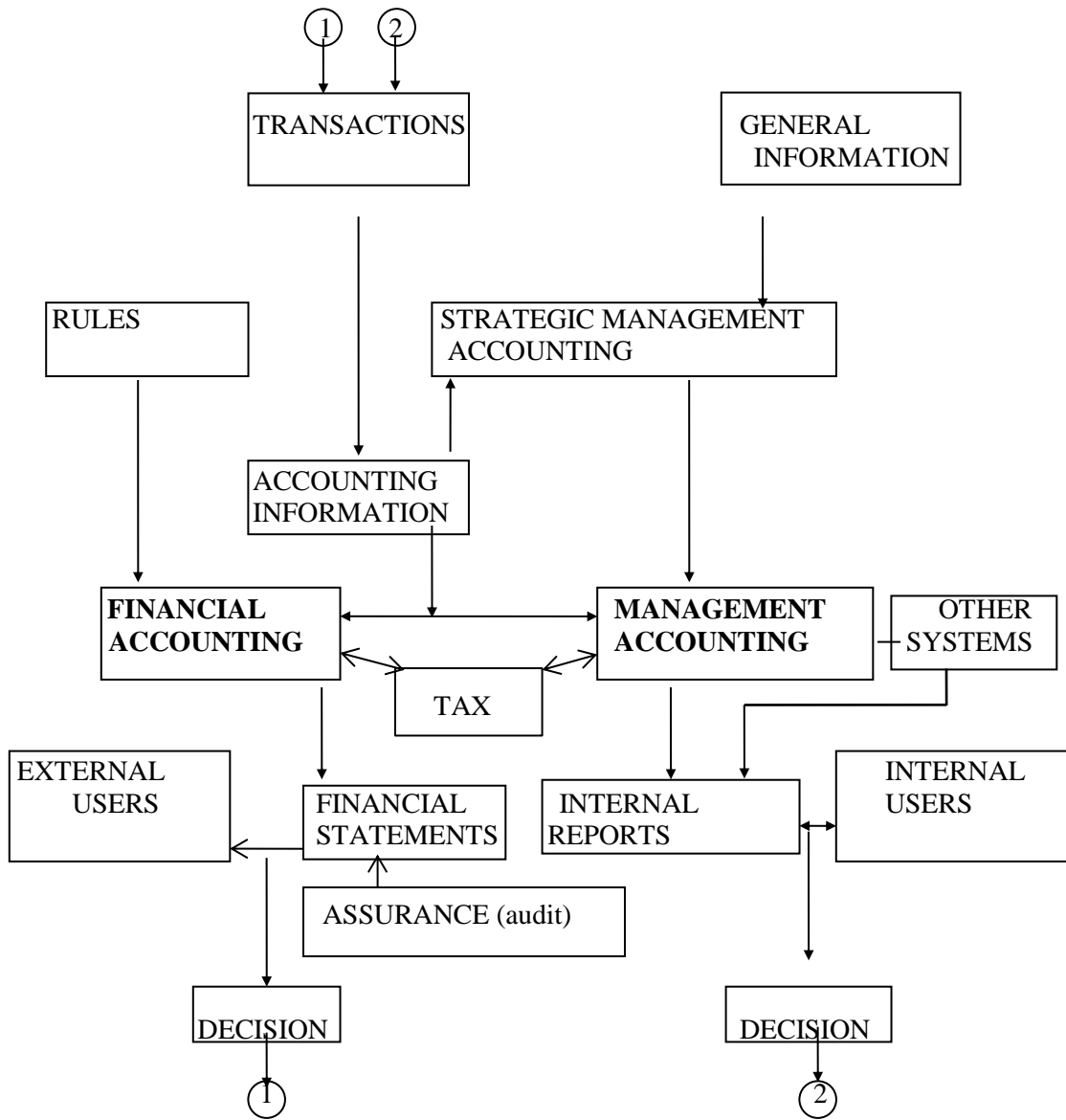


CLASS 1 - CHAPTER 1- F/S AND BUSINESS DECISIONS

THE ORGANIZATION; THE INFORMATION AND ITS USERS



ORGANIZATIONAL STRUCTURE (for a company i.e. Inc.)

Shareholders → BOD (Chairman/president, directors) (and audit committee) → Executive Committee (CEO /CFO/VPs/officers/managers)

Governance problem:

Other forms of business:

Types of business:

ANNUAL REPORT: F/S + MD&A

F/S (4):

SFP (or BS): *to evaluate financial situation at a specified date = picture*

$$A = L + SE \quad (SE = SC + RE)$$

SCI (or Statement of Earnings i.e. NI + Statement of OCI) (or IS): *to evaluate performance for a period = movie*

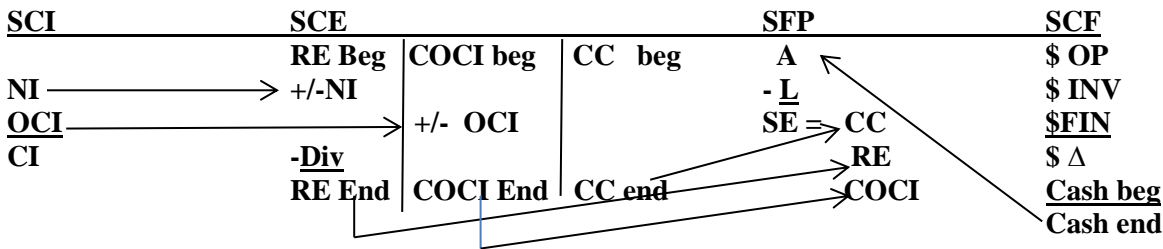
$$R - E = NI + OCI = CI$$

SCE (or SRE) = Opening balance (of CC and RE and OCI) + current year = end balance

SCF: \$ from Operations +/- Financing +/- Investing =

+ notes to F/S

Link between the (see fig p 1.6)



Internal REPORTS:

RULES (for financial accounting and auditing)

IFRS:

ASPE:

ISA:

AMF (or SEC or OEC...)

CPA, CA:

CPA, CGA:

CPA, CMA:

MBA:

CFA:

ASSURANCE/AUDITING:

FINANCIAL ACCOUNTING

for EXTERNAL USERS

- owners (actual and potential) (shareholders/partners/sole proprietor/ institutional investors)
- lenders /creditors (actual and potential)
- analysts and advisors
- governments (tax and other)
- employees and unions
- clients
- competitors
- ruling agencies (AMF/SEC/CPA Canada, IASB)
- general public (journalists, students....)

need info to:

- evaluate performance (of business and/or managers)
- evaluate financial situation (solvency, liquidity, stability, value)
- evaluate future perspectives (risk, uncertainty, growth)
- compare
- verify rule (legal) compliance
- evaluate contribution to society

MANAGEMENT ACCOUNTING

for INTERNAL USERS i.e.

- managers

plan, coordinate and control