

A composite image featuring a calculator on the left, a line graph on a document in the center, and a stack of coins on the right. The background is a textured purple. The text is overlaid on a semi-transparent dark blue rectangle.

FINANCIAL MANAGEMENT

Accounting and Auditing

Lecture No. 04

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

FACUALTY PROFILE



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**Several Times Topper in
PPSC & FPSC in this field
& 6 times Appointed
against different positions
of Accounts & Audit**



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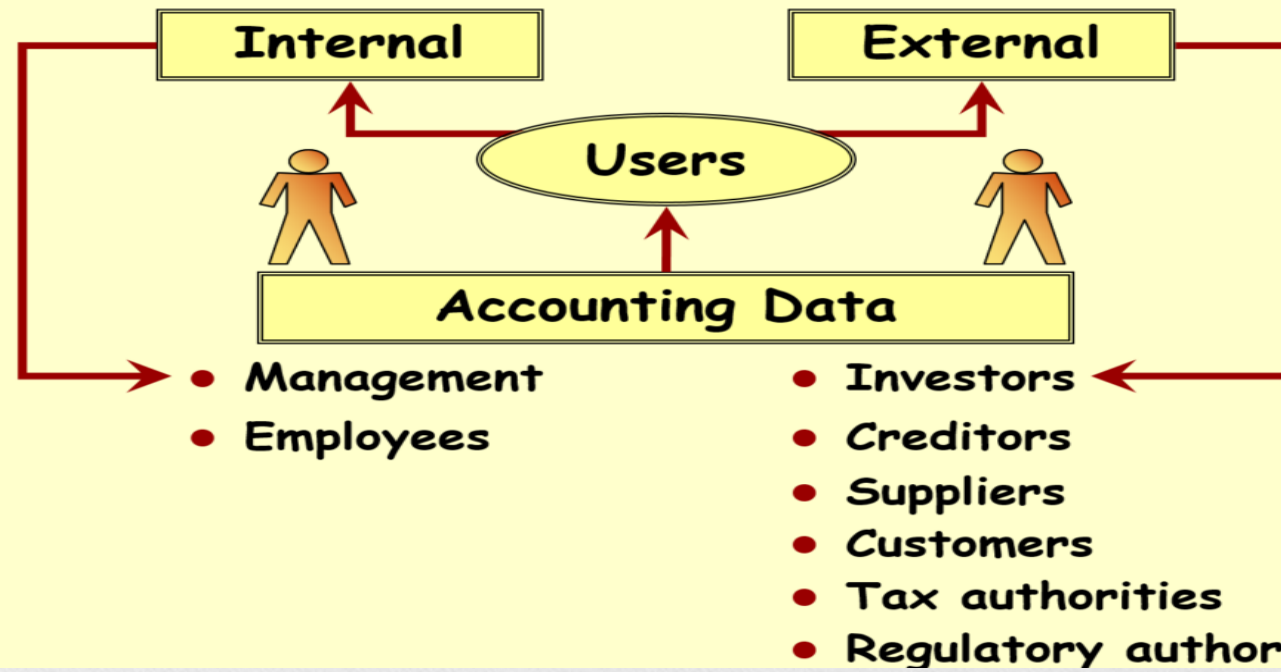
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BASICS OF ACCOUNTING



Users of Accounting Data



Users of Accounting Information

Financial Accounting

EXTERNAL USERS

- Security analysts & Investors
- Creditors/suppliers
- Government & regulatory authorities
- customers
- Competitors
- Researchers
- Taxing authorities

Financial Accounting

INTERNAL USERS

- owners
- managers
- employees

Users of Accounting Information

Financial Accounting

INTERNAL USERS

- **owners**
- **managers**
- **employees**

WHY Accounting?

USERS & OBJECTS

USERS

- **Managers**

OBJECTS

- To monitor and control business throughout by comparing actual with targets/budgets for sales, purchase, expenses
- To take necessary business decisions- make or buy/ stop
- or continue/ expand or reduce a business activity.
- To identify problems, inefficiencies and take necessary steps to provide solutions

USERS & OBJECTS

USERS

- **Employees**

OBJECTS

- To measure growth and development of business and consequential job security, promotions, rewards, incentives, bonuses on the basis of financial report.

WHY Accounting?

USERS & Uses

USERS

Uses

OWNERS:

- Proprietor
- Partners
- Share holders

- To find performance of business in terms of profits/loss.
- To measure financial strength
- Financial Position

Users of Accounting Information

Financial Accounting

EXTERNAL USERS

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- customers
- Competitors
- Researchers
- Taxing authorities

USERS & OBJECTS

USERS

- **Financers and Creditors:**
 - Banks
 - Financial institutions
 - Debenture holders
 - Investors prospective buyers
 - Creditors for goods and expenses

OBJECTS

- To measure risk and reward attached thereto
- To measure creditworthiness of business to continue business relations
- To decide about present and future investments in the business.

USERS & OBJECTS

USERS

- Tax authorities

OBJECTS

- To assess tax liabilities

USERS & OBJECTS

USERS

- Government bodies and regulatory authorities

OBJECTS

- To obtain necessary information about activities of the business.
- To regulate compliances of law and procedures

USERS & OBJECTS

USERS

Researchers

Researchers to carry out their research can use accounting information and make use of the published financial statements for analysis and evaluation.

General public

From accounting information, the general public at large can get a view of social responsibility measures undertaken by the enterprise particularly in its area of operation and also the employment opportunities provided to the local people.

OBJECTS

Investors

Persons who are interested in investing their funds in an organisation should know about the financial condition of a business unit while making their investment decisions. They are more concerned about future earnings and risk bearing capacity of the organisation which will affect the return to the investors.

Customers

Customers who buy and use the products and services of business enterprises are interested in knowing the details of the products and the prices charged to them. They are interested in knowing the stability and profitability of an enterprise to ensure continued supply of the products or services by the enterprise.

Competitors

QUESTION OF THE DAY



Manage your Thinking just before writeup...

A- The information needs of a specific user of financial accounting information depends upon the kinds of decisions that user makes.

Identify the major users of accounting information and discuss what questions financial accounting information answers for each group of users. [20 marks].



Thank
You

Q & A

You have

Questions

We have

Answers