



Ref. No.:

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CORE CONCEPT OF
FINANCIAL ACCOUNTING

1. What is stock? Briefly explain.
2. Point out the drawings?
3. What do you understand by losses? Please explain.
4. Illustrate the invoice & voucher?
5. Point out the users of account.
6. What do you mean by proprietor?
7. Briefly illustrate the discount?
8. Differentiate the solvent & insolvent.

13. Stock

The goods purchased are for selling, if the goods are not sold out fully, a part of the total goods purchased is kept with the trader until it is sold out, it is said to be a stock. If there is stock at the end of the accounting year, it is said to be a closing stock. This closing stock at the year end will be the opening stock for the subsequent year.

14. Drawings

It is the amount of money or the value of goods which the proprietor takes for his domestic or personal use. It is usually subtracted from capital

15. Losses

Loss really means something against which the firm receives no benefit. It represents money given up without any return. It may be noted that expense leads to revenue but losses do not. (e.g.) loss due to fire, theft and damages payable to others,

16. Account

It is a statement of the various dealings which occur between a customer and the firm. It can also be expressed as a clear and concise record of the transaction relating to a person or a firm or a property (or assets) or a liability or an expense or an income.

17. Invoice

While making a sale, the seller prepares a statement giving the particulars such as the quantity, price per unit, the total amount payable, any deductions made and shows the net amount payable by the buyer. Such a statement is called an invoice.



18. Voucher

A voucher is a written document in support of a transaction. It is a proof that a particular transaction has taken place for the value stated in the voucher. Voucher is necessary to audit the accounts.

19. Proprietor

The person who makes the investment and bears all the risks connected with the business is known as proprietor.

20. Discount

When customers are allowed any type of deduction in the prices of goods by the businessman that is called discount. When some discount is allowed in prices of goods on the basis of sales of the items, that is termed as trade discount, but when debtors are allowed some discount in prices of the goods for quick payment, that is termed as cash discount.

21. Solvent

A person who has assets with realizable values which exceeds his liabilities is solvent.

22. Insolvent

A person whose liabilities are more than the realizable values of his assets is called an insolvent.

Accounting Concepts And Conventions

Accounting Concepts

Separate Business Entity Concept
Concept
Dual Aspect Concept
Going Concern Concept
Accounting Period Concept
Cost Concept
The Matching Concept
Accrual Concept
Realization Concept

Accounting Conventions

Convention of full disclosure
Money Measurement
Convention of Materiality
Convention of Conservatism
Convention of consistency