Padasalai’s Telegram Groups!

(தலைப்புக் குறிப்பிட்டு கல்வி விளையாட்டு கிளிக் செய்யப் பதிவு தெளிவும்!)

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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 havetaken 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
   \[ \text{AVERAGE PROFIT} \times \text{NUMBER OF YEARS OF PURCHASE}. \]
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 upt to 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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