

## Principles of Accounting - ICOM Part 1 Principles of Accounting Chapter 5 Short Question Preparation

Q1. What is mean by zero balance?

**Ans 1:** If the two sides of an account are equal that account will show zero balance.

Q2. Define trail balance.

**Ans 1:** The trail balance is a list of all of the ledger accounts and their respective debit and credit balances, It is a two column scheduler listing the names and balances of all the accounts in the order in which they appear in the ledger.

Q3. Define ledger.

**Ans 1:** Ledger records the effects of transaction according to their class, the process of recording in the ledger is called posting.

Q4. What is credit balance?

**Ans 1:** If the credit side of an account is greater than its debit side, the difference in amount is known as credit balance.

Q5. What is balance?

**Ans 1:** The difference between the two sides of an account is called balance.

Q6. What is meant by posting?

**Ans 1:** The process of transferring information ,debits and credits from journal to ledger is known as posting.

Q7. Describe the main objective of preparing a trail balance.

**Ans 1:** The main objective of preparing a trail balance are following:

1. The first objective of trail balance is to prove the equality of the debit and credit balance.
2. It helps in locating errors within a specified period if it is prepared periodically and this it makes easy to discover error make correction.
3. It serves as a convenient basis for the preparation of final accounts trading and profit and loss account and Balance Sheet.

Q8. Write down the difference between the journal and ledger.

**Ans 1:** Journal : It is book of original entry accounting entries are recorded in journal in order by date.

**Ans 2:** Ledger; It record classified and summarized financial information from journals as debit and credits. There is no need of narration under each account in the ledger.

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