BMIT- Tutorial 06

Accounting and Finance

- Q1. According to the American Accounting Association, Accounting is the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of the information. Who are the users of this economic information?
- Q2. What are the elements of Accounting?
- Q3. Explain the difference between the fixed assets and current assets.
- Q4. Explain the difference between the Tangible assets and Intangible assets.
- Q5. Which combination is the most suitable example for the current liability & long term liability respectively?
 - a) Long-term bank loans, Debentures
 - b) Debentures, Long-term bank loans
 - c) Bank OD, Long-term bank loans
 - d) Bank OD, Personal funds
- Q6. Which of the following are shown under the **wrong** headings?

Assets	Liabilities	
Stocks of goods for resale	Cash in hand	
Amounts due on stocks purchased	Amounts owing to firm by debtors	
Loan made by the firm to another	Income received in advance	
firm		
Bank overdraft	Debentures	
Machinery	Accruals	

- Q7. Which one is the most suitable example for a capital?
 - e) Long-term bank loans
 - f) Debentures
 - g) Bank OD
 - h) Personal funds
- Q8. Explain the difference between the income and expense.

Q9. Complete the gaps in the following table:

Assets	Liabilities	Capital
Rs.	Rs.	Rs.
1,143	564	?
?	7,868	24,684
?	43,244	130,990
56,826	?	14,512
98,693	21,414	?
77,657	?	22,193

Q10. Briefly explain the difference internal and external source of finance.