

## **ACCOUNTANCY – XI STD**

### **DO YOU KNOW QUESTIONS FROM TEXT BOOK**

- ❖ Decision refers to choosing a desirable course of action from alternative courses of action.
- ❖ Control refers to comparison of actual performances with planned performances, measure deviation and takes corrective action.
- ❖ Two or more business units forming a single entity is known as merger.
- ❖ In India, 23 centuries ago, Chandragupta Maurya's Minister Kautilya wrote a book named 'Arthashastra', wherein some references can be traced regarding the way of maintaining accounting records.
- ❖ Capital structure refers to the mix of a firm's permanent long-term financing represented by debt, preference share capital and equity shareholders' funds.
- ❖ Going concern concept, Convention of consistency and Accrual concept are considered as fundamental accounting assumptions.
- ❖ 'Dr.' is abbreviation of 'addebitare', the Italian word and debere, the Latin word meaning 'debit'. Hence, though there is no 'r' in the word debit. It has been abbreviated as 'Dr.' based on the Italian and Latin words having 'r' in these.
- ❖ Automated Teller Machine (ATM): ATM is a computerised machine that provides the customers of banks the facility of accessing their account for

dispensing cash and to carry out other financial and non-financial transactions without the need to actually visit their bank branch.

- ❖ Cash Deposit Machine (CDM): It is an ATM like machine that allows depositing cash directly into a customer's account without any manual intervention of the bank employee. There is no need to fill deposit slips.
- ❖ Debit card: The debit cards are used to withdraw cash from an ATM, to purchase goods and services at Point of Sale (POS) and in E-commerce (online purchase). A customer can use debit card for the money he has in the bank account with some restrictions.
- ❖ Credit card: The credit cards are used to purchase goods and services at Point of Sale (POS) and in E-commerce (online purchase). A customer can use credit card within the limit specified by the bank even if there is inadequate balance in the account. The bank may charge interest and other charges for credit card usage.
- ❖ NEFT: National Electronic Funds Transfer (NEFT) is a nation-wide payment system facilitating one-to-one funds transfer. Under this scheme, any person can electronically transfer funds from any bank branch to any person having an account with any other bank branch in the country.
- ❖ RTGS: The acronym 'RTGS' stands for Real Time Gross Settlement, which can be defined as the continuous (real-time) settlement of funds transfers individually on an order by order basis.

- ❖ Purchases are treated as a nominal account as it is an expenditure and sales is treated as a nominal account as it is revenue to the business.
- ❖ Purchases, Purchases returns, Sales and Sales returns may also be treated as real accounts as they are related to goods.
- ❖ The three accounting concepts – business entity, duality and money measurement - associated with double-entry book keeping are applied in ledger.
- ❖ Duality concept is applied in trial balance. This concept requires two aspects to be entered for every transaction. This means that there are at least two accounts involved for every transaction.
- ❖ If the maturity date falls on an emergency holiday, succeeding day will be the due date for payment.
- ❖ Adjusting the cash book before preparing the bank reconciliation statement is not compulsory, if reconciliation is done during different months. But if reconciliation is done at the end of the accounting year or financial year, the cash book must be updated so as to reflect the correct bank balance in the balance sheet.
- ❖ The duality concept is applied in locating and rectifying errors.

- ❖ According to Indian Accounting Standards, (AS 10) depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount of an asset is the cost of an asset or other amount substituted for cost, less its residual value.
- ❖ Allocation of acquisition cost of natural resources such as mineral deposits, oil well, coal, timber is called depletion. Allocation of acquisition cost of intangible fixed assets such as goodwill, patents, copyrights, trademarks, and intellectual property rights is called amortization.
- ❖ In Microsoft Excel, there are inbuilt finance functions available for calculating depreciation. For example: SLM for calculating depreciation under Straight Line Method (SLM) and DB for Diminishing Balance method (DB).
- ❖ The process of allocating the cost of an intangible asset over a period of time is called amortisation.
- ❖ Cash in hand and stocks are tangible assets.
- ❖ Deferred revenue expenditure is that expenditure which yields benefits which extend beyond the current accounting period, but relatively a short period as compared to a capital expenditure. Prepaid expenses refer to amount paid in the current accounting period benefit of which will be received in the next accounting period.

- ❖ According to Indian Accounting Standards, AS-2 (Revised), “Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.”
- ❖ The principle of valuation of stock is based on the convention of conservatism.
- ❖ Finacle is a banking software.
- ❖ It is possible to track the origins of figures in the accounting system, from the original source document through to figures in the end-of-year final accounts. This is called audit trail.

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