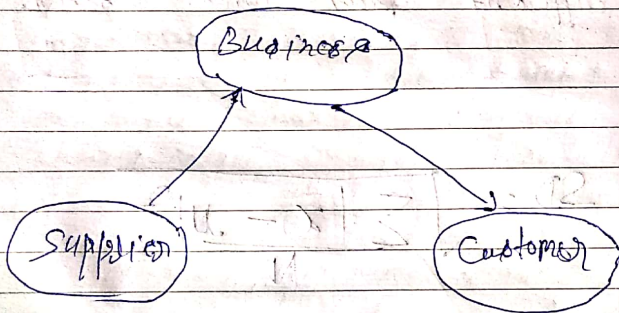


Section - 1

Q. 4 → Write short notes on:

- (i) Trade credit
- (ii) Accrued expenses
- (iii) Deferred income

Ans 1 Trade credit:- A trade credit is a business-to-business (B2B) agreement in which a customer can purchase goods on account without paying cash up front, paying the supplier at a later schedule date.



2 Accrued expenses:- Accrued expenses (such as wages, salaries and utility charges) which are incurred but for which no payment is made during an accounting period. They are

shown in the balance sheet as a current liability also called accrued liabilities.

3 Deferred income:- Deferred revenue, also known as unearned revenue, refers to advance payment a company receives for product or services that are to be delivered or performed in the future. The company that receives the prepayment records the amount as deferred revenue, a liability, on its balance sheet.