

Chapter - 10 Financial Statements -2

Question 1

What is an outstanding expense?

Answer: Outstanding expenses are those expenses which have been acquired during a given period of time but have left unpaid till the date of preparing a financial statement.

Question 2

What journal account will be passed for outstanding salary?

Answer: Salary A/c Dr.

To Outstanding Salary A/c

Question 3

What journal account will be passed for prepaid insurance?

Answer: Prepaid Insurance A/c Dr.

To Insurance A/c

Question 4

Accrued income and income due but not received are the same. Is it true or false?

Answer: True

Question 5

Which account is debited for creating a provision for doubtful debts?

Answer: Profit and Loss Account

Question 6

For doubtful debts under which accounting concept provision is made?

Answer: Prudence Concept

Question 7

Mention two examples of revenue expenditure

Answer: The two examples of revenue expenditure are

- Purchase of Goods
- Salary, Rent, etc

Question 8

In balance sheet assets side represents a debit balance

Answer: True

Question 9

Life Insurance premium is treated as drawings

Answer: True

Question 10

Bank overdraft is a contingent account

Answer: False

Question 11

Closing stock is shown in Financial statement at

1. Cost Price
2. Realisable Value
3. Cost price or Realisable value whichever is greater
4. Cost price or Realisable value whichever is less

Answer: Cost price or Realisable value whichever is less

Question 12

Accrued income is

1. A liability
2. Revenue
3. An Asset
4. An Expense

Answer: An Asset

Question 13

Type of account shown in the balance sheet is.

1. Nominal and Personal
2. Real and Nominal
3. Real and Personal
4. Real, Nominal, and Personal

Answer: Real and Personal

Question 14

If a closing stock appears in trial balance then it will be appearing in.

1. Trading Account
2. Balance Sheet
3. Profit & Loss Account
4. Trading & Balance sheet account

Answer: Balance Sheet

Question 15

Give two examples of capital expenditure.

Answer: The two examples of capital expenditure are.

- Purchase of Machinery
- Expenditure on the installation of Machinery