# Affects of revenue recognition

Business, Management

The revenue recognition under the Earnings Process Approach is visibly affecting the retailer and the business positively. The accounting regulators are also affected. As the retailer recognizes the deferred revenue as revenue over the warranty servicing period. It still is resulting in profit over the periods.

The producers are the unaffected party in all cases.

Discussion:

Because of the fact that the major aim of the term 'financial reporting is deemed to be as the aid to current and potential investing individuals to be aiding the current and also potential customers.

The management of the company acts as an agent of the stakeholders, the management of the company is the one acting as an agent for the shareholders.

The potential Bias of the stakeholders is that stakeholders deal with companies both public and private . these stakeholders can also include auditors and external users.

Private companies are believed to experience in the cost of capital if the financial statements of both the public and the private will differ from each other. The public companies' finances will be seen as the ones in the capital markets. One of the major biases is that there exists a conflict between the standards and commitment of FASB and its implementation and practice. Research has shown no solid evidence that the FASB has made cost judgments on the standards set by them.