20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **The journal is called the book of original entry because every transaction is recorded there first.**
All business transactions land in the journal before they are posted anywhere else.

2. **The journal records transactions strictly in chronological, date-wise order.**
It works like a daily diary of the business, showing what happened and when.

3. **The journal does not classify transactions under separate account heads.**
Classification by account is the job of the ledger, not the journal.

4. **The ledger is called the book of final entry because it shows final account balances.**
Every account gets its own page in the ledger where entries are grouped together.

5. **The ledger groups transactions account-wise, such as cash, bank, purchases, or sales.**
This account-wise classification is the ledger's core purpose.

6 **A trial balance is always prepared from ledger balances, never directly from the journal.**
The journal has no totals or balances, so it cannot supply trial balance figures.

7 **Journalising means recording a transaction in the journal for the first time.**
It is the first of the two core processes linking the journal and the ledger.

8 **Posting means transferring journal entries into the relevant ledger accounts.**
Posting moves date-wise journal data into account-wise ledger records.

9 **Balancing is done in the ledger, not in the journal.**
Each ledger account needs its own closing figure, which only balancing provides.

10 **The cash book acts as both a book of original entry and a book of final entry.**
It combines journal-like recording with ledger-like balancing in one book.

11 **Because the cash book completes double entry for cash and bank, no separate cash account is opened in the ledger.**
This dual role of the cash book saves duplicate record-keeping.

12 **In a cash book, the debit side records receipts and the credit side records payments.**
Money coming in is debited and money going out is credited, following normal cash account rules.

13 **A single column cash book records only cash transactions in one amount column.**
It is the simplest cash book format, suited to pure cash businesses.

14 **A double column cash book adds either a discount column or a bank column to the cash column.**
The extra column captures either discount allowed and received, or bank transactions.

15 **A triple column cash book carries discount, cash, and bank columns together.**
It is the most comprehensive format for everyday real-world transactions.

16 **A petty cash book records small routine expenses like stationery, postage, and conveyance.**
It keeps minor day-to-day payments separate from the main cash book.

17 **Under the golden rule for personal accounts, the receiver is debited and the giver is credited.**
This rule applies to accounts of persons, firms, or organisations.

18 **Under the golden rule for real accounts, what comes in is debited and what goes out is credited.**
This rule applies to asset accounts such as cash, furniture, or machinery.

19 **Under the golden rule for nominal accounts, all expenses and losses are debited and all incomes and gains are credited.**
This rule applies to accounts covering revenue, expenses, gains, and losses.

20 **Cheque receipts in a cash book are recorded in the bank column, not the cash column.**
Since a cheque is deposited into the bank, it belongs on the bank side of the cash book.