



Padalsalai's Telegram Groups!

(தலைப்பிற்கு கீழே உள்ள லிங்கை கிளிக் செய்து குழுவில் இணையவும்!)

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12th Accountancy – Creative Questions

1. The accounting records are not prepared in its entity as under **DOUBLE ENTRY SYSTEM**, these records are called **INCOMPLETE RECORDS**.
2. Incomplete Records was called **SINGLE ENTRY SYSTEM**.
3. It is an **INCOMPLETE** and **UNSCIENTIFIC** way of Book Keeping.
4. Incomplete records are generally maintained by **SOLE TRADER BUSINESS(SMALL SIZE)**.
5. Ascertainment of **PROFIT & LOSS AND FINANCIAL POSITION** is essential for organisations which maintain incomplete records.
6. Increase in capital (Networth) is taken as **PROFIT** while decrease in capital is taken as **LOSS**.
7. A **STATEMENT OF AFFAIRS** is a statement showing the balances of assets and liabilities on a particular date.
8. Statement of affairs is also known as **NETWORTH METHOD** or **CAPITAL COMPARISON METHOD**.
9. Adjusted Closing Capital = **CLOSING CAPITAL + DRAWINGS – ADDITIONAL CAPITAL**.
10. Closing Capital + Drawings – Additional Capital – Opening Capital = **PROFIT OR LOSS**.
11. Incomplete records may be suitable for **SMALL SIZE SOLE TRADERS** and **PARTNERSHIP**.
12. **STATEMENT OF AFFAIRS** is not reliable as it is based on incomplete records.
13. The excess of assets over liabilities is called **CAPITAL**.
14. The amount of **CREDIT SALES** can be computed from **TOTAL DEBTORS ACCOUNT**.
15. In Statement of Affairs, the difference between the total liabilities and the total of assets is have taken as **CAPITAL**.
16. **STATEMENT OF AFFAIRS** is a list of assets and liabilities, but it is not called as **BALANCE SHEET**.
17. **STATEMENT OF AFFAIRS** is not fully based on ledger balances.
18. **STATEMENT OF AFFAIRS** is generally prepared to find out the capital of the business.
19. **STATEMENT OF AFFAIRS** is prepared when double entry system is not strictly followed.
20. **STATEMENT OF AFFAIRS** is difficult to trace the items omitted as complete records are not maintained.
21. **BALANCE SHEET** is prepared to ascertain the financial position of the business.
22. **BALANCE SHEET** is prepared exclusively on the basis of ledger balances.
23. **BALANCE SHEET** is reliable as it is prepared under double entry system.
24. From the information available from **INCOMPLETE RECORDS** and from other **DOCUMENTS**, the missing figures can be found out and the **FINAL ACCOUNTS** can be prepared.
25. As only **PARTIAL RECORDS** are available, it may not be possible to have **INTERNAL CHECKS** in maintaining accounts to **DETECT ERRORS** and **FRAUDS**.
26. **PERSONAL AND CASH ACCOUNTS** are maintained fully in incomplete records.
27. **INCOMPLETE RECORDS** may not be acceptable to all users.
28. Goodwill is an **INTANGIBLE FIXED ASSETS**.
29. The monetary value of such advantage is termed as **GOODWILL**.
30. Need for valuation of goodwill of partnership firms change in the **PROFIT SHARING RATIO**.
31. Goodwill acquired by making payments **CASH OR KIND** is called **PURCHASED GOODWILL**.
32. Self generated goodwill cannot be recorded in **BOOKS OF ACCOUNTS**.
33. The **AVERAGE PROFIT** may be in simple words **WEIGHTED AVERAGE PROFIT**.
34. **SIMPLE AVERAGE PROFIT** method is calculated by
AVERAGE PROFIT x NUMBER OF YEARS OF PURCHASE.
35. **NORMAL PROFIT** is the profit earned by similar business firms under normal conditions.
36. **ANNUITY METHOD** can be found out from **ANNUITY TABLE** or by **USING FORMULA**.

37. Goodwill based on **CAPITALISATION of AVERAGE PROFIT METHOD** and **CAPITALISATION of SUPER PROFIT METHOD** will give the same amount of goodwill.
38. A person may join as a new partner in an existing partnership firm is called **ADMISSION OF A NEW PARTNER.**
39. On a admission of a new partner, the firm is reconstituted with a **NEW AGREEMENT** and the existing agreement comes to an end.
40. Profit and losses of previous years which are not distributed to the partners are called **ACCUMULATED PROFITS AND LOSSES.**
41. **INVESTMENT FLUCTUATION FUND** is created out of profit to adjust the **REDUCTION** in the **MARKET VALUE** of the investment.
42. Determination of current value of assets and liabilities is called **REVALUATION OF ASSETS AND LIABILITIES.**
43. A **REVALUATION ACCOUNT** is opened to record the **INCREASE OR DECREASE** in **ASSETS AND LIABILITIES.**
44. **REVALUATION ACCOUNT** is also called **PROFIT & LOSS ADJUSTMENT ACCOUNT.**
45. **NEW PROFIT SHARING RATIO** is the agreed proportion in which future profit will distributed to all the **PARTNER** including **NEW PARTNER.**
46. **SACRIFICING RATIO** is the proportion of the profit which is sacrificed or foregone by the **OLD PARTNERS** in favour of the **NEW PARTNER.**
47. To Compensate the sacrifice made by the existing partners, **GOODWILL** of the firm has to be **VALUED** and **ADJUSTED.**
48. When the **NEW PARTNER** brings cash towards goodwill in addition to the amount of capital, it is distributed to the **EXISTING PARTNERS** in the **SACRIFICING RATIO.**
49. The **NEW PARTNER** acquires the right to share **FUTURE PROFIT AND ASSETS** of the firm.
50. When the partnership firm leaves a partner, it is known as **RETIREMENT.**
51. On a **RETIREMENT** of a partner, **EXISTING AGREEMENT** comes to an end.
52. A partner who retires from the firm is called an **OUTGOING PARTNER** or a **RETIRING PARTNER.**
53. On retirement of a partner, generally the **MUTUAL RIGHTS** of the **CONTINUING PARTNER** changes.
54. A **MEMORANDUM REVALUATION ACCOUNT** which is temporary account is opened when the **REVISED VALUES** are not to be shown in the books of accounts.
55. **GAINING RATIO** is the proportion of the profit which is gained by the **CONTINUING PARTNERS.**
56. **PROFIT AND LOSS SUSPENSE ACCOUNT** is a temporary account opened to transfer the share of **retiring or deceased partners** share in **current years profit or loss** upto the date of **retirement or death.**
57. When the partner dies the amount due from the firm is paid to the **EXECUTION OR LEGAL REPRESENTATIVE** of the **DECEASED PARTNER.**
58. **LIFE POLICIES** may be taken on the life of the partner in a partnership firm.
59. **ACCOUNTING RECORDS** can be maintained **EASILY & EFFICIENTLY** for long period.
60. Accounting Records does not require a **LARGE AMOUNT OF PHYSICAL SPACE.**
61. **INVENTORY MANAGEMENT** fast moving, slow moving and obsolete inventory can be identified.
62. **PAYROLL** involves the calculation of amount due to an employee.
63. **REPORT GENERATION** help to various routine and special purpose report.
64. **AUTOMATED ACCOUNTING** is an approach to maintain up to date accounting records with the aid of accounting software.
65. **ACCOUNTING REPORTS** may be classified as **ROUTINE REPORTS & SPECIAL PURPOSE REPORTS.**

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