

National Institute of Open Schooling
Secondary Course - Accountancy
Lesson 2: Accounting Concepts and Conventions
Worksheet - 2

1. Define the term accounting concepts. Why do you think they are needed for preparing accounts?
2. Explain the dual aspect concept of accounting with the help of real life example.
3. “Anticipate no profit, but provide for all possible losses”. Explain the statement while elaborating the concept of convention of conservatism with the help of suitable example.
4. Write the two aspects (effects) of the following transactions:

Sr.No.	Transaction	I st Aspect	II nd Aspect
i.	Goods bought for cash		
ii.	Paid to Simran		
iii.	Interest received		
iv.	Electricity expense paid		
v.	Goods sold to Rahul		

5. What do you understand by going concern concept?
6. Identify the accounting concept in the following:
 - i. Business transactions must be in terms of money.
 - ii. The business will continue to carry its activities for an indefinite period.
 - iii. Every transaction has two effects to be recorded in the books of accounts.
 - iv. Same accounting methods should be adopted every year.
7. Define convention of materiality and also explain its significance in accounting.
8. Explain the business entity concept?
9. An accounting concept assumes that all business transactions must be expressed in monetary terms. Explain the significance of this accounting concept.
10. What do you understand by accounting conventions?