

CLASS –XI
ASSIGNMENT- 2

SUBJECT – ACCOUNTANCY
TOPIC – THEORY BASE OF ACCOUNTING

- Q1) “ The basic measurement in accounting is money.” Identify and explain the assumption.
- Q2) “ Revenue earned and cost of earning that revenue should be properly identified for a period.” Explain this statement.
- Q3) Why is it necessary for accountants to assume that business entity will remain a going concern?
- Q4) What is meant by GAAPs?
- Q5) Why do accounting principles emphasize the use of historical cost as a basis for measuring assets?
- Q6) Name and explain the principles of Accounting in the following cases:
- a) Balance sheet is not a valuation statement.
 - b) Caliber or quality of management team is not directly disclosed in the Balance Sheet.
- Q7) State which accounting convention/ principle is followed/ violated in the following cases:
- a) A company incurs a heavy amount of Rs. 15,00,000 on publicity through T.V. and radio. It wishes to spread the expenditure over a period of 5 years.
 - i) Assuming benefits are expected in that year only.
 - ii) Benefits are expected over a period of 5 years.
 - b) A company wishes to decrease the rate of depreciation from 15% to 10% in view of the inadequate profits in the current year.
- Q8) What do you mean by Accounting Standards? Explain its nature?
- Q9) Distinguish between Cash basis and Accrual basis of Accounting.