


Subject: Management

Production of Courseware

 -Content for Post Graduate Courses

ACCOUNTING
INFORMATION
BUSINESS
MANAGEMENT
FINANCIAL
ACCOUNTS
GENERAL
DEVELOPMENT
PRACTITIONER
BANKS
ASSURANCE
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PRINCIPLES
THE
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REPORTING
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PROVIDE
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PROVIDES
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STOCK CAPITAL
PUBLIC ENTITY
TODAY
EMPLOYEES
PROCESSES
ACCEPTED
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REQUIRE
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REQUIRE
EMPLOYEES
PROCESSES
ACCEPTED
BANKS
REQUIRE
EXTENSIVE



ज्ञान-विद्याय विमुक्तये

Paper: 02, Accounting & Financial Analysis

Module: 04 Accounting Principles; Characteristics of Accounting principles, Difference Between Accounting Concepts and Conventions



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Items	Description of Module
Subject Name	Management
Paper Name	Accounting & Financial Analysis
Module Title	Accounting Principles: Characteristics of Accounting Principles, Difference between Accounting Concepts and Conventions
Module Id	Module No-4
Pre-Requisites	Meaning, Characteristics of Accounting Principles
Objectives	To understand the meaning of accounting principles, their characteristics and importance.
Keywords	Accounting Principles, Concepts, Conventions

Quadrant -III

Few suggested readings to learn more:

- 1) A. Sehgal & D. Sehgal, "Advanced Accounting (Financial Accounting)" Taxmann Publications, New Delhi.
- 2) Arun Jha, "Student's guide to Auditing and Assurance" Taxmann Publications Pvt Ltd, New Delhi.
- 3) J.R. Monga, "Financial Accounting- Concepts & Applications" Mayoor Paperbacks, Noida.
- 4) R.L. Gupta & V.K. Gupta, "Financial Accounting" Sultan Chand & Sons, New Delhi.

Points to ne Ponder:

- 1) Accounting is primarily concerned with recording and reporting of financial information.
- 2) Recorded information is presented to the interested users both internal and external.
- 3) The interested users involve investors, shareholders, debenture holders, creditors, employees, government and so on.
- 4) The financial information is the only source which can be used to ascertain the accounting information.
- 5) In order to maintain consistency in the reporting practices a need was felt to establish a set of common principles or standards (known as GAAP).
- 6) The financial statements are prepared keeping in mind these set principles and hence presented in a fair, uniform and understandable manner.

- 7) Accounting principles are considered as the settled ground or the general guidelines.
- 8) These principles are not in their final and rigid form but still evolving from time to time as they need to be revised and modified keeping in mind the ever changing legal, social and economic environment.
- 9) The accounting principles are classified into two heads- (1) Accounting Concepts (2) Accounting conventions.
- 10) Concepts refer to the postulates i.e., basic assumptions or conditions upon which the science of accounting is based.
- 11) Means circumstances or traditions which guide the accountants while preparing the accounting statements.
- 12) Some of the important concepts are business entity, going concern, money measurement, dual aspect, matching, accounting period and cost concept.
- 13) Main conventions are consistency, conservatism, full disclosure and materiality.
- 14) The main point of difference between accounting concepts and conventions is that accounting concepts are officially recorded, whereas accounting conventions are not recorded officially in the books of accounts.