

BISHOP GEORGE

SCHOOL & COLLEGE

CLASS - XIth

SUBJECT - ACCOUNTS

CHAPTER - BASIC

ACCOUNTING TERMS

WORKSHEET - 2nd

CLASS XIth

BASIC ACCOUNTING TERMS

WORKSHEET - 2nd

5. Trade Payables :-

Trade payables is the amount payable on account of goods purchased or services taken in the normal course of business. Trade payables includes both 'Sundry Creditors' & 'Bills Payables'.

Creditors :- The term 'Creditors' represents those persons or firms from whom goods have been purchased or services procured on credit & payment has not been made to them.

Bills Payable :- A bill of exchange becomes bill payable for the person who accepts it (drawee) & returns it to the drawer. Thus bills payable is an accounting term for bills of exchange accepted in favour of creditors. The amount specified in such a bill is payable

at a future date.

6. Purchases :- The term purchases is used only for the purchase of 'Goods' in which the business deals. In case of a manufacturing concern 'goods' means acquiring of raw material for the purpose of conversion into finished product & then sale. In case of trade trading concern 'goods' are those things which are purchased for resale.

Purchase Returns :- When purchased goods are returned to the suppliers these are known as purchase returns. Such returns are also termed as 'returns outwards'.

7. Sales :-

Sales means transfer of ownership of goods or services to customers for a price. For example, if Tarun sells a Computer to Varun, the ownership of Computer will be

transferred from Tarun to Varun & Tarun is entitled to receive the agreed price of computer from Varun.

Sales Returns:- Some customers might return the goods sold to them. These are termed as sales returns or 'returns inwards'.

8 Assets :-

Anything which is in the possession or is the property of a business enterprise including the amounts due to it from others, is called an asset. In other words, anything which will enable a business enterprise to get cash or a benefit in future is an asset.