

ACC812

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1. The \_\_\_\_\_ concept, otherwise known as the time interval concept, refers to the practice of dividing the life of an entity into discrete periods for the purpose of preparing financial statements.

going concern

matching

entity

--->> time period

2. The \_\_\_\_\_ concept assumes that when accounting for transactions the preparer should look at the economic substance of a transaction, not its legal form.

periodical

--->> substance over form

accrual

consistency

3. A N10,000 machine, which can easily generate output for the next 10 years, would be recognized in the statement of financial position at cost price less \_\_\_\_\_ if the company is a going concern.

expenses

variable cost

--->> depreciation

work in progress

4. The \_\_\_\_\_ concept also assumes that costs should be recognized when they occur, and not when money is paid

going concern

historical cost

prudence

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5. Services paid for in advance that have not been received at the end of an accounting year are treated as a cost of the following accounting year and are referred to as

--->> Prepayments

accruals

deferment

final cost

6. The \_\_\_\_ concept allows the user to have confidence that no profits are included that are not earned and, if not yet received, are reasonably certain to be received.

--->> prudence

matching

prepayment

historical cost

7. The implication of the going concern assumption is that assets are valued at their not their scrap value.

final cost

--->> historical cost

depreciated cost

assets cost

8. The \_\_\_\_\_ concept refers to the assumption that in the measurement of profit, costs should be set against the revenue that they generate at the time when they arise.

Setting

--->> matching

accrual

prepayment

9. The \_\_\_\_\_ concept is the assumption that an entity will continue in operational existence for the foreseeable future.

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accrual

continuity

periodical

10. \_\_\_\_\_ concept allows the user to look at a reporting entity's financial statements and to know that these represent the performance and financial position of the business unit and do not include any assets, liabilities, income or expenditure that are not related to the business.

accruals

matching

--->> entity

prudence

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