

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

Q1. Define revenue receipt.

**Ans 1:** Money received on the sale of floating asset or goods is called revenue receipt such as Rs 20,000 received from sales of goods.

Q2. 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.

Q3. 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.

Q4. 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 book value of Rs 50000 is sold for Rs 60000 the profit of Rs 10000 will be capital profit.

Q5. What is revenue profit?

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

Q6. Define capital payment.

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

Q7. 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.

Q8. What is capital receipt?

**Ans 1:** Receipts which are non-recurring by nature and whose benefit is enjoyed over a long period are called capital receipts.

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Q9. 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.

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Q10. What is revenue loss?

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

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