JAIIB AFM Module A (Unit 2- Basic Accounting Procedures)

Cost concept:

Every business transaction is recorded in the books of accounts at cost price, irrespective of the market price, all the monetary transactions are recorded at the historical cost.

PRESENT DAY

AFTER 1 YEAR

Money measurement concept:

Business entity concept:

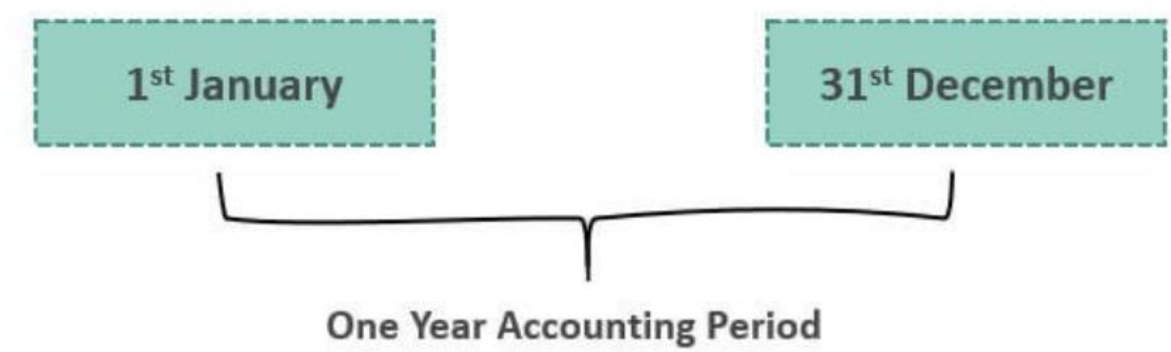
BUSINESS

TATA

OWNER

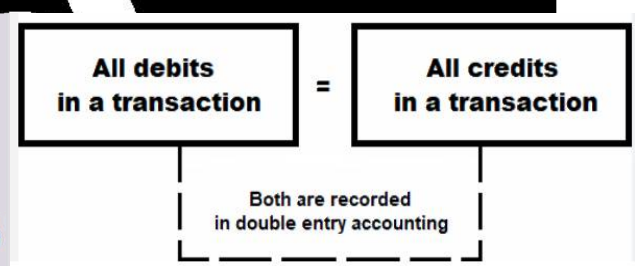
Accounting Period Concept:

- It is assumed that the business will run for a long period, therefore, accounts of each period are recorded.



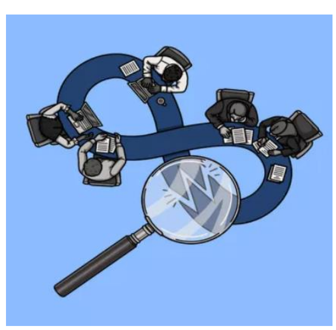
Dual aspect concept:

- This conce[redacted] has doub[redacted]
- One is deb[redacted]



Going concern concept:

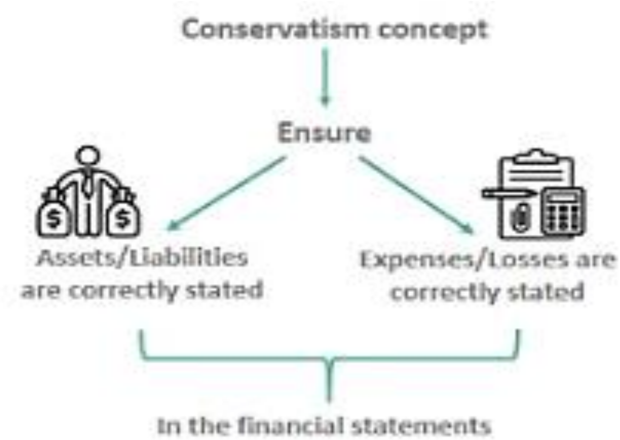
It means tha[redacted] are recorded accordingly.



Main Conventions of Accounting

Convention Of Conservatism:

While recording transactions, all possible losses must be taken into consideration, while all anticipated profits should be ignored. Also known as principle of prudence.



[redacted]on Of[redacted]ull D[redacted]

Entries are m[redacted]ovide[redacted]tly a[redacted]ctivities of the business. The[redacted]ything from outsid[redacted]

Convention o[redacted]

All material i[redacted]

What is material depends upon the value of the item involved and the circumstances of individual case of business.

Q1. The convention of conservatism, which advocates "anticipate no profit, provide for all possible losses" is also commonly referred to as:

(a) Convention of Consistency
(b) Convention of Materiality
(c) Convention of Disclosure
(d) Convention of Prudence
Ans: (d)

Q2. What is the accounting period which we generally follow?

(a) 1 Jan to 31 March
(b) 1 Jan [redacted]
(c) 1 Apr[redacted]
(d) Follow[redacted]
Ans: (c)

Q3. What does [redacted]

(a) The b[redacted]
(b) The b[redacted]
(c) The b[redacted]
(d) The b[redacted]
Ans: (a)

Q4. Which ac[redacted]**zed for being unscient**[redacted]

(a) Doubl[redacted]
(b) Accru[redacted]
(c) Cash [redacted]
(d) Single[redacted]
Ans: (d)