

Important Questions for 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: Journal voucher is a document that contains essential information pertaining to an accounting transaction.

Question 3

Define a complex transaction.

Answer: Transactions that consist of a series of events leading to its completion are called complex transactions.

Also Check:

Question 4

Give three elements of an accounting voucher.

Answer: The three elements of an accounting voucher are.

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

Question 5

What does the accounting equation signify?

Answer: The 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 rules to follow when changing records 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 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

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 11

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 12

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 13

Recording of a transaction in the Journal is called:

1. Casting
2. Posting
3. Journalising
4. Recording

Answer: Journalising

Question 14

How many sides does an account have?

1. Two
2. Three
3. One
4. None of These

Answer: Two