneously.** Large businesses require high-performance software with **advanced processing power** to handle bulk transactions efficiently.

36 **Answer: A) To protect financial data from unauthorized access**

**Explanation:** **Encryption** converts financial data into unreadable code, ensuring that only authorized users can access it. **It prevents hacking and unauthorized modifications, enhancing cybersecurity.**

37 **Answer: A) To detect fraud and ensure accuracy**

**Explanation:** **Auditing a CAS** helps verify the accuracy of financial records, detect fraud, and ensure compliance with regulations. **Internal audits help businesses maintain transparency and prevent financial misconduct.**

38 **Answer: C) Handwritten ledger maintenance**

**Explanation:** CAS eliminates the need for **manual bookkeeping** by automating ledgers, financial statements, and tax calculations. **It supports digital invoicing and online payment tracking.**

39 **Answer: A) Performing accounting tasks without manual effort**

**Explanation: Automation in CAS reduces manual work** by performing data entry, report generation, tax computation, and financial reconciliations automatically. This **saves time and improves accuracy.**

40 **Answer: D) All of the above**

**Explanation: CAS can generate various financial reports, including the Trial Balance, Balance Sheet, and Profit & Loss Statement.** These reports provide insights into a company's financial performance and help in decision-making.

41 **Answer: B) They are accessible from anywhere with an internet connection.**

**Explanation:**

Cloud-based accounting systems operate on remote servers, allowing users to **access financial data from anywhere using an internet connection.** Unlike traditional desktop-based accounting software, which requires installation on a single device, cloud-based systems provide **real-time collaboration, automatic backups, and scalability.** Many popular accounting solutions, such as **QuickBooks Online, Xero, and FreshBooks,** use cloud technology to offer remote access to financial records. These systems also have strong security measures, such as **data encryption and multi-factor authentication,** reducing the risk of unauthorized access. Businesses prefer cloud accounting for **its flexibility, cost-effectiveness, and real-time financial monitoring.**

42 **Answer: B) To list all accounts used in an organization's financial system.**

**Explanation:**

A **Chart of Accounts (COA)** is a structured list of all accounts used in a company's financial system. It categorizes accounts into **assets, liabilities, equity, revenue, and expenses.** Each account has a unique code for easy identification and organization. In a CAS, COA **helps automate financial entries, ensuring consistency and accuracy in record-keeping.** For example, when a company records sales revenue, the system automatically posts it to the correct revenue account. A well-defined COA **simplifies financial reporting, improves audit trails, and enhances decision-making.**

43 **Answer: B) A step-by-step record of financial transactions.**

**Explanation:**

An **audit trail** in a CAS is a detailed, step-by-step record of all financial transactions,

including **dates, amounts, users making entries, and changes made to records**. It helps ensure financial data integrity, allowing businesses to track errors, fraud, or unauthorized modifications. A strong audit trail is **essential for compliance with financial regulations** and enhances transparency. For instance, if an invoice is modified or deleted, the system logs the change, providing a traceable history. Organizations use audit trails to support **internal audits, financial analysis, and fraud detection**.

44 **Answer: C) Open public access to financial records.**

**Explanation:**

A **secure CAS** incorporates **data encryption, multi-factor authentication (MFA), and regular backups** to protect financial data. Encryption ensures that data is stored in a coded format, preventing unauthorized access. MFA requires users to verify their identity using multiple authentication methods (e.g., password + OTP). Regular backups help recover data in case of cyberattacks or system failures. On the other hand, **open public access** poses a major security risk, making financial data vulnerable to fraud and cyber threats. Organizations must implement **role-based access controls (RBAC)** to limit access to financial records only to authorized personnel.

45 **Answer: B) Real-time financial dashboards.**

**Explanation:**

A CAS provides **real-time financial dashboards** that automatically display **key financial metrics, such as revenue, expenses, profit margins, and cash flow**. These dashboards give business owners instant insights into their financial performance without the need for manual calculations. Unlike traditional methods that rely on handwritten ledgers or printed reports, a CAS updates financial records **instantly** after each transaction. Many modern systems also support **customizable dashboards, interactive graphs, and financial trend analysis**, helping organizations make informed decisions quickly.

46 **Answer: A) By automating repetitive accounting tasks.**

**Explanation:**

AI-powered CAS enhances efficiency by **automating tasks such as invoice processing, expense categorization, fraud detection, and tax calculations**. AI can analyze historical financial data to predict cash flow trends and identify irregularities that may indicate fraud. Additionally, **machine learning algorithms** can learn from past

accounting entries to suggest appropriate ledger accounts, reducing human errors. However, AI does not replace accountants but rather assists them by handling **time-consuming tasks, enabling them to focus on financial strategy and analysis.**

47 **Answer: A) To compare the company's cash records with the bank statement.**

**Explanation:**

Bank reconciliation is a **process of matching a company's financial records (cash book) with the bank statement** to identify discrepancies, such as outstanding checks, unauthorized transactions, or bank errors. A CAS automates this process by importing bank statements, flagging inconsistencies, and generating reconciliation reports. This **ensures financial accuracy, prevents fraud, and helps maintain a correct cash balance.**

48 **Answer: B) It is at risk of being permanently lost.**

**Explanation:**

Without **regular data backups, financial records may be lost due to system crashes, cyberattacks, or hardware failures.** A CAS typically offers **automatic cloud backups** to store data securely. Organizations should schedule **daily, weekly, or real-time backups** to prevent loss. Additionally, backups should be stored in **multiple locations** (e.g., cloud and external drives) to ensure recovery in case of data breaches or disasters.

49 **Answer: A) By generating real-time financial reports and forecasts.**

**Explanation:**

CAS provides **real-time reports, financial forecasts, and trend analysis** that help businesses make data-driven decisions. Reports such as **Profit & Loss statements, cash flow analysis, and ratio analysis** offer insights into a company's financial health. Some CAS software also uses **predictive analytics** to forecast revenue trends, helping businesses **plan budgets, allocate resources, and optimize profitability.**

50 **Answer: A) To restrict unauthorized access to sensitive financial data.**

**Explanation:**

User access control ensures that **only authorized personnel can access, edit, or approve financial transactions.** CAS includes **role-based access (RBAC)**, where

users are assigned permissions based on their job roles. For example, an accountant may have access to **financial reports**, while a cashier can only process transactions. This prevents fraud, protects confidential information, and ensures compliance with **data protection laws**.