

Users of Accounting Information

A. Internal Users (Managerial/Controlling)

i) Owners/Shareholders (promoters, partners)

- Use: Profitability, dividends, value creation, solvency.
- Info: P&L, Balance Sheet, Cash Flows, EPS, ROE.

ii) Board of Directors & Top Management

- Use: Strategy, capital allocation, risk oversight.
- Info: Segment reports, budgets vs. actuals, KPIs, internal control reports.

iii) Managers (functional heads)

- Use: Planning, pricing, cost control, performance evaluation.
- Info: Cost sheets, variance analysis, standard costing, product/customer profitability.

iv) Employees & Executive Committees

- Use: Job security, bonus/ESOPs, wage negotiations, productivity.
- Info: Profit trends, value added statements, HR/cost metrics.

v) Internal Auditors

- Use: Control testing, compliance, process improvements.
- Info: Ledgers, vouchers, process documentation, risk registers.

B. External Users (Financial/Compliance/Stakeholder)

i) Existing & Prospective Investors

- Use: Buy/hold/sell decisions, valuation.
- Info: Audited financials, MD&A, cash flows, EPS, P/E, ROE, ROCE.

ii) Lenders & Banks

- Use: Creditworthiness, covenant monitoring.
- Info: Debt-service coverage, EBITDA, security coverage, cash flows, projections.

iii) Trade Creditors & Suppliers

- Use: Payment capacity, credit terms.
- Info: Liquidity ratios, aging schedules, working-capital position.

iv) Customers (incl. B2B/long-term contracts)

- Use: Supplier viability, continuity, pricing stability.
- Info: Going-concern indicators, capacity/utilization, segment revenue stability.

v) Government Ministries & Regulators (India: MCA, SEBI, RBI)

- Use: Disclosure compliance, investor protection, prudential norms.
- Info: Financial statements, related-party disclosures, CAR/NPAs (for banks), segment & governance reports.

vi) Tax Authorities (Income Tax Dept., GST authorities)

- Use: Accurate tax assessment, anti-evasion checks.
- Info: Reconciliations, invoices, input tax credits, transfer pricing documentation.

vii) Statutory Auditors

- Use: True & fair view opinion, standards compliance.
- Info: Full books, internal controls, confirmations, estimates, contingencies.

viii) Analysts, Rating Agencies & Research Houses

- Use: Risk ratings, coverage notes, sector comparisons.
- Info: Ratio analysis, trend data, footnotes, off-balance sheet items.

ix) Trade Unions & Worker Federations

- Use: Wage/bonus negotiations, employment stability.
- Info: Profitability, value-added statements, productivity metrics.

x) Competitors (via public disclosures)

- Use: Benchmarking strategy, pricing, margins.
- Info: Segment results, cost structures (inferred), capacity additions.

xi) Civil Society/Media/NGOs

- Use: ESG scrutiny, social impact, transparency.
- Info: CSR spends (Sec. 135), sustainability/BSR reports, environmental provisions.

xii) Courts & Arbitration Forums

- Use: Dispute resolution, insolvency proceedings.
- Info: Audited accounts, forensic reports, cash-flow statements.

xiii) Potential Acquirers/Joint-Venture Partners

- Use: Valuation, synergies, diligence.
- Info: Detailed financials, projections, contingent liabilities, contracts.

xiv) Academics & Students

- Use: Case studies, policy analysis, research.
- Info: Public financials, sector data, notes to accounts.

Quick table (who uses what, for which decisions)

User group	Key decisions	Core information used
Owners/Shareholders	Invest, dividend, strategy	P&L, BS, CF, EPS, ROE, ROCE
Management/Managers	Plan, price, control costs	Budgets, cost sheets, variances, KPIs
Employees/Unions	Wage & bonus talks	Profit trends, value added, productivity
Investors/Analysts	Buy/hold/sell, valuation	Earnings quality, cash flows, ratios, notes
Banks/Lenders	Sanction/renew credit	DSCR, EBITDA, collateral, covenants
Suppliers	Credit terms	Liquidity, pay history, working capital
Customers	Long-term sourcing	Going-concern, capacity, revenue stability
Regulators (MCA/SEBI/RBI)	Compliance, market integrity	Audited statements, governance, prudential data
Tax Authorities (IT/GST)	Assess/verify taxes	Reconciliations, ledgers, TP docs
Auditors (Statutory/Internal)	Opinion/controls	Books, vouchers, confirmations
Rating agencies	Credit rating	Leverage, coverage ratios, CF forecasts

Public/NGOs/Media	ESG & impact	CSR, sustainability, environmental provisions
Courts/IBBI	Legal/insolvency	Audits, forensic findings, cash- flows
Acquirers/JV partners	M&A terms	Detailed financials, contingencies, projections
