

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

Q1. Define balance sheet.

Ans 1: Balance sheet is a statement of assets ,liabilities and owner equity which show the financial position of the business on a particular date.

Q2. What is the term provision?

Ans 1: The amount setting aside out of profit for a possible loss or liability is called as provision.

Q3. Define Creditors.

Ans 1: The persons from whom purchases are made on credit basic or the persons to whom money are to paid in near future is called creditors.

Q4. Define sundry creditors.

Ans 1: The person to whom money is owned are called creditors.

Q5. Define opening stock.

Ans 1: The stock of merchandise or goods help for resale purpose by a business unit at the beginning of the year is known as opening stock.

Q6. 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.

Q7. Define capital.

Ans 1: The amount of cash or goods invested by the owner in a business unit is known as capital.

Q8. What is profit and loss account?

Ans 1: The amount which is prepared to ascertain the net profit earned or net loss suffered by the business is called profit and loss

account.

Q9. Define depreciation.

Ans 1: It is the gradual decrease in the value of the fixed assets due to its use in the business.

Q10. Define prepaid expenses.

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