

Principles of Accounting - ICOM Part 1 Principles of Accounting Chapter 9 Short Question Preparation

Q1. Define final account.

Ans 1: The term final account mean the statements which are prepared at the end of a financial period to show the profit earned or loss suffered by the business and the financial position of a business at the end of the accounting period.

Q2. Define outstanding assets.

Ans 1: Prepaid expenses and accrued incomes are called outstanding assets.

Q3. Define gross loss.

Ans 1: If direct expenses are more than the direct incomes it would mean that the trader has sustained a gross loss.

Q4. Define intangible assets.

Ans 1: Assets which have no physical existence and which can not be seen and touched but felt are called intangible asset.

Q5. Define manufacturing business.

Ans 1: A business which used raw material finished goods is know as manufacturing business.

Q6. Define marshalling.

Ans 1: The term marshalling mean the order in which assets and liabilities are stated on the balance sheet.

Q7. What are wasting assets?

Ans 1: Wasting assets are tangible fixed assets but are called wasting assets because of their nature which decrease in value with decrease of quantity.

Q8. Define liquid assets.

Ans 1: Assets which can converted immediately into cash or which are already in the form of cash are called liquid or quick assets.

Q9. What are indirect expenses?

Ans 1: All those expenses other than direct expenses are known as indirect expenses. These expenses include salaries, rent, interest etc.

Q10. Define prepaid expenses.

Ans 1: Prepaid expenses mean those expenses which have been paid in advance in the business but benefit for which is still to be received is called prepaid expenses.
