

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

Q1. 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.

Q2. Describe the main objective of preparing a trail balance.

Ans 1: The main objective of preparing a tail 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.

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 mean by zero balance?

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

Q5. 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.

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. 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.

Q8. What is balance?

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