

7 Lecture - MGT101

Important Subjective

1. **What are the basic books of accounts?**

Answer: The basic books of accounts include the ledger, cash book, journal, and trial balance.

2. **What is a ledger?**

Answer: A ledger is a book that records all the transactions of a business in a systematic manner, arranged in different accounts.

3. **What is a cash book?**

Answer: A cash book is a book that records all cash and bank transactions of a business.

4. **What is a journal?**

Answer: A journal is a book that records all the financial transactions of a business in the order they occur.

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

Answer: A trial balance is a statement that lists all the accounts in the ledger with their debit or credit balances to ensure that the total of all debits equals the total of all credits.

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

Answer: The purpose of a ledger is to keep a record of all financial transactions of a business in a systematic manner to prepare accurate financial statements.

7. **What is the importance of a cash book?**

Answer: The cash book is important as it helps to track all cash and bank transactions, which enables a business to manage its cash flow effectively.

8. **What is the importance of a journal?**

Answer: The journal is important as it records all financial transactions in chronological order, which helps in identifying errors and making corrections.

9. **What is the purpose of a trial balance?**

Answer: The purpose of a trial balance is to ensure that all transactions have been recorded correctly and to identify any errors or discrepancies in the books of accounts.

10. **Why are the basic books of accounts important?**

Answer: The basic books of accounts are important as they help a business keep track of its financial transactions, which enables it to make informed decisions and prepare accurate financial statements.