

Week 3 - DQ 2

What does full disclosure mean? How does full disclosure affect financial reporting?

Response #1 The full disclosure principle means that all financial facts that are significant in influencing the judgment of the anticipated reader of the document to be documented in the financial reports. This includes any information that will make an impact on the financial statements as well. Full disclosure affects financial reporting in that all information is provided whether or not the benefits or the costs are presented or known. This can be difficult to understand or make a viable decision if you are an investor wishing to invest in the company or organization.

Response #2 Full disclosure means important information and facts must be disclosed in financial statements. Full disclosure affects financial reporting by presenting all financial facts clearly so there are not any chances of misleading the reader of the report. When information is not disclosed this could cause problems in the future. It is important to be thorough in financial reporting by disclosing all information needed.

Response #3 The SEC requires full disclosure from companies that wish to be publicly traded on the major U.S. exchanges. By enforcing this rule, the SEC attempts to instill confidence in investors that the financial marketplace is efficient and transparent so that individual investors can take part in it for material profit. In other words, the need in business transactions to tell the "whole truth" about any matter which the other party should know in deciding to buy or contract.

Full disclosure affects financial reporting by affects the judgment of an informed reader.

Response #4 Full disclosure has to do with business transactions or information that is relevant to organization ongoing business operations and that should be disclosed on the financial statements. In other words, companies should disclose the whole truth about any material issue pertaining to the transactions. It means efficient and transparence reporting. This has a major effect on financial reporting. All transactions should be presented clearly and completely to avoid second guessing from potential and probable readers of the financial statements.