

Identify Principles/Concepts/ Convention

1. All anticipated losses should be recorded but all anticipated profits should be ignored.
2. Depreciation is to be charged as per on particular method year after year.
3. Proprietor of the business is treated as creditor to the extent of his capital.
4. The calibre or quality of the management is not disclosed in the Balance Sheet.
5. The full cost of an asset is not treated as an expenses in the year of its purchase
6. Closing Stock is valued at cost price or realisable value (Market Value) whichever is less
7. Omission of paise and showing the round figures in financial statements
8. The cost of a small calculator is accounted as an expense and not show as an asset
9. Recognition of cost in the same period as associated revenue.
10. Everything a firm owns, it also owes out to somebody.