

Chapter - 3 Recording of Transactions -1

Question 1

Define compound voucher.

Answer: Compound vouchers are those vouchers which record different single or multiple debit/credit transactions.

Question 2

Define a journal voucher.

Answer: Preparation of accounting voucher for multiple debit and credit transaction is known as a journal voucher

Question 3

Define a complex transaction.

Answer: Transactions with multiple debits and credits are called complex transactions.

Question 4

Give three elements of accounting voucher.

Answer: The three elements of accounting voucher are.

- Name of the company should be printed on the top
- The voucher number should be mentioned in the serial order
- Debit and credit amount should be written in figures against the amount

Question 5

What does accounting equation signify?

Answer: Accounting equation implies that the assets of a company are regularly equivalent to the total of its liabilities and capital (owner's equity).

Question 6

What are the two rule to follow when changing record in assets/expenses (Losses)?.

Answer: The two rules to follow while recording differences in Assets/Expenses (Losses) are.

- A rise in an asset is debited, and the drop in the asset is credited.
- A Rise in expenses/losses is debited, and the drop in expenses/ losses is credited.

Question 7

What is the two rule to follow when changing record in liabilities and capital change/Revenue(Losses)?

Answer: The two rules to follow when changing record in liabilities and capital change/Revenue(Losses) are.

- A rise in the liabilities is credited and the drop in liabilities is debited.
- A rise in the capital is credited and the drop in the capital is debited.

Question 8

State journal entries that are subdivided into a number of books of original entry

Answer: The journal is subdivided into a number of books of original entry are.

- Journal Proper
- Cashbook
- Other day books:
 - Purchases (journal) book
 - Sales (journal) book
 - Purchase Returns (journal) book
 - Sale Returns (journal) book
 - Bills Receivable (journal) book
 - Bills Payable (journal) book

Question 9

Give two differences between journal and ledger.

Answer: The two differences between journal and ledger are.

- For a transaction, journal is the intial book of entry. And the ledger is a second book of entry.
- The recording process in the journal is known as journalising. The recording process in the ledger is known as posting.

Question 10

Give two differences between journal and ledger.

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Question 11

Voucher is prepared for

1. Cash received and paid
2. Cash/Credit sales
3. Cash/Credit purchase
4. All of the above

Answer: All of the above

Question 12

Which of the following is correct?

1. Liabilities = Assets + Capital
2. Assets = Liabilities – Capital
3. Capital = Assets – Liabilities
4. Capital = Assets + Liabilities. Cash/Credit sales

Answer: Capital = Assets – Liabilities

Question 13

Cash withdrawn by the Proprietor should be credited to

1. Drawings account
2. Capital account
3. Profit and loss account
4. Cash account

Answer: Cash account

Question 14

Recording of a transaction in the Journal is called:

1. Casting
2. Posting
3. Journalising

4. Recording

Answer: Journalising

Question 15

How many sides does an account have?

1. Two

2. Three

3. One

4. None of These

Answer: Two