

## Accounting Assumptions and Principles

Match the following accounting assumption or principle with the appropriate definition.

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|-------------------------------|-----------------------------------|
| 1. Going-Concern Assumption   | 7. Full-Disclosure Principle      |
| 2. Economic-Entity Assumption | 8. Matching Principle             |
| 3. Monetary-Unit Assumption   | 9. Historical-Cost Principle      |
| 4. Periodicity Assumption     | 10. Revenue Recognition Principle |
| 5. Conservatism               | 11. Industry Practices Constraint |
| 6. Materiality                |                                   |

- \_\_\_9\_ A. Keeps assets on the books at their original purchase price
- \_\_\_3\_ B. Assumes that a dollar has no change in its purchasing power over time
- \_\_\_8\_ C. Amortizing a patent over its life rather than expensing it immediately
- \_\_\_2\_ D. Allows the finances of a business to be separate from the finances of the owners
- \_\_\_11\_ E. Permits the use of current-cost valuation in certain situations
- \_\_\_7\_ F. Ensures that all financially relevant information is disclosed
- \_\_\_1\_ G. Assumes companies will last indefinitely
- \_\_\_10\_ H. Recognizes revenues and expenses in the periods that they are earned