14 Principles of Accounting:

1. Accrual Principle
It is one of the important accounting concepts and principles that mandate the recording of transactions in the time period in which they occur. It is regardless of the time when actual cash flows for the transactions are received. Through accrual principle, one can gain an accurate insight into the financial status of a business.

2. Consistency principle
According to this principle, when an organisation adopts a specific accounting method of reporting or documentation, then it should stay consistent with the method. The aim of this basic accounting principle is to make financial statements comparable across industries and companies.

3. Conservatism Principle
The Conservatism principle gives you a realistic perspective of unexpected situations. According to this principle, one should recognize expenses and liabilities at the early stages even if there is uncertainty about the outcome.

4. Cost Principle (historical Cost)
The Historical Cost principle is another name for the cost principle. Whenever a business acquires an asset, its initial value is recorded in its financial reports of the business. This value might not be improved in the market value of inflation. It is also not updated to reflect any depreciation or even appreciation. This value is known as the cost principle.

5. Economic Entity Principle
This principle is a basic of accounting that requires businesses to be treated as a separate financial and legal entity. This means that the recorded activities of the business entity must be kept separate from the recorded activities of the owner and other entities.

6. Matching Principle
The matching principle is a concept in accounting that states that companies must report their expenses and revenues simultaneously. The revenues and expenses are matched on income statement for a specific time period.

7. Materiality Principle
As per the materiality principle, any item that may impact the decision-making process of an investor must be recorded. These details must be recorded in length in the financial statements using Generally Accepted Accounting Principles (GAAP).

8. Full Disclosure Principle
In the Full Disclosure principle, each piece of information should be included in the financial statement of an entity. This is necessary since it might affect the reader's perspective of understanding the statement. It is important to only disclose information about events that have a material impact on the financial position of an entity.

9. Going Concern Principle
Through this principle, the company continues to make money to avoid going bankrupt. In case, the company is unable to adopt this principle properly, the chance of liquidation and bankruptcy increases.

Going concern concept is also known as the continuing concern concept. A company continues to be a going concern till the time the sale of assets does not hamper its operations.

10. Monetary Unit Principle
According to this principle, business transactions should be recorded only when they can be expressed as currency. Accountants should avoid recording non-quantifiable entities in the financial accounts.

11. Reliability Principle
This principle ensures that every transaction, business activity, event, etc is reliable when presented in the financial statement. Information should be associated with objective evidence and it can be checked, reviewed, and verified. This makes the information more reliable.

12. Time Period Principle
There are two main regulatory bodies that develop the principles based on accounting concepts. GAAP and IFRS develop these principles. US-based companies follow GAAP principles whereas, outside the US, most countries follow IFRS guidelines.

13. Revenue Recognition Principle
Revenue recognition is a part of GAAP that identifies certain conditions in which the revenue is recognized. The revenue is recognized when a critical event has occurred. This principle uses the accrual method of accounting.

14. Objectivity Principle
It refers to the concept of considering financial statements as solid evidence. These statements should not be biased or opinionated. While constructing financial statements, these statements should be helpful in evaluating the financial results, financial position and cash flow of an entity.