

## Section-3

Ques. 1(A)

Ans. (A)

Closing Stock :- is the amount of inventory that a business still has on hand at the end of reported period. The amount of closing stock can be ascertained with a physical count of the inventory.

(2)

Period Expenses :- A period cost is any cost that cannot be capitalized as to prepaid expense, inventory or fixed assets.

A period cost is the selling and administrative expenses section of the income statement.

(3)

Accrued Income :- Accrued means has been earned but has yet to be received.

Physical funds or other pooled assets that accumulate income over a period once a year as by depreciation their income.

① Bad debts :- Bad debts is an expense that a business incurs once that repayment of credit previously extended to a customer is estimated to a customer. Bad debts is to customer as that it always a value that payment will not be received.

② Outstanding expenses :- Outstanding expenses is an expense which is due but has not been paid.

An expense becomes outstandings when the company has taken benefit but the related payment has not been made.  
Example of outstanding expense.