



# Padalsalai's Telegram Groups!

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**XI – CE1 / CE2****ACCOUNTACY****UNIT 1 TO UNIT 5 2 MARKS QUESTIONS WITH KEY ANSWER****1. Define Accounting Cycle.**

Accounting cycle is the sequence of steps involved in the accounting process.

**2. Write down the objectives of accounting.**

1. To keep a systematic record of financial transactions and events.
2. Ascertain the profit or loss of the business enterprise.
3. To ascertain the financial position or status of the enterprise.
4. To provide the information to various stakeholders for their requirements.
5. To protect the properties of an enterprise.

**3. What is mean by capital ?**

It is the amount invested by the owner or proprietor in an organization.

**4. Define insolvency.**

Insolvency is the incapability of a person or an enterprise to pay the debts.

**5. Define credit transaction.**

It is a transaction in which cash is not received or paid immediately, but will be received or paid later.

**6. What are the branches of accounting ?**

1. Financial accounting
2. Cost accounting
3. Management Accounting
4. Social responsibility accounting
5. Human resource accounting.

**7. Classify the external users of accounting.**

1. Creditors and financial institutions
2. Investors
3. Customers
4. Tax authorities
5. Government
6. Researches
7. General public

**8. Name the bases of accounting information.**

1. cash basics
2. Accrual or mercantile basis
3. Mixed or hybrid basis.

**9. List the functions of accounting.**

1. Measurement
2. Forecasting
3. Comparison
4. Decision making
5. Control.

**10. What are the roles of an accountant ?**

1. Record keeper
2. Provider of information to the management

3. Protector of business assets
  4. Financial advisor
  5. Tax manger
  6. Public relation officer.
11. What is Book-Keeping ?
- It is the process of recording financial transactions in the books of accounts.
12. List out the features of book keeping.
1. It is the process of recording transactions in the books of accounts.
  2. Monetary transactions only are recorded in the accountant.
  3. Book keeping is the primary stage in the accounting process.
  4. Book keeping includes journalizing and ledger posting.
13. What are the limitations of book keeping ?
1. Only monetary transactions are recorded in the books of accounts.
  2. Effects of price level changes are not considered.
  3. Financial data recorded are historical in nature. i.e., only past data are recorded.
14. List all the important accounting concepts and conventions.
1. Basic entity concept
  2. Money measurement concept
  3. Going concern concept
  4. Cost concept
  5. Dual aspect concept
  6. Periodicity concept
  7. Matching concept
  8. Realization concept
  9. Objective evidence concept
  10. Accrual concept
  11. Convention of consistency
  12. Convention of full disclosure.
15. What are the needs of accounting standards ?
1. To promote better understanding of financial statements.
  2. To help accountant to follow uniform procedures and practices.
  3. To facilitate meaningful comparison of financial statements of two or more entities
  4. TO enhance reliability of financial statements.
  5. To meet the legal requirements effectively.
16. Define accrual.
- Transactions are recorded when it is entered into and not when settlement takes place.
17. What is mean by full disclosure ?
- Accounts must disclose full and fair information.
18. What is mean by dual aspect ?
- Every transaction has two aspects Debit aspects and Credit Aspects.
19. Define going concern.
- It means a business will continue for a foreseeable future.
20. What is mean by realization concept ?
- It means any change in value of an asset is to be recorded only when the business realizes it.
21. Define source documents.

Source documents are the authentic evidences of financial transactions, these documents shows the nature of transaction, date, amount and the packages involved.

22. Define credit note.

It is the statement prepared by the seller who receives back from his customer goods sold.

23. Define double entry system.

It is a scientific and complete systems of recording the financial transactions of an organization.

24. List out any two principles of double entry system.

1. In every business transactions, there are two aspects.
2. These two aspects involve minimum of two accounts atleast one debit and one credit.
3. These two aspects involved are the benefit or value receiving aspects and benefit or value giving aspects.

25. What are the advantages of double entry system ?

1. Accuracy
2. Ascertainment of business result.
3. Comparative study
4. Common acceptance.

26. What are the classification of transaction ?

1. Cash Transactions
2. Bank transactions
3. Credit transactions

27. Define credit transaction.

When settlement is not made by cash or through bank immediately in a transaction is called credit transaction.

28. What are the approaches of recording transactions ?

There are two approaches for recording transactions namely

1. Accounting equation approach
2. Traditional approach

29. What is mean by revenue account ?

Accounts relating to revenues of an enterprise are grouped under this category, for example ; revenues from sale of goods and rents received.

30. What is mean by liability account ?

Financial obligations of enterprise towards outsiders are shown under separate heads as liabilities. For example creditors accounts, expenses outstanding account.

31. Define Real accounts.

All accounts relating to tangible and intangible properties and possessions are called real accounts.

32. What is mean by nominal accounts ?

The accounts relating to expenses, losses, revenues and gains are called nominal accounts.

33. What are the golden rules of double entry system ?

Personal account : Debit the receiver and credit the giver

Real account : Debit what comes in and credit what goes out

Nominal account : Debit all expenses and losses / Credit all incomes and gains.

34. Define Journal entries.

The word journal comes from the French word "Jour" which means day. So journal means daily. Transactions are recorded daily in the journal as and when the transactions takes place.

35. List out the different types of Journal entries.

1. Single entry
  2. Compound entry
  3. Opening entry
  4. Closing entry
  5. Rectifying entry
  6. Adjusting entry
  7. Transferring entry
36. What is mean by Ledger account ?
- Ledger account is a summary statement of all the transactions relating to a person, asset, liability, expenses or income which has taken place during a given period of time and it shows their net effect.
37. What are the utilities of ledger ?
1. Quick information about a particular account.
  2. Control over business transactions.
  3. Preparing Trial balance.
  4. Helps to prepare financial statements.
38. Expand L.F and J.F
- |     |   |               |
|-----|---|---------------|
| L.F | = | Leger Folio   |
| J.F | = | Journal Folio |
39. Define Journal Folio.
- In this column, the page number of the journal or subsidiary books from which the entry has been posted to the ledger is noted.
40. What is mean by Posting ?
- The process of transferring the debit and credit items from the journal to the ledger accounts is called posting.
41. Define Trial Balance.
- A Trial balance is a statement, prepared with the debit and credit balances of the ledger accounts to test the arithmetical accuracy of the books.
42. List out the Objectives of preparing Trial balance .
1. Test of arithmetical accuracy
  2. Basis of preparing final accounts.
  3. Location of errors.
  4. Summarized information of ledger accounts.
43. Classify the methods of preparing trial balance.
1. Balance method
  2. Total method
  3. Total and Balance method
44. What are the limitations of Trial Balance ? (Any 3)
1. It is possible to prepare trial balance of an organization, only if the double entry system is followed.
  2. Even if some transactions are omitted, the trial balance will tally.
  3. Trial balance may tally even though errors are committed in the books of account.
  4. If trial balance is not prepared in systematic way, the final accounts prepare on the basis of trial balance may not depict the actual state of affairs of the concern.
  5. Agreement of trial balance is not a conclusive proof of arithmetical accuracy of entries made in the accounting records.
45. List any 4 features of trial balance.
1. Trial balance contains the balances of all ledger accounts.
  2. It is prepared on a specific date. That is why, the word "as on..." is used at the top.

3. If there is a difference between the totals of debit column and credit column of the trial balance, it is an indication of errors being committed somewhere.

4. If both the debit column and the credit column of the trial balance have the same total, it does not mean that there is no mistake in accounting, since some errors are not disclosed by the trial balance.

46. What are the advantages of Journal ?

1. Complete information about the business transactions can be obtained on time basis as the transaction are recorded in chronological order.

2. Correctness of the entry can be checked through narration.

3. Journal forms the basis for posting the entries in the ledger.

47. Define compound entry.

Compound entry is an entry in which more than two accounts are involved. Either more than one account is debited or more than one account is credited or both.

48. Expand CDM and POS

CDM = Cash Deposit Machine

POS = Point of Sale.

49. What is the acronym of NEFT and RTGS

NEFT - National Electronic Fund Transfer

RTGS - Real Time Gross Settlement

50. What is the Role account keeper ?

The accountant maintains a systematic record of financial transactions. He also prepares the financial statements and other financial reports.