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20 True or False

Decide, then check the answer and reason below each statement.

Question 1

The journal is known as the book of original entry.

TRUE

Every transaction is first recorded in the journal before further processing.

Question 2

The ledger is known as the book of original entry.

FALSE

The journal is the book of original entry; the ledger is the book of final entry.

Question 3

The journal records transactions in account-wise order rather than date-wise order.

FALSE

The journal records transactions strictly in date-wise, chronological order.

Question 4

The ledger classifies transactions account-wise, giving each account its own page.

TRUE

Classification by account is the defining purpose of the ledger.

Question 5

A trial balance can be prepared directly from the journal without using the ledger.

FALSE

A trial balance always requires ledger balances, since the journal shows no totals or balances.

Question 6

Journalising refers to recording a transaction in the journal for the first time.

TRUE

Journalising is the initial recording process before entries are posted to the ledger.

Question 7

Posting refers to transferring journal entries into the relevant ledger accounts.

TRUE

Posting moves recorded transactions from the journal into individual ledger accounts.

Question 8

Balancing of accounts is carried out in the journal, not the ledger.

FALSE

Balancing is done in the ledger, since each ledger account needs a closing balance.

Question 9

The cash book functions as both a journal and a ledger at the same time.

TRUE

It records cash and bank transactions first, and also completes double entry with balances.

Question 10

Because of the cash book, a separate cash account must still be opened in the ledger.

FALSE

The cash book already completes the double entry for cash, so no separate cash ledger account is needed.

Question 11

In a cash book, the debit side records payments and the credit side records receipts.

FALSE

It is the reverse: the debit side records receipts and the credit side records payments.

Question 12

A single column cash book contains only one amount column and records cash transactions only.

TRUE

It is the simplest cash book format, without discount or bank columns.

Question 13

A triple column cash book carries discount, cash, and bank columns together.

TRUE

This format is the most comprehensive for handling everyday real-world transactions.

Question 14

A petty cash book is used to record large capital expenditure like machinery purchase.

FALSE

A petty cash book records small routine expenses such as stationery, postage, and conveyance.

Question 15

Under the golden rule for personal accounts, the receiver is debited and the giver is credited.

TRUE

This is the standard golden rule applied to personal accounts in accounting.

Question 16

Under the golden rule for real accounts, what goes out is debited and what comes in is credited.

FALSE

The correct rule is the opposite: debit what comes in, credit what goes out.

Question 17

Under the golden rule for nominal accounts, all expenses and losses are debited.

TRUE

Nominal accounts debit expenses and losses while crediting incomes and gains.

Question 18

Cheque receipts in a cash book should be recorded in the bank column, not the cash column.

TRUE

Cheques are deposited to the bank, so they belong on the bank side of the cash book.

Question 19

The discount column in a cash book directly changes the cash or bank balance.

FALSE

The discount column is recorded separately and does not affect the cash or bank totals.

Question 20

The journal shows account balances and totals for each ledger head.

FALSE

The journal shows no totals or balances; only the ledger shows account balances.

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