**English**

**Title: Accounting principles**

**Objectives:**

* Students will learn that accountants have to follow a number of principles of accounting **Introduction**
* when they establish financial statements.This text deals with the main accounting principles. It provides a short description for each as well as an explanation on how they relate to financial accounting.

**1-DefinitionofAccounting principles**

Accounting principles are defined  rules that ensure businesses follow the same financial practices. By using these guidelines to standardize how you track and interpret [accounting](https://www.nerdwallet.com/article/small-business/what-is-accounting) data, you can accurately compare financials from different time periods and gain a clear understanding of your business's health.

**2- Accounting principles**

The following are the most important accounting principles.

* The **full-disclosure** principle states that financial reporting must include all significant information: anything that makes a difference to the users of financial statements.
* The principle of **materiality**, however, says that very small and unimportant amounts do not need to be shown.
* Principle of **conservatism** is that where different accounting methods are possible, you choose the one that least likely to overstate or over-estimate assets or income.
* The **objectivity** principle says that accounts should be based on facts and not on personal opinions or feelings. Accounts, therefore, should be **verifiable**: it should be possible for internal and external auditors to show that they are true. This isn’t always possible, however: depreciation or amortization, and provisions for bad debts, for example, are necessary **subjective**- based on opinions.
* The **revenue recognition** principle is that revenue is recognized in the accounting period in which it is earned. This means the revenue is recorded when a service is provided or goods delivered, not when they are paid for.
* The **matching** principle, which is related to revenue recognition, states that each cost or expense related to revenue earned must be recorded in the same accounting period as the revenue it helped to earn.
* **Hitorical cost** principle

-Accounts used to reflect original cost of

assets.

- Current movement is to reflect more at

“fair value” rather than “cost”.

**.Periodicity** principle

**-**The environment in which accounting operates requires that the life of a business be divided into accounting periods of not more than one year in length and that test readings of the progress of the business be made at the end of each period.

**Summary:**

* Accounts and financial statements are based on a number of principals to make them more consistent and understandable.