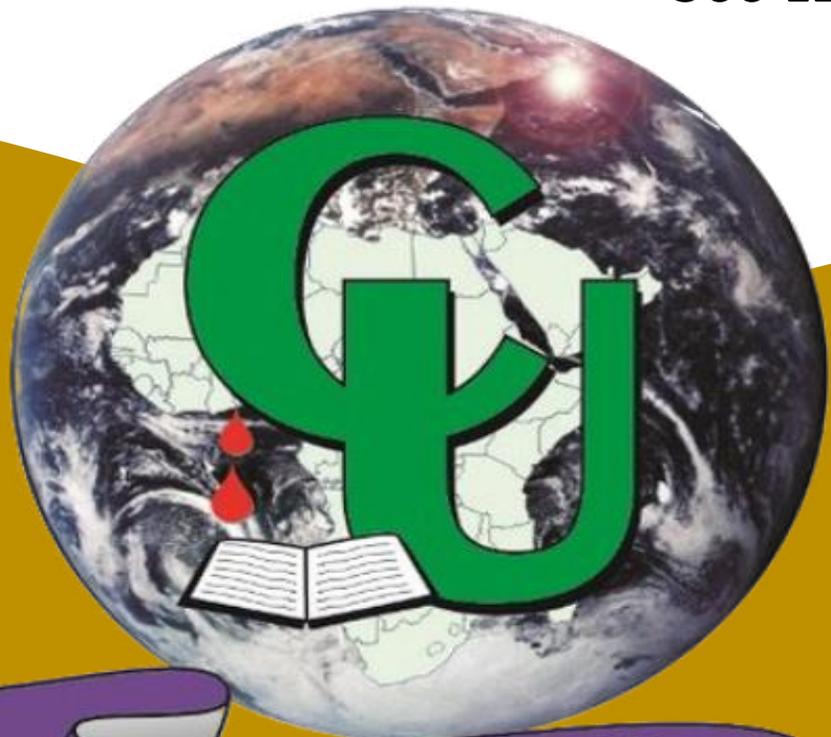


COVENANT UNIVERSITY

ALPHA SEMESTER TUTORIAL KIT
(VOL. 2)

PROGRAMME: BUILDING TECH
500 LEVEL



Raising A New Generation Of Leaders

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LIST OF COURSES

- *BLD511: Advanced Construction Technology I
- BLD513: Advanced Project Management
- *BLD514: Professional Ethics, Practice and Procedure
- BLD515: Construction Budgeting and Finance
- *BLD516: Building Material Development
- *BLD517: Building Contracts Law and Arbitration II
- *BLD518: Advanced Concrete Design
- *BLD519: Lean Construction

*Not included



Covenant University

CANAANLAND, KLM 10, IDIROKO ROAD

P.M.B 1023, OTA, OGUN STATE, NIGERIA.

TITLE OF EXAMINATION: BSc EXAMINATION

COLLEGE: COLLEGE OF SCIENCE AND TECHNOLOGY

DEPARTMENT: BUILDING TECHNOLOGY

SESSION: 2014/2015

SEMESTER: ALPHA

COURSE CODE: BLD 513

CREDIT UNIT: 2

COURSE TITLE: ADVANCED PROJECT MANAGEMENT

COURSE COORDINATOR: Dr. LEKAN AMUSAN

Question 1 (a) State at least four advantages of Program Evaluation Rating Technique

(b) List and describe three ways in which risk could be classified

(c) Explain the following concepts i. Burst ii. Sink iii Expectancy limit 25
Marks

Question 2 (a) List and discuss three types of risk that could be incurred on construction projects

(b) List four methods often used in project cost optimization.

(c) What are basic limitations in Program Evaluation Rating Technique application? 25
Marks

Question 3 (a) List and explain briefly areas that can constitute risk in project management.

(b) What are basic requirements in Program Evaluation Rating Technique application?

(c) What are the distinguishing attributes of Program Evaluation Rating Technique? 25

Marks

Question 4 (a) Describe the techniques used in successful risk identification.

(b) What are the main sources of information for feed-back and control in material procurement?

(c) List and discuss factors that influences materials purchase cost. 25

Marks

Question 5 (a) List and Explain categories of accruable cost on project sites

(b) Enumerate stages involved in management of construction projects from inception to completion.

(c) List the four typical issues that should be addressed at feasibility study stage of a construction project. 25

Marks



DEPARTMENT OF BUILDING TECHNOLOGY

ALPHA SEMESTER EXAMINATION 2014/2015 SESSION

Course Title: Advanced Project Management Course Code: BLD 513

Instruction: Attempt ANY THREE Questions Time: 2Hrs

MARKING GUIDE

Question 1 (a) State at least four advantages of Program Evaluation Rating Technique 25
Marks

Advantages of PERT System

- i. Nature of planning required to generate robust network: The time generated tells if at all the planning being made for the an activity worth a while.
- ii. Possibility of determining probability of meeting a specified lifeline by creating an alternative plan.
- iii. PERT allows for ease of presentation of large amount of data in a well organized diagram for ease of decision making.
- iv. It eliminates idle time.
- v. It cuts project cost and reduce time scale
- vi. Provide better scheduling and control of sub-contractors activities

(d) List and describe three ways in which risk could be classified

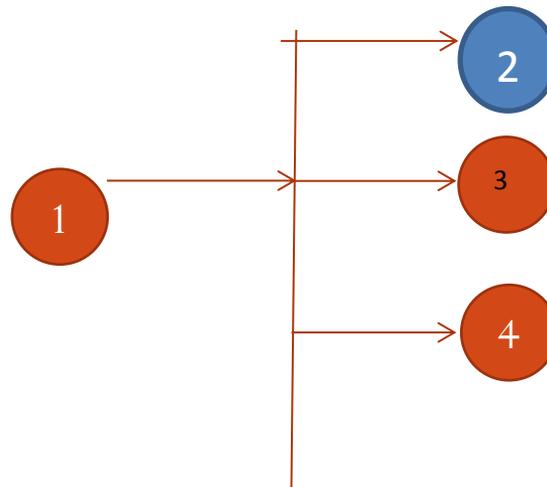
Risk can be classified in three ways.

- i. By identifying the consequence
- ii. Type
- iii. Impact of risk

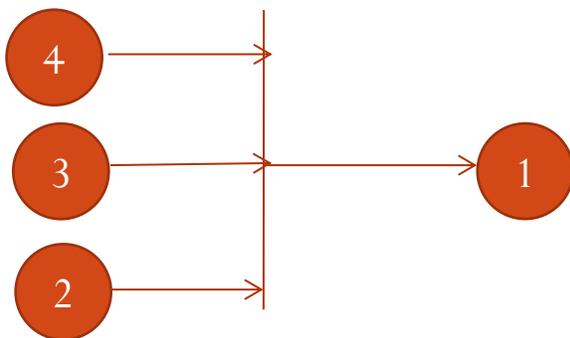
(e) Explain the following concepts i. Burst ii. Sink iii Expectancy limit

- PERT SOURCES[BURST AND SINKS

a. Burst Point



b. Sink



Question 2 (a) List and discuss three types of risk that could be incurred on construction projects

Pure Risk

Pure risk also refers to as static risk i.e. no potential gain. Such risk according to Yeo (1995) arises from the possibility of accident or technical failure. Examples of occurrence resulting from pure risk include; destruction of a building of fire, flood, earthquake, etc.

Speculative Risk

This is referred to as the possibility of loss or gain which might be financial technical, or physical (Flanagan and Norman, 1993).

- FINANCIAL RISK
- From a financial perspective, risk relates to the volatility of potential outcomes (Akintoye et al, 2001).
- These are different type of financial risks. Simmons (2003), for instance considered systematic and non-systematic risks. Apart from market function,

- Akintoye et al, (2001) distinguish between four generic categories namely credit risk, counterpart risk, operational risk, and legal risk.
- **SYSTEMATIC OR MARKET RISK**
- These are also known as non-specific risk and changes in broad economic condition that affect a whole market (Wilmott et al, 1995).
- This for example, may relate to change in asset value as a result of systematic environment factors other examples for market risks include exchange rate, energy prices, high-impact weather effect, etc. (Akintoye et al, 2001).
- He further concluded that market risks affect all equities to some extent and cannot be completely avoided, thus, they are considered to be undiversifiable.
- **NON-SYSTEMATIC (OR SPECIFIC) RISKS**
- These are associated with only a particular assets company, or segment of the market. They are known as ‘specific risks’ because they exert an impact on specific component of the market (Akintoye et al, 2001). Kwakye (1997) opined that since specific risk do not affect the entire market, investor that are affected by specific risks can diversify into a range of other activities in order to avoid such risk.
- **CREDIT RISK**
- Credit risk arises from the default of debtor, with respect to setting a credit facility (Akintoye et al, 2001). In some cases, credit risk is occasioned by systematic risk when debtors fail to fulfill their contractual obligations. The interest and principal on their loans are not paid within the agreed time, assuming a disruption on the cash flow expected by the credit (Alexander, 1998).

COUNTERPARTY RISK

- This risk concerns the trading process rather than investment portfolios. It occurs when one of the trading parties does not perform its obligation as a result of either unexpected systematic factors or legal of political inducement (Alexander, 1998).

LEGAL RISK

- Legal risk consist of injury to person and damage to building due to substance, vibration and similar events during profusion (Kwakye, 1997) a legal risk comes about when new legislation is introduced, or existing legislation is dropped, with adverse consequences on existing transaction (Akintoye et al, 2001). Legal also associated with fraud or non compliance with security laws. Edward and Bowen (1998) maintain that the consequences of some legal risks are severe when they particularly affect a chain of mutually interrelated policies.

(d) List four methods often used in project cost optimization.

- The most common methods of cost optimization includes:

- Gantt or bar chart
- Milestone chart
- Line of balance
- Networks

(e) What are basic limitations in Program Evaluation Rating Technique application? 25 Marks

- i. Visualization of individual task in the context of ability to translate into workable network of events and activities.
- ii. Sequentialization of project activities in a way that would give rooms for creation of main and sub activities under highly logical rules.
- iii. Network must have up to one hundred(100) or more activities but not less than ten(10).
- iv. Three way system must be used in time estimation: Optimistic time, Pessimistic time and Most likely-time.
- v. Critical Path and slack times are computed.

Critical path is that sequence of activities and events whose accomplishment will require the greatest expected time.

Question 3 (a) List and explain briefly areas that can constitute risk in project management. 25marks

- External, but predictable
- External predictable, but uncertain
- Internal-non-technical
- Technical
- Legal

(d) What are basic requirements in Program Evaluation Rating Technique application?

- Basic Requirements in PERT Application
 - i. Visualization of individual task in the context of ability to translate into workable network of events and activities.
 - ii. Sequentialization of project activities in a way that would give rooms for creation of main and sub activities under highly logical rules.

- iii. Network must have up to one hundred(100) or more activities but not less than ten(10).
- iv. Three way system must be used in time estimation: Optimistic time, Pessimistic time and Most likely-time.
- v. Critical Path and slack times are computed.

Critical path is that sequence of activities and events whose accomplishment will require the greatest expected time.

(e) What are the distinguishing attributes of Program Evaluation Rating Technique? 25
Marks

- Distinguishing attributes of PERT
 - i. It forms basis for all planning and predictions: It provides opportunity to plan for effective resources utilization.
 - ii. It allows variety and novelty through eliminating cultural attachment syndrome or repetitive approach while encouraging “one-of-a-kind” program.
 - iii. It provides management to manage project uncertainties e.g how delay in project time of an activities affects project completion.
 - iv. It identifies longest path or critical paths
 - v. It facilitates projects’risk analysis.

Question 4 (a) Describe the techniques used in successful risk identification.

- i. Personal experience
- ii. Interviewing key project participants
- iii. Brainstorming meetings with all interested parties
- iv. External consultation
- v. Reviewing past corporate experience (if appraisal record some kept) or case studies.
- vi. Searching of Literature or Reliance on past experience of risk analyst.

(d) What are the main sources of information for feed-back and control in material procurement?

- The main sources of information for feedback and control of material procurement are
 - requisitions,
 - bids and quotations,
 - purchase orders and subcontracts,
 - shipping and receiving documents,
 - invoices.
 - For projects involving the large scale use of critical resources, the owner may initiate the procurement procedure even before the selection of a constructor in order to avoid shortages and delays.

(e) List and discuss factors that influences materials purchase cost. 25
Marks

i. Bargaining Power

ii. Bulk Purchase

iii. Design Characteristics Action of Middlemen

iv. Material Availability

v. Proximity of a close Substitute.

Factors Influencing Material Purchase Cost

- (i) **Bargaining Power:** The cost of materials is based on prices obtained through effective bargaining. Unit prices of materials depend on bargaining leverage, quantities and delivery time. Organizations with potential for long-term purchase volume can command better bargaining leverage.
- (ii) **Bulk Purchase:** While orders in large quantities may result in lower unit prices, they may also increase holding costs and thus cause problems in cash flow. Requirements of short delivery time can also adversely affect unit prices.
- (iii) **Design Characteristics:** Furthermore, design characteristics which include items of odd sizes or shapes should be avoided. Since such items normally are not available in the standard stockpile, purchasing them causes higher prices.
- (iv) Action of Middlemen
- (v) Material Availability
- (vi) Proximity of a close Substitute.

Question 5 (a) List and Explain categories of accruable cost on project sites 25marks

Cost category on Site

- (1) purchase costs,
- (2) order cost,

- (3) holding costs, and
- (4) unavailable cost.

(1) Purchase Costs

The *purchase cost* of an item is the unit purchase price from an external source including transportation and freight costs. For construction materials, it is common to receive discounts for **bulk purchases**, so the unit purchase cost declines as quantity increases.

(2) Order Cost

The *order cost* reflects the administrative expense of issuing a purchase order to an outside supplier. Order costs include expenses of making requisitions, analyzing alternative vendors, writing purchase orders, receiving materials, inspecting materials, checking on orders, and maintaining records of the entire process. Order costs are usually only a small portion of total costs for material management in construction projects, although ordering may require substantial time.

(3) Holding Costs

The *holding costs* or *carrying costs* are primarily the result of capital costs, handling, storage, obsolescence, shrinkage and deterioration.

Capital cost results from the opportunity cost or financial expense of capital tied up in inventory. Once payment for goods is made, borrowing costs are incurred or capital must be diverted from other productive uses. Consequently, a capital carrying cost is incurred equal to the value of the inventory during a period multiplied by the interest rate obtainable or paid during that period.

Note that capital costs only accumulate when payment for materials actually occurs; many organizations attempt to delay payments as long as possible to minimize such costs.

Handling and storage represent the movement and protection charges incurred for materials.

Storage costs also include the disruption caused to other project activities by large inventories of materials that get in the way. Obsolescence is the risk that an item will lose value because of changes in specifications. Shrinkage is the decrease in inventory over time due to theft or loss.

(4) Unavailability Cost

The *unavailability cost* is incurred when a desired material is not available at the desired time. In manufacturing industries, this cost is often called the *stockout* or *depletion* cost.

Shortages may delay work, thereby wasting labor resources or delaying the completion of the entire project. Again, it may be difficult to forecast in advance exactly when an item may be required or when a shipment will be received. While the project schedule gives one estimate, deviations from the schedule may occur during construction.

Moreover, the cost associated with a shortage may also be difficult to assess; if the material used for one activity is not available, it may be possible to assign workers to other activities and, depending upon which activities are critical, the project may not be delayed.

(b) Enumerate stages involved in management of construction projects from inception to completion.

STAGES INVOLVED ARE AS FOLLOW:

- a. Outline Project Brief (Feasibility Stage).
- b. Strategy Stage.
- c. Pre-construction stage.
- d. Construction and Fitting-out Stage.

(c) List the four typical issues that should be addressed at feasibility study stage of a construction project. 25

Marks

The issues that should be addressed at feasibility stage are:

- (i) Budget/funding
- (i) Time scale
- (ii) Function.
- (iii) Location.



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P.M.M 1023, OTA, OGUN STATE, NIGERIA

TITLE OF EXAMINATION: B.Sc EXAMINATION

COLLEGE: SCIENCE AND TECHNOLOGY

SCHOOL: ENVIRONMENTAL SCIENCES

DEPARTMENT: BUILDING TECHNOLOGY

SESSION: 2014/2015 SEMESTER: ALHPA

COURSE CODE: BLD 515 CREDIT UNIT: 2.0

COURSE TITLE: CONSTRUCTION BUDGETING AND FINANCE

INSTRUCTION: ANSWER ANY THREE (3) QUESTIONS TIME: 2 HOURS

1(a). Highlight the advantages of book keeping to the following categories of persons:

(i) The management of business (3 ½ marks)

(ii) The investors (3marks)

(iii) The employees (2 ½ marks)

(b). Identify and explain briefly the system of book keeping. (3 ½ marks)

(c). Highlight the objectives of book keeping (5 marks)

2(a). Briefly explain the need for accounting (3 marks)

(b). Differentiate between book keeping and accounting (5 ½ marks)

(c). Highlight the advantages and disadvantages of double entry system of book keeping

(6 marks)

(d). what is accounting equation? (3 marks)

3(a). Identify the various forms of business organization and highlight their features (6 marks)

(b). Highlight the characteristics of an ideal form of business. (4 marks)

(c). Identify and explain the content of loan proposal. (3 ½ marks)

(d). Highlight the various sources of capital for business financing. (4 marks)

4(a). Identify and explain the three branches of accounting you know. (5 marks)

(b). what do you understand by the term “accounting”? (3 marks)

(c). Highlight the relationship of accounting to other disciplines in the country. (3 marks)

(d). Highlight the roles of accounting in our society. (6 ½ marks)

5(a). Identify and explain characteristics of accounting principles. (4 ½ marks)

(b). List and explain various accounting concepts you know. (5 marks)

(c). List and explain the several accounting conventions in operation. (4 marks)

(d). Highlight the limitations of financial accounting. (4 marks)

Sum Total = 70 marks



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COLLEGE: SCIENCE AND TECHNOLOGY

DEPARTMENT: BUILDING TECHNOLOGY

SESSION: 2014/2015

SEMESTER: ALHPA

COURSE CODE: BLD 515

CREDIT UNIT: 2.0

COURSE TITLE: CONSTRUCTION BUDGETING AND FINANCE

COURSE COORDINATOR: DR.I. O. FAGBENLE

COURSE LECTURERS: MR.I. O. FAGBENLE and MR. R. A. OJELABI

MARKING GUIDES

1(a) i Advantages of Book-keeping to Management

1. In evaluating various alternative proposals so as to take maximum benefits from the best alternatives
2. In deciding matters such as elimination of an unprofitable activity, department or product, replacement of fixed assets, expansion of business etc.
3. Planning the various activities and planning of revenues and arranging for finance in case of need.

(ii) Advantages of Book-keeping to Investors

1. It provides information regarding types of property owned by the business.
2. It provides information regarding sources and amount of earning made or losses incurred by the business.
3. It provides information regarding particulars such as stock position, debts owned, debts due, etc.

(iii) Advantages of Book-keeping to Employees

1. It provides information to employees as to claim fair wages, bonus and other welfare facilities.

(b). Identify and explain briefly the system of Book-keeping

Answer: (i) Single Entry System

(ii) Double Entry System

(i) Single Entry System: It is defined as a system of book-keeping in which as a rule, only records of cash and personal accounts are maintained. The system is adopted by small business enterprise. Under this system only personal accounts of debtors and creditors and a cash book is maintained.

(ii) Double Entry System: This system of accounting is based upon exchange value of money or money's worth. Under this system, every transaction is recorded twice, one on the debit side, i.e the receiving and the other on the credit side i.e giving aspect. Thus every transaction has two aspects.

(1c) Highlight the objectives of book-keeping

1. To know the result of the business over a period of time. The result of a business over a period of time. The result of a business may be profit or loss.
2. To know the financial position of a business at a point of time. This can be known by presenting all assets and liabilities in the form of a statement known as Balance Sheet.
3. To maintain all records for a given period to serve as permanent reference in future.
4. To know the amount which a business owes to others for having bought goods on credit basis.
5. To know the amount due to business by others on account of goods sold on credit basis.

(2a). Briefly explain the need for accounting

Accounting is very essential in very business transactions. The various business transactions enable businessman to know the result of his business, in order to know the result of his business, a businessman has to remember all the transaction of his business. However, owing to lack of memory, it is not possible to remember all the transactions over a period of time. This has therefore given rise to maintenance of a set of accounting books in which business transactions are chronologically recorded.

(2b). Differentiate between book-keeping and accounting

1. In Book-keeping, financial transactions are recorded in a set of books. Whereas in accounting, the errors are detected and they are rectified through adjustment.
2. Book-keeping does not show the results and financial position of the business.
3. Book-keeping is undertaken by clerk whose responsibility is less. Whereas, the accounting is undertaken by accountant whose responsibility is more.
4. Book-keeping does not require special knowledge and ability. Whereas, accounting requires special knowledge.
5. Book-keeping is concerned with posting the entries in the ledger. Whereas, accounting is concerned with checking whether posting is accurately done.

(2c). Highlight the advantages and disadvantage of double-entry system of book-keeping

Advantages

1. It records all the transactions considering both the aspects of the transactions. Hence, it gives the complete information about the business.
2. By recording both the debit and credit aspects, it ensures the mathematical accuracy or correct preparation of accounts.
3. It enables one to prevent misappropriation and frauds involved in recording the transactions.

Disadvantages

1. It involves maintenance of many books and ledgers which are very expensive.
2. It involves more of clerical labour

(2d). What is accounting equation

Accounting equation may be defined as an accounting formula expressing equivalence of the two expressions of assets and liabilities. Expressed in the form of equation.

$$\text{Assets} = \text{Capital} + \text{Liabilities}$$

$$\text{Capital} = \text{Assets} - \text{Liabilities}$$

$$\text{Liabilities} = \text{Assets} - \text{Capital}$$

The accounting equation has two aspects, viz: left hand side to record any increase or decrease in the value of asset and right hand side to record any change in the value of liabilities.

(3a). Identify the various forms of business organization and highlight their features

1. Sole Proprietorship
2. Joint Hindu Family Firm
3. Partnership firm
4. Joint Stock Company
5. Co-operative Society

Features of Sole Proprietorship

1. The business is owned and controlled by only one person.
2. The risk is borne by a single person and hence he derives the total benefit.
3. The proprietor may take the help of members of his family in running the business.

Features of Joint Hindu Family

1. The business is generally managed by the father or some other senior member of the family, he is called the karta or the manager.
2. Except the karta, no other member of the family has any right of participation in the management of a joint Hindu Family firm.
3. Dissolution of the joint Hindu Family can take place only through mutual agreement.

Features of partnership firm

1. **Simple Procedure of Formation:** The formation of partnership does not involve any complicated legal formalities.
2. The capital of a partnership is contributed by the partners but it is not necessary that all the partners should contribute equally
3. The duration of partnership may be fixed or may not be fixed by the partners

Features of Joint Stock Company

1. The formation of a joint stock company is governed by rules and regulations lay down.
2. The company has separate legal existence. The owners are different from the people who manage the business.
3. Unlike sole proprietorship and partnership, it has continuous existence.

Features of co-operative society

1. It is a voluntary organization
2. Objective is mutual help and service motive
3. Common interest of members

(3b) Characteristics of ideal form of business

1. **Ease of Formation:** It should be easy to form the organisation. The formation should not involve many legal formalities and it should not be time consuming.
2. **Adequacy of Capital:** The formation of organisation should facilitate the raising of the required amount of capital at a reasonable cost.
3. **Continuity and Stability:** Stability is essential for any business concern. Uninterrupted existence enables the entrepreneur to formulate long-term plans for the development of the business concern.
4. **Flexibility of Operation:** Another ideal characteristic of a good form of organization is flexibility of operations.

(3c) Content of a Loan Proposal

1. **General Information:** This entails business name, names of principal, social security number for each principal and business address. It also captures in detail what the loan will be used for and why it is needed
2. **Business Description:** it entails history and nature of the business, number of employees and current business assets. It also shows ownership structure.

3. **Management Profile:** It entails information about the principals and it includes education, experience, skills and accomplishment.
4. **Market information:** It captures the company's product as well as market. It also identify competitors and how the business can survive in market place

(3d) Sources of Capital for Business Financing

1. **Personal savings:** The primary source of capital for most new businesses comes from savings and other forms of personal resources.
2. **Banks and credit union**
3. **Friends and relatives**
4. **Venture capital firms**

(4a). Characteristics of Accounting Principles

1. **Financial accounting**
2. **Cost accounting**
3. **Management accounting**

Financial accounting: It refers to a branch of accounting which deals with financial transactions of a business. It is mainly concerned with preparation of two important statements and they are; (i) Income statement or profit and loss account

(ii) Positional statement or balance sheet

Cost accounting: It is defined as the branch of accounting that deals with the classification, recording, allocation, summarization and reporting amount and prospective cost. An analysis of this definition reveals the following aspects of cost accounting;

Classification: It refers to grouping of like terms of cost into a common group

Allocation: it refers to allotment of costs to various products and department

Summarization: It refers to condensing cost information for quick interpretation and for taking prompt action for improving the inefficiencies.

Recording: it refers to posting of cost transactions into various ledgers maintained under cost accounting system.

Reporting: It refers to furnishing of cost data on a regular basis so as to meet the requirement of management.

Management Accounting: It is defined as the application of professional knowledge and skill in the preparation and presentation of accounting information in such a way to assist management in the formation of policies and in the planning and control of the operation of the undertaking. It is a branch of accounting which furnishes useful data in carrying out the various

management function such as planning, decision making and controlling the activities of a business enterprise.

(4b). According to America Accounting Association, accounting can be defined as the process of identifying, measuring and communicating economic information to permit informed judgment and decisions by users of the information. In the same vein, America Institute of Certified Public Account Terminology Committee defines accounting as the art of recording, classifying, and summarizing in a significant manner and in terms of money and transactions and events which are in part at least of a financial character and interpreting the result thereof.

(4c). Relationship of Accounting to other Business in the Country

1. **Accounting and Business:** Business organizations are run with an objective of earning profit. As a result of several transaction that takes place in the business engagement, it is necessary to create an accounting section that can help in taking proper records which will help in ascertaining the position of the business
2. **Accounting and Medical Science:** Medical science also heavily relies upon accounting information. Hospitals and clinic will maintain accounting book in order to know the rates to be charged to patients. They record all the expenses incurred and revenue received for a given period to know whether hospitals and clinic is run with profit or otherwise.
3. **Accounting and Research:** Research organisation also will maintain a set of accounting books to know the research expenses in conducting various experiment. They evaluate the success of the research activities by knowing the corresponding benefits derived by the production and sale of new products.

(4d). Roles of accounting in our society

1. **Conduct of Statutory Audit:** Auditing the account of a joint stock company is a compulsory. A chartered accountant services as an auditor to verify the correctness of accounts of a joint stock company
2. **Taxation:** An accountant can represent the business or a person before tax authorities and settle tax liability as per income tax act
3. **Management Accounting:** A management accountants assist management un performing various functions by way of collecting, analyzing, interpreting and presenting all accounting information which is useful in management.

(5a). Characteristics of accounting principles

1. Objectivity
2. Application
3. Use
4. Simplicity

Objectivity: The principle must be base on facts and impartial attitude.

Application: Accounting principle must be applicable and then it can be regarded a good principle. In case theoretically principles is sound, but its application is difficult, then the principle has no value

Use: The principle should be such that its application increases utility of accounting records.

Simplicity: The principle should be simple and easily understood by all.

(5b). Accounting concepts

1. Business Entity Concept
2. Money Measurement Concept
3. Going Concern Concept
4. Dual Aspect Concept

Business Concept: The business enterprise is treated as a separate organisation which is quite distinct from the owner of the business. It simplifies that the business transactions must be kept completely separate from the private affairs of the proprietor.

Money Measurement Concept: While preparing accounts in a business, only those transactions which are capable of expression in terms of money alone are recorded.

(5c). Accounting Conventions

1. Doctrine of consistence
2. Doctrine of disclosure
3. Doctrine of conservation
4. Doctrine of materiability

Doctrine of Consistence: This doctrine implies that the business followed in different accounting period should be same. In other words, method adopted in one accounting year should not be changed in another year.

Doctrine of Disclosure: According to this doctrine all significant information about the business should be disclosed.

Doctrine of Conservation: According to this doctrine, the accounting information should not show a better position than what it is actually.

Doctrine of Materiability: According to this doctrine only transactions which are more important to the business are recorded.

(5d). Limitation of Financial Accounting

1. It produce only past data

2. It reveals only overall result of the business
3. It is static in nature
4. It fails to provide adequate data for price fixation