

# Importance of Accounting

•Guidance

•Strategy

•Perspective

•Momentum

# Importance of Accounting

- What are the different roles we take on with respect to financial reporting?
  - a) Shareholders
  - b) Managers
  - c) Investors
  - d) Suppliers
  - e) Bankers
  - f) Employees
  - g) Government authorities
  - h) Customers or public

# Importance of Accounting

- How is decision-making done in companies?
  - Experience
  - Common sense
  - Analyzing information
- What are the main decisions business people have to make?
  - Investment decisions – what product (machinery and equipment) am I going to buy for producing?
  - Finance decisions – where am I going to get the necessary financial resources?
  - Operating decisions – how am I going to use and manage that product that I bought?

# Importance of Accounting

- What are accounting systems and what are they used for?
  - a) Definition of general accounting
    - Systematic and chronological record of all operations made by a company that enables it to know its economic results.
  - b) What is understood by financial accounting?
    - This is an information system that expresses in quantitative and monetary terms the transactions an economic entity makes, as well as certain economic events that affect it.
  - c) What is understood by management accounting?
    - This is the information system used for internal management needs and aimed primarily at planning and control and for making management decisions.



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