What's the difference between private and public company reporting

A public corporation is a business whose securities are traded on the public stock exchanges, such as the New York Stock Exchange and Nasdaq. A private company is held solely by its owners and is not traded publicly. When the shareholders of a private business receive the periodical financial reports, they are entitled to assume that the company's financial statements and footnotes are prepared in accordance with GAAP. Otherwise the president of chief officer of the business should clearly warn the shareholders that GAAP have not been followed in one or more respects. The content of a private business's annual financial report is often minimal. It includes the three primary financial statements - the balance sheet, income statement and statement of cash flows. There's generally no letter from the chief executive, no photographs, no charts.

In contrast, the annual report of a publicly traded company has more bells and whistles to it. There are also more requirements for reporting. These include the management discussion and analysis (MD&A) section that presents the top managers' interpretation and analysis of the business's profit performance and other important financial developments over the year.

Another section required for public companies is the earnings per share (EPS). This is the only ratio that a public business is required to report, although most public companies report a few others as well. A three-year comparative income statement is also required.

Many publicly owned businesses make their required filings with the SEC, but they present very different annual financial reports to their stockholders. A large number of public companies include only condensed financial information rather than comprehensive financial statements. They will generally refer the reader to a more detailed SEC financial report for more specifics.