



Worksheet 7: Complete the concepts answers

1 Accruals concept

_____ states that	<u>expenses</u> incurred are	<u>matched</u>
to the <u>revenue</u>	earned	during that
particular	<u>accounting</u> year.	

2 Consistency

_____ states that	transactions of a <u>similar</u>	nature
should be recorded	in the <u>same</u> way	in all <u>accounting</u> periods
to ensure that	<u>financial</u> statements can be	<u>compared</u> meaningfully

3 Prudence

_____ states that	<u>assets</u> and profits	should not be
<u>overstated</u>	The liabilities and <u>losses</u>	should be <u>provided</u> for
as soon as	these are	<u>recognised</u>