1. What is Single Entry System of Book keeping?

- Accounting records which are not maintained according to double entry principles is known as Single Entry System.

- In other words any system of book keeping which is not a complete double system of book keeping.

2. State two features of single entry system.

- It is incomplete and unscientific method.

- Generally both aspects of debit and credit are not recorded.

- Less costly.
   • It is very easy and simple method.
   • It is less costly
   • It is suitable for small business concerns.

4. State two demerits of Single Entry System.
   • It is incomplete and unscientific method.
   • It is not possible to prepare Trail Balance, Profit and loss account and Balance sheet.

5. What is Statement of Affairs?
   • Statement of Affairs is like a Balance sheet, which shows the estimated values of Assets and Liabilities.

7. State two types of Single Entry System.
   • Pure single entry system.
   • Simple single entry system.
   • Quasi Single entry system.

8. What is pure single entry system?
   • Under Pure single entry system no subsidiary books are maintained only ledger containing the personal accounts of debtors and creditors are kept.

- **Statement of Affairs** | **Balance Sheet**
- 1. It is prepared under single entry system | 1. It is prepared under double entry system
- 2. Values of assets and liabilities are estimates. | 2. Values of assets & liabilities are true.

10. State any two differences between single entry system and double entry system.

**Single entry system** | **Double entry system**
1. Both one aspect Recorded. | 1. Both the aspects are recorded
2. Less costly | 2. Costly
3. It is unsatisfactory system | 3. It is satisfactory system.
CHAPTER-2

PARTNERSHIP ACCOUNTS FUNDAMENTALS

11. What is partnership?
   • A Partnership is an association of two or more persons who agree to carry on a business jointly and share the profits of that business.

12. State any two essential features of Partnership.
   • . Agreement.
   • . Sharing of profit.
   • . Two or more persons.
   • . Business.
   • . Unlimited liability

13. What is Partnership Deed or Articles of Partnership ?.
   • When the partnership agreement is written and signed by all the partners and duly stamped it is called Partnership Deed.

14. State two contents of partnership deed.
• Name of the Partnership.
• Names and address of partners.
• Profit Sharing Ratio.
• Capital Contribution by the partners.

15. How do you treat the following in the absence of partnership deed?

• Interest on capital - Not allowed
• Interest on Drawings - Not Chargeable.
• Interest on Loan - 6% p.a. Interest Allowed.
• Distribution of Profit or loss - Equal Ratio.
• Salary, commission to partners - Not Allowed.

16. State two methods of maintaining partners capital accounts in partnership firm.

• Fixed capital Method.
• Fluctuating Capital Method.

17. What is Fixed Capital Method?

• It is system of maintaining capital accounts of partners under which capital is recorded separately in Capital Account and all other items like, interest on capital,
interest on drawings etc., are recorded in Current Account. Capital remains the same year after year.

18. What is Fluctuating Capital Method?

- It is a system of maintaining capital accounts of partners under which capital and all other items like, interest on capital, interest on drawings etc., are recorded in Capital Account itself. Capital changes or fluctuates year after year.

19. What is Profit and Loss Appropriation Account?

- Profit and Loss appropriation account is an account prepared to record the appropriation of profits among the partners like, interest on capital, Interest on drawings, salary etc.,

CHAPTER -3

ADMISSION OF A PARTNER

20. State any two reasons for the admission of a new partner.

- Securing additional capital.
- Securing additional managerial skills.
21. What is Sacrifice Ratio?

- The ratio in which the old partners sacrifice or surrender their share of profits to the new partner on his admission is called sacrifice ratio.

22. What is Revaluation account? Or Why Revaluation Account is prepared? Or What is the object of preparing Revaluation Account?

- Revaluation Account is prepared to find out net profit or net loss on the revaluation of assets and liabilities of the firm on admission, retirement or death of a partner.

23. Write the Journal Entry for increase in the value of asset on the admission of a partner.

- Asset Account Dr.
  
  To Revaluation Account.

24. Write the Journal Entry for decrease in the value of asset on the admission of a partner.

- Revaluation Account Dr.
  
  To Asset Account.
26. Mention two factors which determine the goodwill of a partnership firm.

- Past profits of the firm.
- Present profit earning capacity
- Superiority of products sold.
- Monopoly position of the firm.
- Future prospects of the business.

27. Give the Journal entry for cash brought in by the New partner for Goodwill.

- Cash Account Dr.
- To Goodwill Account.

28. How do you close Revaluation Account on Admission of a partner if there is a profit?

- Revaluation account Dr.
- To Old partners capital Account.
CHAPTER -4

RETIREMENT OF A PARTNER

29. What is Gain Ratio or Benefit Ratio?
   • It is the ratio in which the remaining partners gain the share of a retiring partner on his retirement.

   • General Reserve Account Dr.
      
      To All partners or Retiring.

      Partners capital account/s

31. Give the Journal Entry to close the retiring partners capital account.
   • Retiring partners capital account Dr.
      
      To Cash or Bank /Retiring partners Loan account.

32. How do you close Revaluation Account on retirement of a partner if there is a revaluation profit?
   • Revaluation Account Dr.
      
      To All Partners capital accounts
33. How do you close Revaluation Account on retirement of a partner if there is a revaluation loss?

All Partners capital Account Dr.
To Revaluation Account

CHAPTER-5
DEATH OF A PARTNER

34. What is Executors Account?

OR

When is Executors Accounts opened?

- An Executors account is an account opened on the death of a partner to transfer the balance due to the deceased partner to his executors.

35. Give Journal Entry for payment of cash immediately to the Executors.

- Executors Account Dr.
  To Cash Account.
Chapter-6

DISSOLUTION OF PARTNERSHIP FIRM

36. What is dissolution of partnership?

• Dissolution of Partnership means termination of relationship by one or few of the partners and remaining partners continue the business of the firm under a new agreement.

37. What do you mean dissolution of Partnership Firm?

• Dissolution of Partnership firm means termination of relationship by all the partners with the partnership and complete closing down of partnership business.

38. Why Realisation account is prepared?

• Realisation account is prepared to realise the assets and pay off liabilities on dissolution of a partnership firm.

39. Give journal entry for transferring asset to realisation account.

Realisation Account Dr.

To Asset Account.
40. Give journal entry for transferring Liability to Realisation account.

Liability Account Dr.

To Realisation Account.

41. What is the Journal Entry to close Realisation Account when there is a realisation profit?

• Realisation Account Dr.

To All Partners Capital Account.

42. What is the Journal Entry to close Realisation Account when there is a realisation loss?

• All Partners Capital Account Dr.

To Realisation Account.

43. Give the journal entry for Asset taken over by the partner.

Partners Capital Account Dr

To Realisation Account.
44. Give the journal entry for Liability taken over by the partner.

. Realisation Account Dr.
   To Partners Capital Account.

45. Pass journal entry for realisation expenses paid on dissolution of firm.

. Realisation Account Dr.
   To Cash/Bank Account.

Chapter-7

ACCOUNTS OF JOINT STOCK COMPANIES.

46. What is a Joint Stock Company?

• “A Joint Stock Company is a voluntary association of persons, who contribute money, and employ it in some business and share the profits or losses of such business”.

47. What is meant by Minimum Subscription?

• It refers to the minimum number of shares to be applied by the public before the company can proceed with the allotment of shares.
48. What is Authorised Capital?
   - Authorised Capital is the maximum amount of capital which a company is authorised to collect from the public.

49. What is share?
   - The capital of the company is divided into to number of units of fixed value, each unit is called share.

50. Mention two kinds of shares of Joint stock company.
   - 1. Equity Shares.

51. What is Calls in Arrears?
   - The amount remaining unpaid on allotment or on calls, by a share holder to the company is called Calls in arrears.

52. What is Calls in Advance?
   - The Amount received by the company before the calls are made from the share holders is called Calls in Advance.
53. What is Issue of Shares at par?
   • It means issue of shares at a price equal to the face value of shares.

54. What is Issue of Shares at Premium?
   • It means issue of shares at a price higher than the face value of shares.

55. What is Issue of Shares at discount?
   • It means issue of shares at a price lower than the face value of shares.

56. What is under Subscription of Shares?
   • When the public apply for less number of shares than those offered to them is called Under Subscription.

57. What is Over Subscription?
   • When the public apply for more number shares than those offered to them is called Over Subscription.

58. What is Full Subscription?
   • When the public apply for equal number of shares offered to them by the company is called Full Subscription.
59. What is Forfeiture of Shares?

• When the Share Holder is unable to pay the allotment or call money, the amount already paid by him is retained by the company by cancelling his shares it is called Forfeiture of Shares.

60. Give Journal Entry to Close Forfeited Shares Account.

• Forfeited Shares Account Dr.

To Capital Reserve Account.

61. State two types of debentures.

• a. Registered Debentures
• b. Unregistered or simple or bearer debentures

Chapter-8

FINAL ACCOUNTS OF COMPANIES

62. Give the meaning of Dividend.

• Dividend refers to that portion of the profits of the company distributed among the share holders.

63. What is Interim Dividend?

• It is dividend for the current year declared before the end of the year with the anticipation of profits for the year.
64. Give the meaning of Preliminary Expenses.

- Preliminary Expenses are the expenses which are incurred during the formation of a company.

Example:

- 1. Registration Fee.

65. State any two items which appear under the heading Reserves and Surplus in the Balance Sheet of the company.

- Capital Reserve.
- Reserve fund.
- Securities Premium Account.
- Profit and Loss appropriation Account. (Credit Balance).

66. Under what heading do you show the following items in the Balance Sheet of the Company.

- Calls in advance - Current Liabilities.
- Preliminary Expenses - Miscellaneous Expenditure
- Debentures - Secured Loans.
• Discount on issue of Shares - Miscellaneous Expenditure

• Unclaimed Dividend - Current Liabilities.

• Forfeited Shares Account - It is added to the paid up capital.

• Share Premium Account - Reserves and Surplus

• Calls in arrears - It is deducted from Called up capital.

• Loose tools - Current assets.

• General reserve - Reserves and Surplus

• Closing Stock - Current assets.

Chapter-9

DEPRECIATION ACCOUNTING

67. What is Depreciation? 

• Depreciation is the gradual, permanent reduction in the value of fixed asset.
68. Mention two reasons for charging Depreciation on the Fixed Asset.
   • To replace the old asset after its life.
   • If depreciation is not charged value of the asset is overstated in the balance sheet and true financial position is not reflected in Balance sheet.

69. Mention two causes of Depreciation.
   • Wear and tear due to the actual use.
   • Efflux of time or passage of time.
   • Obsolescence
   • Depletion or exhaustion.
   • Permanent fall in the market price.

70. What factors would you consider in determining the amount of Depreciation?
   • Cost of the Asset.
   • Scrap Value
   • Estimated Life of the Asset.
71. How is depreciation amount calculated?

Cost of the asset - Scrap value

- Depreciation = \[ \frac{\text{Cost of the asset} - \text{Scrap value}}{\text{Estimated life of the Asset}} \]

72. Name two methods of charging depreciation.

- Fixed Installment Method.
- Reducing Balance method.
- Annuity Method.
- Revaluation Method.

73. What is meant by Fixed Installment Method of Depreciation?

- Under this method a fixed amount is charged as depreciation every year and the depreciation amount remains the same every year.
74. What is Diminishing Balance Method?

- Under this method the depreciation is charged at a fixed percentage on the diminishing value of the fixed asset every year and the amount of depreciation will change every year.

75. How do you find Depreciation under Revaluation Method?

Under Revaluation Method the asset is valued at the beginning and at the end of the year and the difference between opening and closing value is considered as Depreciation.

76. Mention any two assets for which Revaluation Method of Depreciation is suitable.

- Loose Tools.
- Stock of goods.
- Packages etc.,
Chapter-10

FINAL ACCOUNTS OF
NON-TRADING CONCERNS

77. What are Non-trading Concerns?

• Non-trading Concerns which do not undertake Trading i.e., Buying and Selling of goods but they render social service.

78. Give Two examples of Non-trading Concerns.

• Hospitals
• Libraries.
• Sports Clubs.
• Educational Institutions.
• Charitable Institutions.

79. What is Capital Expenditure?

• Capital Expenditure is an expenditure whose benefit is not exhausted in just one year but is available for more than one year. It is non recurring in nature.
80. Give two examples for Capital Expenditure.

- Purchase of Fixed Asset.
- Expenditure on installation of fixed asset.
- Research and Development expenditure.
- Additions or extensions to fixed assets.

81. What is Revenue Expenditure?

- Revenue Expenditure is an expenditure whose benefit is exhausted in just one year in which it is incurred. It is recurring in nature.

82. Give two examples for Capital Receipt.

- Life membership fees.
- Legacies.

83. Give two examples for Revenue Receipt.

- Subscriptions received.
- Sale of old news papers.
- Interest received.
- Rent received.
84. How do you classify the following?

- Legacies - Capital Receipt
- Sale of old News Papers - Revenue Receipt.
- Purchase of building - Capital expenditure.
- Subscriptions received - Revenue receipt

85. What is Deferred Revenue Expenditure?

- A heavy expenditure of revenue in nature incurred for getting a benefit which extends to number years is called Deferred Revenue Expenditure.

86. What is Capital Fund?

- Capital Fund is the difference between the assets and liabilities of Non-trading concerns

87. How is Capital differ from Capital Fund?

- Capital is the amount of money contributed by the Owner or Share Holders. But Capital Fund is the difference between the assets and liabilities of Non-trading Concerns
88. How do you treat Life Membership Fees?

- Life Membership Fees are non-recurring, so they are treated as Capital Receipts and added to the Capital Fund on the Liability side of the Balance Sheet.

89. What are Legacies?

- Legacies are the donations or gifts received under a will on the death of the donor by Non-trading Concerns.

90. How do you treat Legacies?

- They are non-recurring and are treated as Capital Receipt and added to the Capital Fund on the Liability side of the balance sheet.

91. What is Receipts and Payments Account?

- A Receipts and Payments account is a summary of cash receipts and cash payments relating to a given period of time of a non-trading concern.

92. What is Income and Expenditure Account?

- It is a revenue account of non-trading concerns prepared to find out surplus or deficit for a particular period.
93. Give two differences between Income and Expenditure account and Profit and Loss account.

<table>
<thead>
<tr>
<th>INCOME AND EXPENDITURE ACCOUNT</th>
<th>PROFIT AND LOSS ACCOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. It is a revenue account of non-trading concerns.</td>
<td>1. It is a revenue account of trading concerns.</td>
</tr>
<tr>
<td>2. It is prepared to find out surplus or deficit.</td>
<td>2. It is prepared to find out Profit or loss.</td>
</tr>
</tbody>
</table>

94. How do you treat Tournament Expenses when separate Tournament Fund is maintained?

- When separate Tournament Fund is maintained, Tournament Expenses should not be entered in the Income and Expenditure account instead it should be deducted from Tournament Fund on the Liability side of the Balance Sheet.

Chapter- 11.

COMPUTERISED ACCOUNTING

95. What is Computerised Accounting?

- Computerised accounting means maintaining records of business or any other organisation with the help of computers.
96. State two features of Computerised Accounting?

- Accounting operations can be done with high speed and accuracy.
- There will be lot of time saved in maintaining accounting records.
- It provides quick information when ever needed.

97. State two advantages of computerised accounting?

- The accounting operations can be done at a very high speed.
- It is less time consuming and reliable.
- It is very accurate as the errors are minimal.
- It is more flexible i.e. modifications can be made at any time.

98. Disadvantages of computerised accounting:

1. High cost of installation.
2. Operation of computers requires technical knowledge and training.
3. High maintenance cost.
4. Danger of computer viruses.

99. What is Manual Accounting?

- It is an accounting system under which the accounting records are maintained manually or account work is done manually.

100. Mention two differences between Manual Accounting and Computerised Accounting.

<table>
<thead>
<tr>
<th>MANUAL Accounting</th>
<th>COMPUTERISED Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. It is performed by human beings</td>
<td>a. It is performed by computers</td>
</tr>
<tr>
<td>b. It is less costly</td>
<td>b. It is more costly</td>
</tr>
</tbody>
</table>
101. What is data processing?

Data processing is the restructuring, manipulating or reordering of data by people or machines to increase their usefulness and value for some particular purpose.

102. What is Word Processing?

- Word Processing is software used to produce letters, tables, reports which can be edited, stored, and printed.
103. What is Spread Sheet?

• It is a large sheet consisting of several rows and columns with which mathematical and financial calculations can be done by the user.

104. Mention two types of computer files.

• Master file.
• History file.
• Transaction file.

105. What is Master File?

• It is a permanent file which contains permanent records of a concern which remain constant for a long period of time.

106. Mention two types of Accounting Packages.

• Tally
• Window based account package.
• A C E
• Gen-Next.
107. What is Tally in Computers?

- Tally is the most widely used accounting package. It provides various kinds of accounting solutions in a simple way.