

What is Financial Accounting?

Financial Accounting focuses on recording, summarizing, and reporting a company's financial transactions over a specific period. The main goal is to provide accurate and reliable financial information to external users.

Who are these external users?



Investors

People or companies deciding whether to buy, hold, or sell shares.



Lenders/Creditors

Banks or suppliers deciding whether to lend money or give credit



Government Agencies

Like tax authorities (e.g. the IRS) or regulatory bodies (e.g. the SEC – Securities and Exchange Commission)



Customers and the Public

To assess the company's stability and health