

Principles of Accounting - ICOM Part 2 Principles of Accounting Chapter 2 Short Questions Preparation

Q1. What is meant by honorarium?

Ans 1: Honorarium is the amount paid to person who may be invited to deliver lectures or artists may be invited to give their performance by a club,

Example : ALex club pay Rs 2000000 as honorarium to Taylor swift and zayn malik for song.

Q2. Write down the major statement prepared by non trading company/

Ans 1: The major statement prepared by non trading concerns are given as below:

1. Receipts and payments account
2. income and expenditure account
3. Balance sheet

Q3. Define admission fee.

Ans 1: Admission is the amount which is paid by the new member at the time of admission to subscription,Only a new member pays to become a new member of the organization.

Example : Asad paid subscription at the time of admission.

Q4. What is meant by receipts and payments account?

Ans 1: A receipts and payments accounts is a summarized cash book for a given period,It is prepared without and distinction between capital and revenue items.

Q5. What is difference between receipts and payments accounts and income and expenditure account ?

Ans 1: Receipts and payment accounts:

1. Only cash transaction are recorded here.
2. Its balance can never be credit
3. It is outside the double entry system

Ans 2: Income and expenditure account:

1. Non Cash transaction are also included in it.
2. Its balance may either debit or credit.
3. It is within the double entry system.

Q6. Write down three features of the receipts and payments accounts.

Ans 1: Three features of receipts and payments account is given below:

1. It is closing balance indicates closing cash in hand and closing cash at bank.
2. It is prepared on the last day of the accounting year.
3. Only cash transaction are recorded here.

Q7. What is economic and expenditure account?

Ans 1: The economic and expenditure account is an account through which the surplus or deficit of a non trading organization is ascertained.

Q8. What is special subscription ?

Ans 1: Special subscription is an additional subscription. It is collected from members over and above the regular subscription. It is used for some special purpose. Example:

Construction of club building, charities to poor, awarding of prizes etc.

Q9. What is meant by surplus?

Ans 1: Surplus is the excess of income over expenditure in case of non trading concerns. It is also known as Surplus Balance. We use formula to calculate surplus is given as below

Surplus = Income - Expenditure.

Ans 2:

Q10. What is meant by donation in reference to non trading company?

Ans 1: Donation is the amount, which is received from members and general public by way of gift. It is to be treated as capital or revenue depends upon the purpose for which the donation is collected.