

# ACCOUNTING PRINCIPLES

## Pre-reading

1. What do you know about accounting principles.
2. How do you define accounting principles.

## LET'S READ!

### Accounting Principles



There are general rules and concepts that **govern** the field of accounting. These general rules—referred to as basic accounting **principles and guidelines**—form the groundwork on which more detailed, complicated, and legalistic accounting rules are based. For example, the [Financial Accounting Standards Board \(FASB\)](#) uses the basic accounting principles and guidelines as a basis for their own detailed and **comprehensive** set of accounting rules and standards.

The phrase "generally accepted accounting principles" (or "GAAP") consists of three important sets of rules: (1) the basic accounting principles and guidelines, (2) the detailed rules and standards **issued by** FASB and its **predecessor** the Accounting Principles Board (APB), and (3) the generally accepted industry practices.

If a company **distributes** its financial statements to the public, it is **required** to follow generally accepted accounting principles in the preparation of those statements. Further, if a company's stock is publicly traded, federal law requires the company's financial statements be audited by independent public accountants. Both the company's management and the independent accountants must **certify** that the financial statements and the related notes to the financial statements have been prepared in accordance with GAAP.

GAAP is **exceedingly** useful because it attempts to standardize and **regulate** accounting definitions, assumptions, and methods. Because of generally accepted accounting principles we are able to assume that there is consistency from year to year in the methods used to prepare a company's **financial statements**. And although variations may exist, we can make reasonably confident conclusions when comparing one company to another, or comparing one company's financial statistics to the statistics for its industry. Over the years the generally accepted accounting principles have become more complex because financial transactions have become more complex.

Taken and adapted from: [/www.accountingcoach.com/online-accounting-course/09Xpg01.html](http://www.accountingcoach.com/online-accounting-course/09Xpg01.html)

Picture by: [voices.yahoo.com](http://voices.yahoo.com)

## Glossaries:

Govern (verb): mengendalikan, mempengaruhi  
Principles and Guidelines (noun): landasan dasar dan panduan  
Comprehensive (adjective): menyeluruh  
Issued by (verb/pasif): diterbitkan, dikeluarkan  
Issue (verb/active): menerbitkan, mengeluarkan  
Predecessor (noun): pendahulu  
Distribute (verb): mendistribusikan.  
Required (verb/pasif): diharuskan, diwajibkan  
Certify (verb): menyatakan, mengesahkan secara resmi  
Exceedingly (adverb): sangat  
Regulate (verb): mengatur  
Financial Statement (noun): laporan keuangan

## Task 1

Answer these questions below based on the passage above.

1. How do you define Accounting principles?
2. How do you explain principle and guideline?
3. What is meant by financial statement?
4. What is FASB, according to the passage?
5. What is the use of FASB?
6. How do you explain GAAP?
7. What are the three important sets of rules in GAAP?
8. What does “it” refer to in the sentence “If a company distributes its financial statements to the public, it is required to follow”?
9. Who issues the detailed rules and standards of accounting in GAAP?
10. Why is GAAP useful to standardise and regulate accounting definitions?

## LET’S WRITE!

### Task 2 (Writing)

Try to write any conclusion about the passage above based on your own understanding and knowledge about accounting principles—with your own words.

### Task 3

Complete the following sentences by putting the suggested words!

win; uses; conducts; determined; goals; purposes; built; preserve;  
pursuit; need; merge; effectiveness; useful; established; works

1. Accounting system is very \_\_\_\_\_ in order to communicate the financial report.
2. Companies are open for public, so they \_\_\_\_ more accountants to work for them.
3. Science in accounting can help us to \_\_\_\_\_ knowledge.
4. Every organization has a purpose to reach their \_\_\_\_\_.
5. Everybody has his own dream to \_\_\_\_\_ happiness.
6. My aunt \_\_\_\_\_ as an secretary in the public accounting office.



## Task 5

Put the verb in the correct form, present continuous or present simple.

1. Let's go out. It isn't raining (not/ rain) now.
2. Dyanna is very good at languages. She \_\_\_\_\_ (speak) four languages very well.
3. Hurry up! Everybody \_\_\_\_\_ (wait) for your final report.
4. \_\_\_\_\_ (you/ listen) to the radio? 'No, you can just turn it off.'
5. \_\_\_\_\_ (you/ listen) to the radio every day? 'No, just occasionally.'
6. The River Nile \_\_\_\_\_ (flow) into the Mediterranean.
7. Look at the river. It \_\_\_\_\_ (flow) very fast today—much faster than usual.
8. We usually \_\_\_\_\_ (grow) vegetables in our own garden, but this year we \_\_\_\_\_ (not/ grow) any.
9. 'How is your English?' 'Not bad. It \_\_\_\_\_ (improve) slowly.'
10. Peter is in London at the moment. He \_\_\_\_\_ (stay) at the Park Hotel. He \_\_\_\_\_ (always/ stay) there when he is in London.
11. Can we stop walking soon? I \_\_\_\_\_ (start) to feel tired.
12. 'Can you drive?' 'I \_\_\_\_\_ (learn). My father \_\_\_\_\_ (teach) me.'
13. Normally I \_\_\_\_\_ (finish) work at accounting around 5, but this week, I \_\_\_\_\_ (count) this income until 6 pm to earn a bit more money.
14. My parents \_\_\_\_\_ (live) in Bristol. They were born there and have never lived anywhere else. Where \_\_\_\_\_ (your parents/ live)?
15. Rita \_\_\_\_\_ (look) for a place to live. She \_\_\_\_\_ (stay) with her sister until she finds somewhere.
16. 'What \_\_\_\_\_ (your father/ do)? 'He's a public accounting but he \_\_\_\_\_ (not/ work) at the moment.'
17. (at the party) Usually I \_\_\_\_\_ (enjoy) parties but I \_\_\_\_\_ (not/ enjoy) this one very much.
18. The train is never late. It \_\_\_\_\_ (always/ leave) on time.
19. Peter is very untidy. He \_\_\_\_\_ (always/ leave) his things all over the place.
20. The water \_\_\_\_\_ (boil). Can you turn it off?

## LET'S SPEAK!

In daily communication, we are often involved in different subjects of conversation, one of which is related to the on-going event or activities. Read the sample of conversation between Amina and Budianto on the phone below.

Amina Hey, What's up? What are you doing?

Budianto I am studying for accounting for the test tomorrow and finishing the bookkeeping homework. What about you?

Amina Same. Well I am also cleaning my room and I am talking to Wanda on Facebook. Do you know what will be on the test?

Budianto Well I am studying macroeconomics.

Amina Oh thanks, well I am trying to study, but I don't remember anything we learned.

Budianto Well, I am checking my accounting notes to remember what we learned in class. You should do the same.

Amina I think that is a great idea, but I need to find my notebook, first. What do you think Jihan and Faradila are doing to study for the test?

Budianto I think they organized a study group and they are studying together with Dylan and Susan in Starbucks now.

Amina Good idea. It is pity for me that I will get some distractions. I cannot even study alone at home. I am listening to the new Taylor Swift album.

Budianto We are getting too distracted when we talk to each other. We are turning everything off, and we are going to focus on studying for the test. Okay?

Amina Okay, see you tomorrow. Good luck on the test!

Budianto Thanks, you too! Bye!

**Task 6. Tell to your classmates the activities that people are doing in the pictures below!**





**Task 7. Have Fun game.** Students are expected to guess the name of person by asking some questions in present continuous tense. The class is divided into pairs. One student goes first and starts thinking about one of the people on the worksheet. Their partner's task is to find out who the student is thinking about by asking present continuous yes/no questions with 'Is he...?' The student starts by asking about what the person is doing, e.g. 'Is he listening to music? Once the student knows what the person is doing, he or she goes on to ask about what the person is wearing, e.g. 'Is he wearing some trousers?' The student can ask up to five questions and then must guess who the person is. If the student guesses correctly, he or she wins a point and the person is crossed off the worksheet. When a student failed to guess, one point goes to the student who is thinking of the person. They then swap the role. The game continues until all the people in the table are crossed off. The one who get the most points wins.

### GUESSING GAME



Is he listening to music?  
Is he wearing shoes?  
Is he Syamsudin?

Yes, he is.  
No, he isn't.  
Yes, that's right. Your turn



<p><b>Ali Hakim</b> studying economics hoodie jeans boots</p>	<p><b>Zainudin</b> walking in the park jeans sweater trainers</p>	<p><b>Imron Mustofa</b> listening to music trousers shirt and tie shoes</p>	<p><b>Abdul Basir</b> watching TV polo shirt jeans shoes</p>
<p><b>Ilham Budianto</b> walking in the park</p>	<p><b>Misbah Husen</b> watching TV</p>	<p><b>Faishal Afni</b> studying English</p>	<p><b>Bahrul Ilmi</b> walking in the park</p>

jeans coat shoes	polo shirt jeans boots	hoodie jeans trainers	jeans sweater shoes
<b>Syamsudin</b> listening to music shorts T-shirt sandals	<b>Sandi Ariawan</b> studying economics polo neck trousers shoes	<b>Prabowo Utomo</b> watching TV tracksuit Cap trainers	<b>Ma'ruf Ilham</b> studying economics polo neck trousers trainers
<b>Joko Sutrisno</b> studying economics hoodie jeans shoes	<b>Bambang Nugroho</b> watching TV tracksuit jacket trainers	<b>Hamid Ibrahim</b> listening to music shorts T-shirt trainers	<b>Adam Basori</b> walking in the park jeans shirt shoes
<b>Harir Kurnia</b> watching TV tracksuit T-shirt trainers	<b>Ubaid Salam</b> listening to music shorts polo shirt trainers	<b>Hasan Fadli</b> walking in the park jeans coat trainers	<b>Tantowi Sulaiman</b> listening to music trousers shirt shoes