

**5.5 | Periodicity concept**

- Money measurement concept
- Application of the concept in preparing financial statements

**Periodicity concept**

- The periodicity concept provides the basis for dividing the continuous lifetime of the business into periods, and prepares the financial statements accordingly for each period.
- When presenting the elements of the financial statements, it is necessary to observe the periodicity concept.

**Application of the concept in preparing financial statements**

- Accounting year is made up of 12 calendar months
- Accounting periods can be annual, semi-annual, quarterly, and even monthly
- Financial statements have to be prepared in accordance with the periodic concept
  - Income Statement for the year ending 31 Dec 2020
  - Statement of Financial Position as at 31 Dec 2020



