

Running Head: EXAM

Accounting for Business

Name of the Student

Date



**Table of Contents**

Question 1 .....	2
Investors.....	2
Lenders .....	3
Trade creditors or suppliers .....	3
Government .....	4
General Public/Educational Institutions .....	4
Question 2.....	4
Easily Understandable .....	4
Relevance.....	5
Reliability .....	5

Comparability .....	5
Conclusion .....	5
References.....	6

### ***Question 1***

I am using British American Tobacco as a company that is listed on the stock exchange.

The financial information meets the needs of non-management external users in the following way.

#### *Investors*

Investors are always worried about the financial position of a company. Every investor who invests in a company closely monitors the bottom line of the company (Ionescu, 2017). Since investors need the financial statements of the companies in which they invest, there are many problems associated with them. If they do not understand the financial position of the company, they cannot assess the operation of the company (Giner and Mora, 2019). As an investor, you are always at risk when investing in a company and one can make a lot of money or suffer a lot of losses. Therefore, we must ensure that it does not harm. Therefore, it is very important to check the financial position of the company before investing.

If a company is performing better, the price of those things may fall or become volatile. In all cases, investors should ensure that the company's most recent financial statements include data on income, profits and other information about the company (Zeff and Dyckman, 2020). To protect yourself against fraud, you must ensure that you have the current financial record for the company in question.

### *Lenders*

Lenders can be banks and financial institutions. Before granting a loan to a company, the bank must confirm the financial position of the company. When they borrow from a company, they charge a certain interest rate every month and in addition they have to make sure that the amount they were given is repaid (Asuquo et al., 2017).

Borrowing is a very responsible process and financial institutions have several ways to check if the lending company is repaying the amount. This can be a situation where a company takes out a large number of loans. By checking your financial situation, you can claim that the company has requested too much and will not be able to pay in the future. Examining the financial position of a company is always a great advantage for this organisation.

### *Trade creditors or suppliers*

Creditors or suppliers of companies are also used to deliver goods for trading on credit. Suppose a company has to pay after about a month (Ionescu, 2017). A company can show that it is a very large company and requires suppliers to offer large quantities of goods and discounts.

Suppliers offered a discount on the amount sold to the company. For example, if a company buys more merchandise, its discount level is highest for the company, but if the company buys less, it offers different benefits to the company. Always offer great discounts to the company at wholesale (Rikhardsson and Yigitbasioglu, 2018).

A supplier can only learn about the business by looking at its financial position. If the financial position is not confirmed, you can go wrong with the company. Suppliers can only make the right decisions by verifying their financial records (Asuquo et al., 2017). Companies with high income and income data receive higher discounts, while companies with weak finances receive lower discounts. The financial position of the company is also checked to protect it from fraud.

### *Government*

The company can distort its records and government agencies will review the financial position in the relevant documents to determine if the financial position is presented correctly. In addition, the government must raise the company's taxes so that it wants to know the company's financial position. Tax the total revenue of the company (Busco and Quattrone, 2018).

### *General Public/Educational Institutions*

Students who have a special emphasis on finance and accounting should deal with information about financial and accounting data in companies. They can also search the company's stock index. In addition, they can perform different types of analyses by looking at annual accounts (Axtell, Smith and Tervo, 2017). Many search engines offer useful research from listed companies and give students easy access to these documents and learn more (Axtell, Smith and Tervo, 2017). Various research institutes have done a lot of research. Research is conducted for various purposes. Professional financial institutions can also look for different companies and organisations. Many research companies conduct research in various private and government institutions (Axtell, Smith and Tervo, 2017).

### ***Question 2***

#### *Easily Understandable*

Students or ordinary people unfamiliar with complex financial concepts should understand this report. If financial data is presented in digital form, that data must be interpreted (Busco and Quattrone, 2018).

### *Relevance*

If the data is not related to a specific company, neither individuals nor investors can make the right decision. Also, if an individual want to know for example about certain features of the financial information, he wants to know about the profitability of the company last year, he has to provide the data (Asuquo et al., 2017).

### *Reliability*

In addition, data collected from resources must be accurate (Coate and Mitschow, 2018). If you collect information from the wrong sources, the data will be considered unreliable. This financial statement is understandable for collectors but understandable for all readers (Bar-Yosef, D'Augusta and Prencipe, 2019). When preparing financial statements, an individual must ensure that the data they use is from reliable and reasonable sources (Rikhardsson and Yigitbasioglu, 2018).

### *Comparability*

This data can also be compared with other data. This is a great benefit for readers and users of this data. In addition, investors benefit greatly from having comparable financial statements. By checking this comparison, investors can make the right decision. (Asuquo et al., 2017). One cannot make accurate decisions about weak data (Scott, 2019).

### *Conclusion*

The company's financial position is also reflected in the share price. If a company performs well, the share price is high and stable. Failure to meet these qualitative and quantitative parameters can lead to weak data. This weak data cannot be considered reliable and true and cannot be further investigated. Later, when suppliers deliver the necessary goods, they cannot afford large stocks and may not receive such a discount.



### ***References***

- Asuquo, A.I., Fadenipo, A.A., Ogbeche, L.O. and Ahonkhai, O.E., 2017. Effect of inflation accounting on business income measurement of quoted manufacturing companies in Nigeria. *Imperial Journal of Interdisciplinary Research*, 3(1), pp.1886-1894.
- Axtell, J., Smith, L.M. and Tervo, W., 2017. The advent of accounting in business governance: from ancient scribes to modern practitioners. *International Journal of Business Governance and Ethics*, 12(1), pp.21-46.
- Bar-Yosef, S., D'Augusta, C. and Prencipe, A., 2019. Accounting research on private firms: State of the art and future directions. *The International Journal of Accounting*, 54(02), p.1950007.

Busco, C. and Quattrone, P., 2018. Performing business and social innovation through accounting inscriptions: An introduction. *Accounting, Organizations and Society*, 67, pp.15-19.

Coate, C.J. and Mitschow, M.C., 2018. Luca Pacioli and the role of accounting and business: Early lessons in social responsibility. In *Research on Professional Responsibility and Ethics in Accounting*. Emerald Publishing Limited.

Giner, B. and Mora, A., 2019. Bank loan loss accounting and its contracting effects: the new expected loss models. *Accounting and Business Research*, 49(6), pp.726-752.

Ionescu, L., 2017. Productivity accounting and business financial performance: a review of current evidence. *Economics, Management, and Financial Markets*, 12(2), pp.67-73.

Rikhardsson, P. and Yigitbasioglu, O., 2018. Business intelligence & analytics in management accounting research: Status and future focus. *International Journal of Accounting Information Systems*, 29, pp.37-58.

Scott, P., 2019. *Accounting for business*. Oxford University Press, USA.

Zeff, S.A. and Dyckman, T.R., 2020. Accounting and Business Research: the first 50 years, 1970–2019. *Accounting and Business Research*, 50(4), pp.360-395.