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TABLES SUMMARIZING THE BASIC ACCOUNTING ASSUMPTIONS, PRINCIPLES AND CONSTRAINTS

ACCOUNTING ASSUMPTIONS:

ACCOUNTING ENTITY OR BUSINESS ENTITY OR ECONOMIC ASSUMPTION	Accounting entity concept/economic entity,business entity concept- the business is a separate entity from its owners.
ACCOUNTING PERIOD OR TIME PERIOD ASSUMPTION	Accounting period concept-the indefinite life of a busiess entity is divided into accounting periods for the purpose of preparing financial reports.
GOING CONCERN ASSUMPTION	Going concern concept-is the assumption that a business will operate indefinitely.
MONEY MEASUREMENT OR MONETARY UNIT ASSUMPTION	Money measurement-refers to the identification and measurement of economic events in financial terms (say in USD).

ACCOUNTING PRINCIPLES:

FULL DISCLOSURE PRINCIPLES	Enough information must be reported to help users make knowledgeable decisions.
HISTORICAL COST PRINCIPLE	Historical cost concept-where all transactions are recorded at the original cost to the business.
MATCHING PRINCIPLE	Matching principle/concept-revenue earned during an accounting period has to be matched with the expenses associated with the revenue generated
REVENUE RECOGNITION PRINCIPLE	Recognize revenue when it is earned, not too early and not too late.

ACCOUNTING CONSTRAINTS:

MATERIALITY CONSTRAINT	Significant items must be accurately measured.
Prudence or Conservatism CONSTRAINTS	Prudence concept-considers that it is prudent neither to overstate profits and assets nor understate losses and liabilities.