

# ACCOUNTING POLICIES AND STANDARDS

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# ACCOUNTING POLICIES

- A company's way of doing their accounts

# VALUATION

- ◉ deciding how much something is worth



# MEASUREMENT

- determining how big something is



Generally Accepted Accounting Principles (GAAP)  
The accounting standards used in the USA

# International Financial Reporting Standards (IFRS)

Accounting standards used by 113+ countries  
worldwide

# CONSISTENCY PRINCIPLE

- The idea in accounting that once an accounting method is adopted, it should be followed consistently from one accounting period to the next

# DISCLOSE

to make known or reveal



# DEPRECIATION

- reducing the value of assets in the company's accounts



# PROVISIONS

- ◉ amounts of money deducted from profits

# HISTORICAL COST PRINCIPLE

- ◉ companies record the original purchase price of assets, and not their (estimated) current selling price or replacement cost



# "GOING CONCERN"

- ◉ the idea that a successful company will continue to do business



# REPLACEMENT COST ACCOUNTING

- values all assets at their current replacement cost

# CURRENT REPLACEMENT COST

- the amount that would have to be paid to replace them now