

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

Q1. Who is the owner of the business?

Ans 1: The person who invest the necessary capital in business and then he gives his time and attention to it,takes the risk and entitled to receive the profit or beat the loss arising these from.

Q2. Explain the cash basis system of accounting.

Ans 1: It is a system in which accounting entries are made only when cash is received or paid.

Q3. What is meant by separate entity concept?

Ans 1: According to this concept business is treated as a separate entity from its owner.

Q4. Define merchandise.

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

Q5. 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,.

Q6. Define cost accounting.

Ans 1: Cost accounting is an extended branch of financial accounting that determines the cost of goods manufacturing or produced by the business,It helps the management to get as far as possible the exact cost of goods manufacturing.

Q7. Define book keeping.

Ans 1: Book keeping is the art of recording monetary transactions in the books of accounts in a proper manner.

Q8. What is meant by accounting period?

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

Q9. Define drawings.

Ans 1: The amount of cash or goods taken away by the owner out of the business for his personal use is known as drawings,

Q10. What is dual aspect concept?

Ans 1: According to this concept,accounting records only those transactions or events which can be measured in term of money.
