Business Cheat Sheet

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Accounting Concepts

Rules or guidelines that accountants follow when drawing up accounts.

Last ones

Business Entity	Money Measurement	Dual Aspect
Financial affairs of the business should be completely separate from those of the owner	Financial Records should be expressed in monetary terms.	Every transaction has 2 effects on the business's accounts.

Statements of Standard Accounting Practice

Going Concern Concept	Consistency Concept	Prudence Concept	Accruals or Matching Concept

Statements of Standard Accounting Practice (cont)

Assumes that a business will carry on tradinf for the foreseeable future.	States that the accounts of a business should be prepared on the same basis every year.	States that accountants should be cautious when reporting the financial position of a business. *revenue and profit should not be recorded unless it is certain; anticipate all possible losses and record them as soon as they are known; choose the lowest value when faced with a choice of asset values or revenue; highest value when referring to costs*	Accruals: revenue whould be recorded when it is earned and not hen the money is received. (same goes to costs). Matching: states that when calculating profit, revenue should be matched against expenditure incurred in earning it.

Other

Objectivity	Historical Cost	Realization	Materiality
Accounts should be based on verifiable evidence rather than personal opinion	Accounting should be based on the original costs incurred in the transaction	Revenue shouldn't be recognized until the exchange of goods or services has taken place.	Accountants should avoid wasting time trying to accurately record items of expenditure which are trivial.