

Principles of Accounting - ICOM Part 1 Principles of Accounting Chapter 12 Short Question Preparation

Q1. What is revenue profit?

Ans 1: Revenue profit is that amount of profit which has been earned during an ordinary course of a business.

Q2. What is meant by capital profit?

Ans 1: A profit made on the sale of fixed assets is called capital profit, For example machinery having books value of Rs 50000 is sold for Rs 60000 the profit of Rs 10000 will be capital profit.

Q3. What is revenue loss?

Ans 1: A loss made on the sale of goods or floating assets is called assets is called revenue loss.

Q4. What is capital loss?

Ans 1: Capital loss is a loss which is incurred on the sale of fixed assets or loss made with the rising of the capital funds of the business.

Q5. What is meant by revenue loss?

Ans 1: Loss suffered by a business in the ordinary course or day to day conduct of a business is known as revenue loss.

Q6. What is meant by revenue payment?

Ans 1: The amount which is actually paid on account of revenue expenditure is known as revenue payment. For example .goods purchase for Rs 30000 is revenue expenditure.

Q7. Define capital expenditure.

Ans 1: All those expenditure that are incurred to acquire the fixed assets are called capital expenditures.

Q8. What is revenue expenditure?

Ans 1: Expenditure which are incurred in the day to day business activities are called as revenue expenditure, Revenue expenditure are recorded on the profit and loss account as their benefit finishes as soon as the payment is made.

Q9. Define capital payment.

Ans 1: The amount which is actually paid on account of capital expenditure is known as capital payment.

Q10. Write two example of capital expenditure.

Ans 1: 1.Purchased machinery for cash Rs 50000.
2.Bought furniture for business Rs 100000.
