

Principles of Accounting - ICOM Part 1 Principles of Accounting Chapter 1 Short Question Preparation

Q1. What is sales?

Ans 1: The function of selling the goods or merchandise is called sales, It is also known as turnover e.g Goods sold for cash Rs 1000 are called sales.

Q2. Define the term debtor.

Ans 1: The persons to whom or goods services are sold on credit or the person from whom money is to be received in near future are called debtors, Debtors are also accounts receivables,.

Q3. What is meant by accounting period?

Ans 1: The time or period covered by a financial account or statement is termed as accounting period.

Q4. Define the term cost concept.

Ans 1: According to this concept "as assets is ordinarily entered in the accounting records at the price paid to acquire it".

Q5. Define cash discount.

Ans 1: Cash discount is deduction or allowance given by a creditor to the debtor of the amount is paid by the debtor before the due date.

Q6. What is meant by business?

Ans 1: Any legal activity undertaken from the principle of earning is known as business. It includes all activities including buying, manufacturing advertising, recording events of financial character viz books keeping, accounting, auditing, taxation etc.

Q7. Define purchases.

Ans 1: Merchandise or goods bought with the intention of reselling is called purchases, It is more exact title is purchases of merchandise.

Q8. What is capital?

Ans 1: The claim of owner the business or the cash invested by the owner in business is called capital,Capital is also known as owner equity.

Q9. Define expenses.

Ans 1: The cost of the goods and services used up in the process of obtaining revenue is known as expenses,Salaries ,insurance,rent,electricity charges ,publicity ,advertisement etc.,

Q10. Define merchandise.

Ans 1: The items or things in which enterprise deals are called goods in trade or merchandise.
