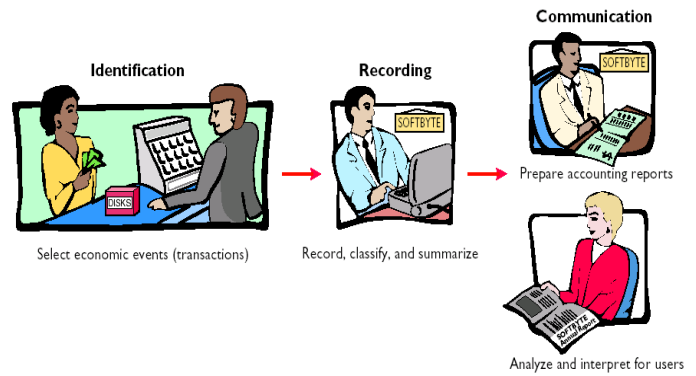


Accounting is an information system that organises economic events of an entity to permit informed judgements and decisions by interested users of the information.



Role of Accounting: a process that identifies, records and communicates information to internal and external users of financial information for decision making purposes

Internal Users	External Users
Managers who plan, organise and run the business Eg. CEO, CFO, Supervisors, Marketing Managers...	Creditors
Other employees	Lenders
	Government and Regulatory Bodies

Business Organisations:

1. Sole Trader
2. Partnership
3. Company (limited liability)

The Conceptual Framework are the set of concepts and theories that underpin accounting

SAC1 - Definition of a "Reporting Entity"

Reporting Entity is any entity in which it is reasonable to expect the existence of users who depend on GPFR to allow for decision making

AASB Framework (Accounting Standards)

1. Going Concern: entity is assumed to continue indefinitely
2. Accrual Basis: records transactions when they occur rather than only when cash is received or paid

Objective of Financial Statements to provide financial information that is useful to existing and potential users in making decisions about providing resources to the entity

Qualitative Characteristics of Financial Reports

Relevance if it influences users' economic decisions through feedback or confirmatory value and comparability

Faithful Representation complete, neutral and free from error

Materiality does its omission or misstatement affect decision making

Understandability reports should be easily comprehensible by its intended users

Comparability must be able to compare financial statements over time and between entities

Verifiability different knowledge and independent observers can reach consensus