



Pakistan School
Kingdom of Bahrain

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

TOPIC

Important Accounting Terms

Subject: Introduction of Accounting

Jun 16, 2020
Grade 11

Lesson Objectives:

Students should understand, analyze and communicate the following basic accounting principles and conventions given in book chapter 1:

Book pager # 12 to 16

Accounting Principles

The following is a list of the ten main accounting principles and Conventions guidelines together with a highly condensed explanation of each.

1. Time Period Assumption.
2. Cost Principle.

Time Period Assumption

Time period assumption definition.
Also known as the
periodicity **assumption**. The
accounting guideline that allows the
accountant to divide up the complex,
ongoing activities of a business
into **periods** of a year, quarter, month,
week, etc

Time Period Assumption

TIME PERIOD ASSUMPTION

- The **time period** (or periodicity) **assumption** assumes that the economic life of a business can be divided into artificial time periods — generally a month, a quarter, or a year.
- Periods of less than one year are called **interim periods**.
- The accounting time period of one year in length is usually known as a **fiscal year**.



Cost Principle Or Historical Cost

The **cost principle** is one of the basic underlying guidelines in accounting. It is also known as the historical **cost principle**.

The **cost principle** requires that assets be recorded at the cash amount (or the equivalent) at the time that an asset is acquired.

1.7 HISTORICAL COST PRINCIPLE

Historical Cost Principle

- This principle means that assets are not re-valued to their current market value but are maintained at their original cost
- Is this suitable for all assets?
 - Stock?
 - Debtors?
 - Premises?
 - Shares?
 - Vehicles?
 - Art?



**Thanks for your
attention!**

Any Question?