

4 Lecture - MGT101

Important Subjective

1. **What is single entry record keeping?**

Answer: Single entry record keeping is a simple method where only one account is maintained for each business transaction. It records the basic details of a transaction like date, amount, and the accounts involved.

2. **What is double entry record keeping?**

Answer: Double entry record keeping is a more complex method where every transaction is recorded in two accounts, with one account being debited and the other being credited. It follows the principle of duality, where every transaction has an equal and opposite effect on two accounts.

3. **What is the purpose of using double entry record keeping?**

Answer: The purpose of double entry record keeping is to ensure accuracy in recording and to make sure that the accounting equation remains balanced. It also allows for the creation of financial statements such as the balance sheet, income statement, and cash flow statement.

4. **What is the difference between single entry and double entry record keeping?**

Answer: In single entry record keeping, only one account is maintained for each transaction, while in double entry record keeping, every transaction is recorded in two accounts. Double entry record keeping provides better accuracy and ensures that the accounting equation remains balanced.

5. **What is an account in accounting?**

Answer: An account in accounting is a record that shows the financial transactions of a particular item or entity, such as an asset, liability, revenue, or expense.

6. **What is the purpose of a ledger in accounting?**

Answer: The purpose of a ledger in accounting is to record all financial transactions and to maintain a complete record of a company's financial transactions.

7. **What is a trial balance?**

Answer: A trial balance is a list of all the accounts in a company's ledger and their respective debit or credit balances. It is used to ensure that the total debits and credits in the ledger are equal, which means that the accounting equation remains balanced.

8. **What is the accounting equation?**

Answer: The accounting equation is the foundation of double entry accounting. It states that assets must always equal liabilities plus equity.

9. **What is an asset in accounting?**

Answer: An asset in accounting is anything of value that a company owns or controls and that can be used to generate future economic benefits.

10. **What is a liability in accounting?**

Answer: A liability in accounting is an obligation that a company has to pay in the future. It

represents an amount owed to another person or entity, such as a loan or debt.