



Pakistan School
Kingdom of Bahrain

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

TOPIC

Important Accounting Terms

Subject: Introduction of Accounting

Jun 11, 2020
Grade 11

Lesson Objectives:

Students should understand, analyze and communicate the following basic accounting terms mentioned in book chapter 1:

- ☐ Revenue and Sales
- ☐ Purchases
- ☐ Debtors and Accounts Receivables
- ☐ Creditors and Accounts Payables

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REVENUE Or Sales

Amount derived by the business from its normal activities are called revenues

Or

Sales are activities related to selling or the number of goods or services sold in a given targeted time period.

Credit Sales refer to **sales** in which customer or purchaser is allowed to make payment at a later date instead of making payment at the time of purchase. ... **Cash Sales** –

Cash sales refer to **sales** in which customer is making payment at the time of purchase

Purchases

When a business buy goods for sales purposes, this is called purchases.

The only difference between **cash** and **credit** transactions is the timing of the payment. A **cash** transaction is a transaction where payment is settled immediately. On the other hand, payment for a **credit** transaction is settled at a later date. ... That can also be classified as a **cash** transaction because you paid immediately.

Debtors or Accounts Receivables

Debtors are those from whom business will receive money in future. Because have invoiced them for goods or services supplied. **Debtors** is often referred to as **Accounts Receivable**

Creditors or Accounts Payables

Creditors are those to whom business will pay money in future. Because they have invoiced our business for goods or services supplied. **Creditors** is often referred to as **Accounts Payable**



**Thanks for your
attention!**

Any Question?