



ACCOUNTS

BOOKS - ARYA ACCOUNTS (HINGLISH)

BASIC ACCOUNTING TERMS

Short Answer Questions

1. Explain the following terms with examples:

(a) Capital Expenditure (b) Non-Current Assets



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2. Explain the meaning of any three of the following terms:

(i) Assets (ii) Capital

(iii) Goods (iv) Drawings

(v) Trade Receivables



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3. Explain the meaning of any three of the following terms :

(i) Liability (ii) Stock

(iii) Business Transaction (iv) Drawings



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4. Explain the following terms :

(a) Revenue (b) Trade Payables

(c) Fictitious Assets (d) Working Capital



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5. Give any three examples of revenues.



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6. Distinguish between debtors and creditors.



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7. Distinguish between profit and gain.



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8. Distinguish between fixed assets and current assets.



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9. Distinguish between revenue expenditure and capital expenditure.



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10. Distinguish between expenses and expenditure.



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11. Distinguish between expenses and losses.



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12. Give two characteristics of a business transaction.



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13. Differentiate between Assets and Goods on the basis of any two points.



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Very Short Answer Questions

1. What is Capital?



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2. What are Drawings?



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3. LIABILITIES



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4. What are Assets?



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5. What are Current Assets?



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6. Give two examples of Current Assets.



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7. Give two examples fo Tangible Assets.



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8. Give two examples of Intangible Assets.



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9. What are Fictitious Assets?



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10. What are Current Liabilities?



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11. Give two examples of Current Liabilities.



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12. What are Internal Liabilities?



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13. What is expense?



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14. What is revenue?



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15. What is income?



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16. What is a Voucher?



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17. What is Trade Discount?



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18. What is Cash Discount?



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19. What is meant by Purchases?



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20. What is meant by Sales?



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21. Define Merchandise.



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22. Profit is earned on sale of Fixed Asset.

What should be the accounting treatment of

this profit?



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23. Give two examples of revenue expenditure.



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Objective Type Questions

1. Fill in the blanks :

(i) Amount which the proprietor has invested

in a business is known as

(ii) Amount which the firm owes to outsiders is known as

(iii) Is the cost incurred in producing goods and services.

(iv) Revenue means the income of a nature.

(v) The term 'sales ' is used only for the sales of and is never used for the sale of

(vi) The persons who still owe some amount to the business are termed as (vii) The persons to whom money is owing by the firm

are termed as

(viii) Assets held for continued use in the business and not meant for resale are termed as

(ix) are those assets which have a physical existence and which can be seen or felt.

(x) refer to those liabilities which are to be paid normally within one year.



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2. Classify the following into (i) Assets (ii) Liabilities (iii) Expenses and (iv) Revenues
Sales, Bank balance, Debtors, Bank Overdraft, Creditors , Salary to manager, Discount to debtors, Cost of goods sold



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Objective Type Questions Choose The Best Alternate

1. Current Liabilities include :

A. Bills Payable

B. Creditors

C. Outstanding Expenses

D. All of the above

Answer: D



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2. Which of the following is capital expenditure?

A. Wages

B. Wages paid for building construction

C. Repair expenses of building

D. Advertisement Expenses

Answer: B



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3. A person who owes money to the firm is called

A. Debtor

B. Creditor

C. Supplier

D. None of these

Answer: A



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4. Goods means :

A. Commodity to be bought and sold

B. Commodity to be bought but not to be sold

C. Commodity to be used and an asset

D. All of the above

Answer: A



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5. Trade Discount is :

- A. Which is allowed at the time of receiving the payment
- B. Which is allowed at the time of sale of goods
- C. Which is allowed both at the time of receiving payment and sale of goods
- D. Allowed in all of the above

Answer: B



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6. Cash Discount is :

A. Which is received at the time of making
the payment

B. Which is allowed at the time of sale of
goods

C. Which is received at the time of
purchase of goods

D. Which is received both at the time of
making payment and purchase of goods

Answer: A



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7. Current assets of not include :

A. Debtors

B. Motor Car

C. Bank Balance

D. Prepaid Expenses

Answer: B



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8. Tangible Assets do not include :

A. Goodwill

B. Furniture

C. Stock

D. Cash

Answer: A



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9. Which of the following will be treated as drawings :

A. Withdrawing money for payment of salary to employees

B. Withdrawing money for payment to creditors

C. Withdrawing from business for private expenses

D. Withdrawing money for purchase of
asset

Answer: C



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10. Main feature of business transaction is :

A. It involves an economic activity

B. It results in a change in the financial
position of the firm

C. Change must be capable of being expressed in terms of money

D. All of the above

Answer: D



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11. Current Liabilities do not include :

A. Bills Payable

B. Creditors

C. Outstanding Exp.

D. Debentures

Answer: D



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12. Purchases refers to the buying of

A. Stationery for office use

B. Assets for the factory

C. Goods of resale

D. Investment

Answer: C



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13. The term sales is used only for the sales of and is never used for the sale of

A. Assets, Investments

B. Assets, Goods

C. Intangible Assets, Goods

D. Goods, Assets

Answer: D



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14. Out of the following assets which one is NOT an intangible asset ?

A. Patents

B. Investments

C. Goodwill

D. Trademark

Answer: B



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15. At the end of financial year, during which sale of goods was worth Rs. 5,00,000, the closing stock is valued at Rs. 40,000. This is

A. An event

B. A transaction

C. Both an event as well as transaction

D. None of (A) and (B)

Answer: C



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16. Which of the following is the Capital expenditure?

A. Wages paid for repair of building

B. Wages paid for white washing of building

C. Wages paid for construction of building

D. Wages paid for cleaning of building

Answer: C



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17. Consider the following items :

1. Prepaid Salary
2. Accrued Interest (Receivable)

3. Loan (Short term) 4. Bank Overdraft

Current Liability would include :

A. 1, 2, 3, 4

B. 2, 3, 4

C. 4, 3, 1

D. 3, 4

Answer: D



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1. Godrej Ltd. Imported from Germany one machinery for sale in India and another machinery for production purpose. Will you treat them goods or fixed assets?



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2. Mr. Jaspal Singh dealing in electronic goods sold 20 TV sets costing Rs.30,000 each at Rs.40,000 each. Out of this Rs. 5,00,000 were

received in cash and the balance is not yet received. State the amount of revenue.



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3. Mr. Dinanath who owed us Rs.50,000 became insolvent and paid only 40% of this amount. What is term used for the amount not received?



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4. Why assets are classified into current and non-current?



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5. Why receipts are classified into capital and revenue?



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6. Why expenditure is classified into capital and revenue.



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7. What is the reason that the capital expenditure is shows in the Balance Sheet?



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