

Principles of Accounting - ICOM Part 1 Principles of Accounting Chapter 4 Short Question Preparation

Q1. Define journal folio.

Ans 1: The page number of the journal from where the transaction has been posted is mentioned in this column, This will help in locating the entry in the journal easily.

Q2. State rule of debit and credit for capital.

Ans 1: Increase in capital is credit and decrease is debited.

Q3. What is simply entry?

Ans 1: An entry in which one account is debited and other account is credit is called simple entry.

Q4. What is general journal?

Ans 1: It is a book of original to record in order of date and in detail the various transactions of a business concern,

Q5. Salaries paid in advance Rs 5000. Pass journal entry.

Ans 1: Prepaid salaries account
To cash account
Paid salaries in advance,.

Q6. What is meant by ledger folio?

Ans 1: The page number of ledger where the two concerned accounts have been posted are mentioned in this column, This will help in locating the entry in ledger, easily, it is used in journal.

Q7. Define compound entry?

Ans 1: An entry in which more than one account is debited or more than one account is credited is called as compound journal entry.

Q8. Why journal is called the book of original entry?

Ans 1: Since the transaction is originally recorded first of all in the journal thus journal is also called the book original entry.

Q9. Define two benefit of journal.

Ans 1: It is a book where transaction are first of all recording chronologically. After entries are posted to the journal the information are transferred to the ledger

Q10. What is Journalizing?

Ans 1: Act of recording a business transaction in General Journal; is called journalism.
