

# Characteristics of Accounting Information



•Guidance

•Strategy

•Perspective

•Momentum

# Comprehensibility

To fulfill this quality the user must have sufficient knowledge to understand the information; since information is vitally important for decision-making, some information cannot be biased by its complex level of comprehensibility.



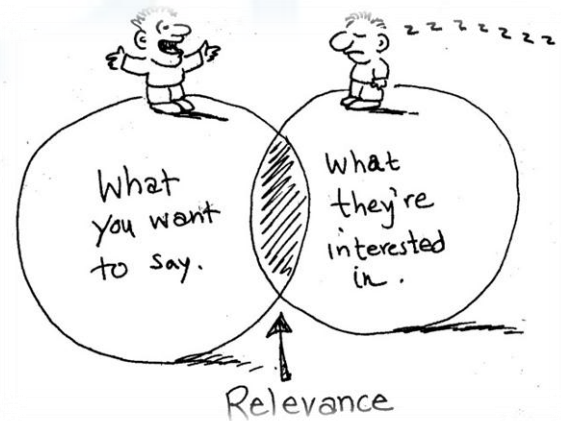
# Usefulness of the Information

- This refers to the ability of users to effectively use important information in decision-making; that is, it is presented in a timely manner.
- Usefulness is the **quality of adapting** the accounting information to the user's purpose. The usefulness of this information is presented in terms of its informative content and timeliness.

# Usefulness of the Information

- **Relevance:** The more relevant the information is – that is, the more it can influence the economic decisions of those using it – the more useful the information will be.

International Accounting Standards



# Usefulness of the Information

- **Truthfulness:** This allows for including in accounting information events that really happened with their proper measurement, according to rules accepted as valid by the system.



# Usefulness of the Information

- **Comparability:** Users for whom this characteristic is met should be able to compare information with:
  - Other periods
  - Other, different companies (link to [monografias.com](http://monografias.com))

# Usefulness of the Information

- **Meaningfulness:** This measures the ability of the accounting information to symbolically represent the company and its performance, its situation at different points in time and the results of its operation with words and amounts.



# Reliability

- The information may be relevant but not very reliable; thus the information should be free of material error, bias or prejudice, represent transactions and other events faithfully, be neutral, and, lastly, be prudent.





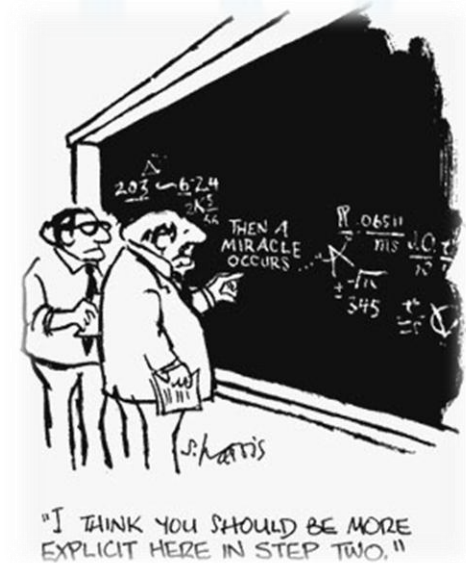
# Reliability

- **Objectivity:** This implies that the rules under which the accounting information was generated have not been deliberately distorted and that the information represents the reality according to those rules.



# Reliability

- **Verifiability:** This means that tests can be applied to the system that generated the accounting information and the same result will be obtained.



# Reliability

- **Stability:** Stability of the system indicates that its operation does not change over time and the information it produces can be obtained applying the same rule for capturing, quantifying and presenting the data. This characteristic is also known as consistency.





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