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Question 5.Explain the accounting treatment of bad debts, provision for doubtful debts and provision for discount on debtors.
Answer:
1. Bad Debts: When it is definitely known that amount due from a customer (debtor) to whom goods were sold on credit, cannot be realised at all, it is treated as bad debts.
2. Provision for bad and doubtful debts refers to amount set aside as a charge against profit to meet any loss arising due to bad debt in future.

Cash discount is allowed by the suppliers to customers for prompt payment of amount due either on or before the due date.

Chapter 14 Computerised Accounting
Text Book Back Questions and Answers

I. Multiple Choice Questions
Choose the Correct Answer
Question 1. In accounting, computer is commonly used in the following areas:
(a) Recording of business transactions   (b) Payroll accounting   (c) Stores accounting
(d) All the above   **Answer:(d) All the above**
Question 2.Customised accounting software is suitable for ………………
(a) Small, conventional business   (b) Large, medium business
(c) Large, typical business   (d) None of the above   **Answer:(b) Large, medium business**
Question 3. Which one is not a component of computer system?
(a) Input unit (b) Output unit   (c) Data   (d) Central Processing Unit   **Answer:(c) Data**
Question 4. An example of output device is ………………(a) Mouse (b) Printer (c) Scanner (d) Keyboard
Answer:(b) Printer
Question 5. One of the limitations of computerised accounting system is ………………
(a) System failure   (b) Accuracy   (c) Versatility (d) Storage   **Answer:(a) System failure**
Question 6. Expand CAS ……………… (a) Common Application Software
(b) Computerised Accounting System   (c) Centralised Accounting System
(d) Certified Accounting System   **Answer:(b) Computerised Accounting System**
Question 7. Which one of the following is not a method of codification of accounts?
(a) Access codes   (b) Sequential codes (c) Block codes   (d) Mnemonic codes
Answer:(a) Access codes
Question 8.TALLY is an example of ………………   (a) Tailor – made accounting software
(b) Ready – made accounting software   (c) In – built accounting software
(d) Customised accounting software   **Answer:(b) Ready – made accounting software**
Question 9. People who write codes and programs are called as ………………
(a) System analysts   (b) System designers (c) System operators (d) System programmers
Answer:(d) System programmers

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Question 10. Accounting software is an example of ....
(a) System software   (b) Application software   (c) Utility software   (d) Operating software

Answer:(b) Application software

II. Very Short Answer Questions

Question 1.What is a computer?

Answer:A computer can be described as an electronic device designed to accept raw data as input, processes them and produces meaningful information as output. It has the ability to perform arithmetic and logical operations as per given set of instructions called program. Today, computers are used all over the world in several areas for different purposes.

Question 2.What is CAS?

Answer: Computerised accounting system (CAS) refers to the system of maintaining accounts using computers. It involves the processing of accounting transactions through the use of hardware and software in order to keep and produce accounting records and reports.

Question 3.What is hardware?

Answer: The physical components of a computer constitute its hardware. Hardware consists of input devices and output devices that make a complete computer system.

Question 4.What is meant by software?

Answer:A set of programs that form an interface between the hardware and the user of a computer system are referred to as software.

Question 5. What is accounting software?

Answer: The main function of CAS is to perform the accounting activities in an organisation and generate reports as per the requirements of the users. To obtain the desired results optimally, need based software or packages are to be installed in the organisation.

Question 6.Name any two accounting packages.

Answer: Readymade software

     1.   Customised software

Question 7.Give any two examples of readymade software.

Answer: Tally, Busy,

Question 8.What is coding?

Answer: Code is an identification mark, generally, computerised accounting involves codification of accounts.

Question 9.What is grouping of accounts?

Answer: In any organisation, the main unit of classification is the major head which is further divided, into minor heads. Each minor head may have number of sub – heads. After classification of accounts into various groups.

Question 10.What are mnemonic codes?

Answer:A mnemonic code consists of alphabets or abbreviations as symbols to codify a piece of information.

III. Short Answer Questions

Question 1.What are the various types of accounting software?
Answer:

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1. Readymade software
2. Customised software and
3. Tailormade software

Question 2.Mention any three limitations of computerised accounting system.

Answer:

Heavy cost of installation, Cost of training and fear of unemployment

Question 3.State the various types of coding methods.

Answer: Sequential codes, block codes and mnemonic codes.

Question 4.List out the various reports generated by computerised accounting system.

Answer:

1. Liabilities and capital
2. Assets
3. Revenues and
4. Expenses.

Under Liabilities and Capital:

Capital, Non – current liabilities and current liabilities.

Under Assets:

Non – current assets and Current assets.

Question 5.State the input and output devices of a computer system.

Answer: Input devices: keyboard, optical scanner, mouse, joystick, touch screen and stylus.
Output devices: Monitor and printer.

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Arise! Awake! And Stop not until the goal is reached
-Swami Vivekanandar