

Section - 4

Ans 2

Accounting Principles are the rules and guidelines that companies must follow when reporting financial data. Some of the most fundamental accounting principles include the following: Accrual Principle, Conservatism Principle.

Accounting Principles - The Financial Accounting Standards Board (FASB) issues a standardized set of accounting principles in the U.S. referred to as Generally Accepted Accounting Principles (GAAP). Some of the most fundamental accounting principles include the following.

- Accrual Principle
- Conservatism Principle
- Consistency Principle
- Cost Principle
- Economic entity Principle
- Full disclosure Principle
- Going concern Principle
- Matching Principle
- Materiality Principle
- Monetary unit Principle
- Reliability Principle
- Revenue recognition Principle
- Time period Principle.

Fundamental Accounting: The most significant purpose of accounting is to provide financial information about a business whether to internal users such as management or external users like investors. If this information is not reliable, it erodes people's trust in the company, and in the world of finance in general. If the information is not standardized, it is not useful for comparing companies.

The Financial Accounting Standards Board creates Generally Accepted Accounting Principles (GAAP) to address these issues.

The fundamental principles are the basic facts that accountants can assume to be true from financial statement-to-financial statement and company to company. Each fundamental of accounting is like a rule for the language accountants speak. There are five accounting concepts known as Principles. Along with several important assumptions and concepts, these make up the most important things to know about accounting.