**Assignment for Finance Executive**

**1.** What are the three Golden Rules of Accounting?

**Answer: 1.Personal Accounts: Debit the Receiver, Credit the giver.**

1. **Real Accounts: Debit what comes in, Credit what goes out.**
2. **Nominal Accounts: Debit all expenses and losses, Credit all incomes and Gains.**

**2.** What are the three main types of accounts?

**Answer:  Personal Accounts, Real Accounts and Nominal Accounts**

**3.** Why is Depreciation not Charged on Land?

**Answer: Its useful life is not limited to few years so Depreciation is not charged on land .**

**4.**What is Amortization?

**Answer:It is systematic writing off of intangible Asset over its estimated useful life.**

**5.**Why is Closing Stock not Shown in Trial Balance?

**Answer: at the time of adjusting , Closing Stock is adjusted against purchases.**

**6.**What are the three main Financial Statements?

**Answer:  Balance Sheet, Profit & loss Accounts and Cash Flow Statement.**

**7.**What is Capital, type of account & where is it shown in the financial statements?

**Answer: it is the amount invested by proprietor or partner in the business either in form of assests having a monetary value or in the form of money.**

**8.**What are Fictitious Assets?

**Answer:  it is neither tangible assets nor intangible Assets.**

**9.**What is the Journal Entry for Goods Given in Charity?

**Answer:   Charity a/c Dr.**

**To purchases A/c**

**( being goods sent for Charity)**

**10.**What is the Journal Entry for Free Samples?

**Answer:  Samples A/c Dr.**

**To Purchases A/c**

**(Being Goods sent or distributed as free samples)**

**11.**What is Depreciation, different types of depreciation & its journal entry?

**Answer:  Depriciation is a fall in the value of Fixed Asset due to usage or accident or with the efflux of time. There are 2 types of Depreciation:- 1. Straight line method , 2.Written Down value method.**

**Depreciation A/c Dr.**

**To Asset A/c**

**(Being Depreciation charged)**

**Profit & loss A/c Dr.**

**To Depreciation A/c**

**(being Depreciation charged to P&L A/c)**

**12.**What are Contingent Liabilities?

**Answer:  It is a liability that may occur in the future depending on the outcome of a Specific event.**

**13.**What is the difference between Reserves and Provisions?

**Answer: 1. Reserve is an appropiation of profit , provision is a charge against profit.**

1. **Reserve is created to strengthen the financial position and to meet unforseen liabilties or losses, Provision is made to meet known liability if the amount is not determined.**
2. **Reserve is shown on the liabilities side of balance sheet , Provision is shown either as a liabilty under the head current liabilities or deduction from the assets.**

**14.** What are Accruals?

**Answer:  It is a journal Entry that is used to recognize revenues and expenses that have been earned or consumed.**

**15.** What is a Contra Account?

**Answer:  it is an account with a balance that is the opposite of the normal balance.**

**A contra assest account has credit balance and contra equity has a debit balance.**

**16.** What are Drawings, what type of account is it & its journal entry?

**Answer: It is the amount taken by the owner of a business for their personal use. It is a Nominal Account.**

1. **In case of money withdrawn**

**Drawing A/c Dr**

**To cash/bank**

**(Being money withdrawn for personal use)**

1. **In case of Goods Withdrawn**

**Drawings A/c Dr**

**To Purchase A/c**

**(Being goods withdrawn for personal use)**

**17.** What is a Bank Reconciliation Statement & why is it prepared?

**Answer:  It is a Statement prepared to reconcile the bank balance as per cash book with the balance as per Bank statement or bank pass book.**

**It is prepared for determine the differences between balance as per cash book and balance as per bank Statement or bank passbook.**

**18.** What is Deferred Revenue Expenditure?

**Answer:  It is a revenue expenditure in nature but written off in more than one accounting period.**

**19.** What is the difference between Trade Discount & Cash Discount?

**Answer: 1. Trade discount is the discount allowed when the goods are sold to the purchaser for resale or when goods are purchased in large quantity. Whereas Cash discount is the discount allowed to the debtor for making prompt payment or making payment done before due date.**

1. What is a Credit Note and Debit Note?

**Answer:  when the buyer returns goods to the seller, he sends a Debit note as an intimation to the seller of the amount being returned and requesting the return of money.**

**When seller received goods from the buyer he prepares a credit note and send to the buyer showing that the money for the related goods is being returned in the form of Credit note .**