

Describe the global financial markets and their relation to financial reporting? World markets are increasingly intertwined. With the integration of capital markets, the automatic linkage between the location of the company and the location of the capital market is loosening. As a result, companies have expanded choices of where to raise capital, either equity or debt. The move toward adoption of global accounting standards has facilitated and will continue to facilitate this trend. Financial statements and other means of financial reporting. Companies most frequently provide (1) the statement of financial position, (2) the income statement or statement of comprehensive income, (3) the statement of cash flows, and (4) the statement of changes in equity. Financial reporting other than financial statements may take various forms. Examples include the president's letter and supplementary schedules in the company annual report, prospectuses, reports filed with government agencies, news releases, management's forecasts, and descriptions of a company's social or environmental impact. Efficient use of scarce resources. Accounting provides reliable, relevant, and timely information to managers, investors, and creditors to allow resource allocation to the most efficient enterprises. Accounting also provides measurements of efficiency (profitability) and financial soundness. High-quality standards. A single, widely accepted set of high-quality accounting standards is a necessity to ensure adequate comparability. Investors are increasingly making investing decisions across international jurisdictions. As a result, investors need financial information that is comparable across national boundaries. But what are high-quality accounting standards, how should they be developed, and how should they be enforced .is still a much debated issue