

**Q1. What is the first step in installing a Computerized Accounting System (CAS)?**

- A) Creating financial reports
  - B) Installing the accounting software
  - C) Entering transaction data
  - D) Generating invoices
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**Q2. What does "Chart of Accounts" refer to in a CAS?**

- A) A graphical representation of financial performance
  - B) A predefined list of accounts for financial transactions
  - C) A tool used for tax calculations
  - D) A report that only lists revenue accounts
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**Q3. Which type of accounts are typically listed under "Liabilities" in a Chart of Accounts?**

- A) Bank loans and Accounts payable
  - B) Cash and Bank deposits
  - C) Owner's capital and Retained earnings
  - D) Sales revenue and Rent received
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**Q4. What is codification in the Chart of Accounts?**

- A) A security feature of CAS
  - B) A method of assigning unique codes to accounts
  - C) A step in the installation of CAS software
  - D) A financial analysis report
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**Q5. What is the hierarchy of account heads in a CAS?**

- A) A random arrangement of accounts
  - B) A structured classification of accounts under major groups
  - C) A sequence of journal entries
  - D) A list of only revenue-related accounts
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**Q6. What is the primary purpose of data entry in a CAS?**

- A) To modify accounting standards
  - B) To record financial transactions in the system
  - C) To delete financial records
  - D) To prepare only tax-related reports
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**Q7. What is the importance of data validation in CAS?**

- A) To delete incorrect transactions
  - B) To ensure entered data is accurate and complete
  - C) To modify financial reports without verification
  - D) To bypass the need for journal entries
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**Q8. What is the role of data verification in CAS?**

- A) To recheck financial entries for accuracy
  - B) To permanently delete duplicate transactions
  - C) To create new financial accounts
  - D) To generate financial statements automatically
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**Q9. Which of the following is an example of an adjusting entry?**

- A) Recording an invoice for a customer purchase
- B) Updating depreciation expense for the month

- C) Entering a cash sales transaction
  - D) Making a new Chart of Accounts entry
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**Q10. Why is the preparation of financial statements necessary in CAS?**

- A) To determine the financial position of a company
- B) To remove duplicate transactions
- C) To delete obsolete financial records
- D) To restrict access to financial data

**Q11. Which of the following transactions requires an adjusting entry?**

- A) Recording the purchase of office supplies
  - B) Recognizing interest accrued but not yet received
  - C) Entering a new sale transaction
  - D) Posting a cash deposit into a bank account
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**Q12. What is the purpose of closing entries in a CAS?**

- A) To transfer temporary account balances to permanent accounts
  - B) To erase all financial transactions from the system
  - C) To create a backup of financial records
  - D) To approve future transactions automatically
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**Q13. Which financial statement shows a company's profitability over a period?**

- A) Balance Sheet
- B) Income Statement
- C) Cash Flow Statement
- D) Trial Balance

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**Q14. Why is an Opening Entry important in CAS?**

- A) It records financial transactions at the beginning of an accounting period
  - B) It resets all account balances to zero
  - C) It finalizes the profit calculation for the year
  - D) It generates financial statements automatically
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**Q15. What happens if adjusting entries are not recorded in a CAS?**

- A) Financial statements may contain incorrect balances
  - B) All transactions are deleted automatically
  - C) The accounting software stops functioning
  - D) The business will not be able to generate invoices
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**Q16. What is the primary security feature in a CAS?**

- A) User authentication and access control
  - B) Automatic deletion of old transactions
  - C) Random modification of financial records
  - D) Unrestricted access for all employees
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**Q17. Why is data encryption important in a CAS?**

- A) It converts financial data into a secure format
  - B) It deletes financial records automatically
  - C) It allows everyone to access accounting data
  - D) It disables all user logins
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**Q18. What is an audit trail in CAS security?**

- A) A detailed record of system activities and transactions
- B) A document summarizing financial performance

- C) A method to modify previous transactions
  - D) A tool for deleting old financial entries
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**Q19. What is the role of multi-factor authentication (MFA) in CAS security?**

- A) It requires multiple verification steps for user access
  - B) It removes transaction history permanently
  - C) It simplifies unauthorized login attempts
  - D) It disables password security
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**Q20. Why is it important to back up data in a CAS?**

- A) To restore data in case of system failure or cyberattack
- B) To delete outdated financial transactions
- C) To allow free access to financial records
- D) To disable security features in CAS

**Q21. What is the purpose of codification in a Computerized Accounting System (CAS)?**

- A) To assign a unique identification number to each account
  - B) To delete unnecessary financial records
  - C) To limit access to financial data
  - D) To randomly assign account names
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**Q22. What is the primary function of a Chart of Accounts in CAS?**

- A) To provide a structured list of all financial accounts used in an organization
  - B) To automatically reconcile bank statements
  - C) To generate invoices and bills
  - D) To restrict access to specific users
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**Q23. Why is hierarchy important in the Chart of Accounts in CAS?**

- A) It helps in organizing accounts based on their nature and usage
  - B) It restricts data entry for certain users
  - C) It eliminates the need for financial statements
  - D) It prevents the system from generating trial balances
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**Q24. What is the significance of data verification in CAS?**

- A) To confirm the accuracy and consistency of entered data
  - B) To automatically generate profit and loss statements
  - C) To delete duplicate accounts
  - D) To limit the number of transactions recorded
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**Q25. How does CAS ensure accuracy in financial statements through data validation?**

- A) By implementing automated rules that check for errors in transactions
- B) By deleting all incorrect transactions without notification
- C) By allowing manual corrections without verification
- D) By restricting users from making entries

**Q26. What is the main purpose of data validation in CAS?**

- A) To ensure that data entered is accurate and complete
  - B) To modify financial statements automatically
  - C) To allow unauthorized changes to accounting data
  - D) To delete transactions that do not match system requirements
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**Q27. What does “referential integrity” in CAS ensure?**

- A) All related financial records remain consistent
- B) Transactions are automatically deleted

- C) The system runs without any backup
  - D) Old financial records are erased
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**Q28. What is the most common type of data entry error in CAS?**

- A) Transposition error
  - B) Hardware failure
  - C) Power outage
  - D) Unauthorized user access
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**Q29. How can a business prevent duplicate entries in CAS?**

- A) By enabling unique record identifiers
  - B) By manually reviewing all transactions
  - C) By deleting random transactions
  - D) By turning off data validation features
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**Q30. Why is real-time data validation important in CAS?**

- A) It helps detect errors before transactions are processed
  - B) It automatically deletes incorrect entries
  - C) It prevents employees from accessing the system
  - D) It slows down the accounting process
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**Q31. What is the final step in the computerized accounting process?**

- A) Preparation of financial statements
  - B) Data deletion
  - C) Unauthorized access
  - D) Manual entry of all transactions
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**Q32. What role does an audit log play in CAS?**

- A) It tracks changes and records user activities
  - B) It deletes incorrect transactions
  - C) It prevents financial statement generation
  - D) It automatically authorizes transactions
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**Q33. What is the main reason for locking accounting periods in CAS?**

- A) To prevent unauthorized changes after finalization
  - B) To delete old financial records
  - C) To slow down financial reporting
  - D) To allow all employees to modify past transactions
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**Q34. Why is role-based access control (RBAC) important in CAS?**

- A) It restricts access to sensitive financial data based on user roles
  - B) It allows unlimited access to all employees
  - C) It deletes financial records every month
  - D) It automatically adjusts financial statements
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**Q35. How does CAS handle tax calculations?**

- A) It automatically applies tax rates to transactions
  - B) It requires manual tax computation
  - C) It removes tax calculations from invoices
  - D) It ignores all tax-related entries
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**Q36. What is a primary advantage of cloud-based CAS?**

- A) Remote access and automatic updates
- B) Data loss and slow performance
- C) Inability to generate reports
- D) Increased risk of unauthorized access

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**Q37. What is the purpose of a reconciliation report in CAS?**

- A) To match system records with external records (e.g., bank statements)
- B) To delete all previous transactions
- C) To automatically approve financial statements
- D) To lock the accounting system permanently

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**Q38. Which security feature helps detect unauthorized login attempts in CAS?**

- A) Login activity monitoring
- B) Automatic data deletion
- C) Unrestricted access for all users
- D) Removal of user authentication

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**Q39. What is the main function of a system-generated trial balance in CAS?**

- A) To verify that total debits and credits match
- B) To delete incorrect journal entries
- C) To finalize financial statements automatically
- D) To create a backup of financial data

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**Q40. How can businesses ensure security while using a CAS?**

- A) By implementing user authentication, backups, and encryption
- B) By allowing all employees unrestricted access
- C) By disabling security settings
- D) By not updating the software regularly