

Full Disclosure

Accounting Principle

Students **ANALYZE**
the Main Purpose of
Full Disclosure

Students **DISCOVER**
the Importance of
Full Disclosure

Students use
CRITICAL THINKING
SKILLS



NO PREP!

BUSINESS EDUCATION WITH *Denise Leigh*

GO BEYOND THE TEXTBOOK!

GAAP concepts are unbelievably important in
REAL WORLD ACCOUNTING!

This NO PREP activity takes students beyond the textbook to DISCOVER, ANALYZE, AND INVESTIGATE the components of **FULL DISCLOSURE.**

**FULL
DISCLOSURE**

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What does FULL DISCLOSURE PRINCIPLE mean?

Definition: The full disclosure concept is an accounting principle that requires management to report all relevant information about the company's operations to creditors and investors in the financial statements and footnotes. In other words, **GAAP** requires that management tell **external users** material information about the company that they can use to base their decisions on.

The purpose of the full disclosure principle is to share relevant and material financial information with the outside world. Since outsiders don't know the details of a company's business deals, contracts, and loans, it's difficult to form an opinion of the entity. **Relevant information** to outsiders is anything that could change an external user's decision about the company. This can include transactions that have already occurred as well as future events contingent on third parties. Any type of information that could sway the judgment of an outsider should be included in the financial statements in an effort to be transparent.

PREVIEW

On the GAAP link in the above passage and explain (in your own words) the meaning and purpose of GAAP.

Who is an "External user" accounting to the link above?

Read the information above and answer the following questions...

In your own words, what is the "FULL DISCLOSURE CONCEPT"?	
Who is financial information reported to?	
What does GAAP require of accountants or preparers of financial statements?	
What is the "purpose" of "FULL DISCLOSURE CONCEPTS"?	

NO PREP!

TEACHER'S KEY INCLUDED!!

This lesson is perfect to do right before introducing students to Financial Statement preparation. 👍

Hi! My name is Denise Leigh. I have been teaching Business Education for over 25 years! I love collaborating with business educators all over the world. I am a 2022 Pennsylvania Teacher of the Year Finalist and relentless lifetime learner and lover of everything education. Engaging students and connecting them to their world is my jam! Thank you for exploring my resources and sharing my passion for BUSINESS EDUCATION!

Denise Leigh is an expert on student-led instruction. She was featured on CBS Pittsburgh for her City Collaborative™ Project-Based Business Education (PBL) Classroom.

