

- **Time Period:-**As it might be cleared by the name, it is talking about some time span. The main question is in what regards is it saying **time period**? Well, it is talking about the time taken for the preparation of an entity report. The format followed by the company depends on the decision of the owner. It can be the **natural year** (1 Jan – 31 Dec) or **Fiscal year** (1 Mar – 28 Feb). If an owner feels that it must be quarterly or monthly then that format will be followed.
- **Realization:-**Profits are basically earned with the help of resources and liabilities. However, it earning is done when the product is sold to the customer at a reasonable price. It will be recorded at the time of selling and not before it. The bestowed contract time is not recorded in it. The main thing to know is that the cost of production get divided over time and you can't be sure how much money was invested in the manufacturing. Hence the **basic accounting assumptions** are done but the actual cost is added later on.
- **Consistency:-**If you are using a method to maintain a record then you must follow the same concept for the future endeavor too. This will guarantee that if any changes in the financial statement are done then it was due to the change in the operation rather than the **accounting entries**. It is easy for you to keep a track on things and what needs to be done in case the condition deteriorates.
- **Matching:-**To ensure that the income is not overstated at any time, you need to record the expenses and revenues at the same time. For instance, if you used 30,000 dollars for buying the raw material then enter it in the record during the time of representing revenue. However, it is an easy way to maintain the chart of the revenue and expenses. You will also be able to know the profit and loss of you expenses with the little help of **basic accounting and finances**.

Hence, with the help of these principles and concept, it is easy to read, organize and link the statements of all the finances with utter precision and accuracy.

-----Thank You-----