TERTIVM

XBRL, assurance & financial analysis

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Overview

- Who are “users”?
- What do they know (about XBRL)?
- Do they care (about audits)?
- Doing the sums
- So?

Who are users?

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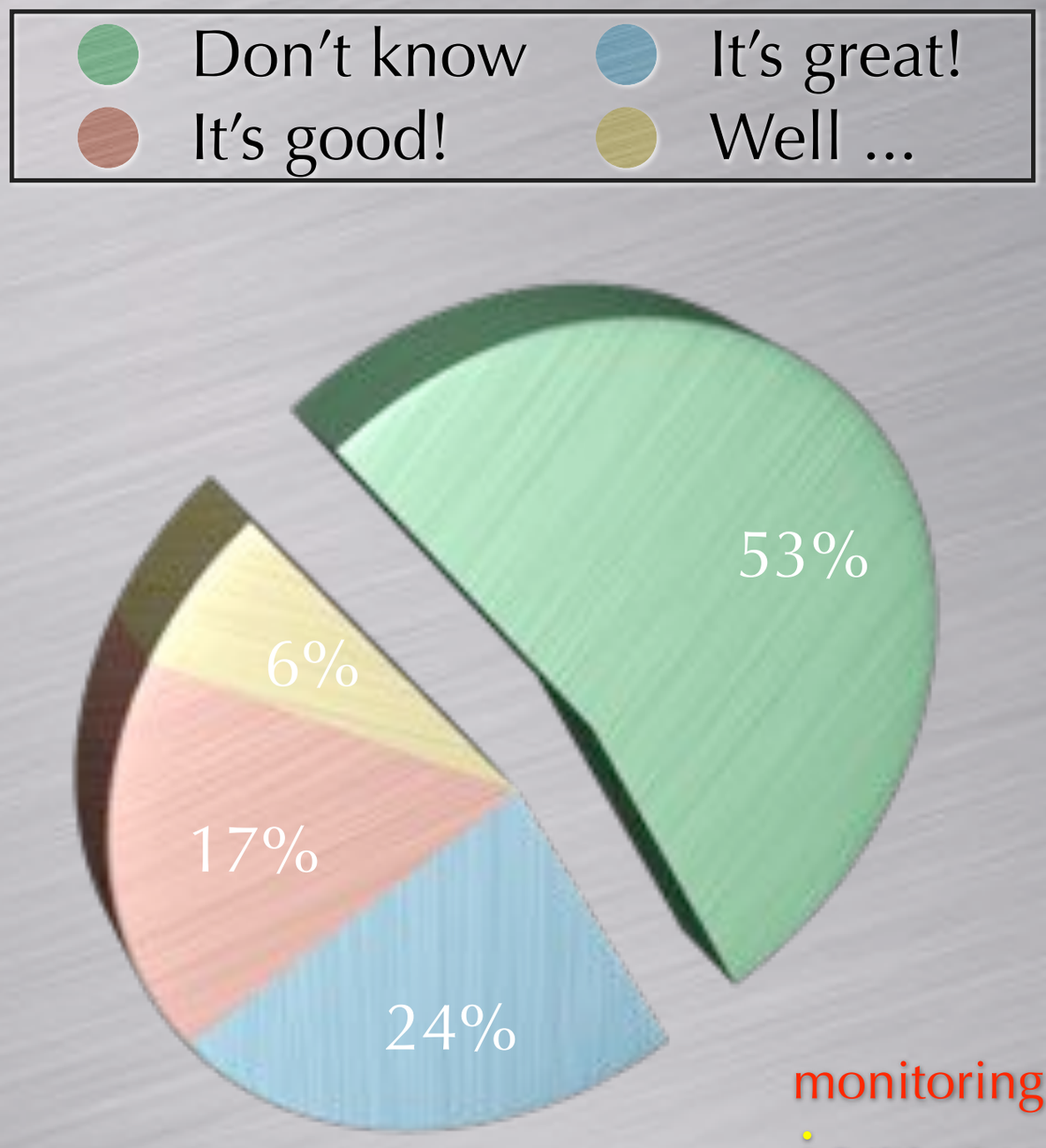
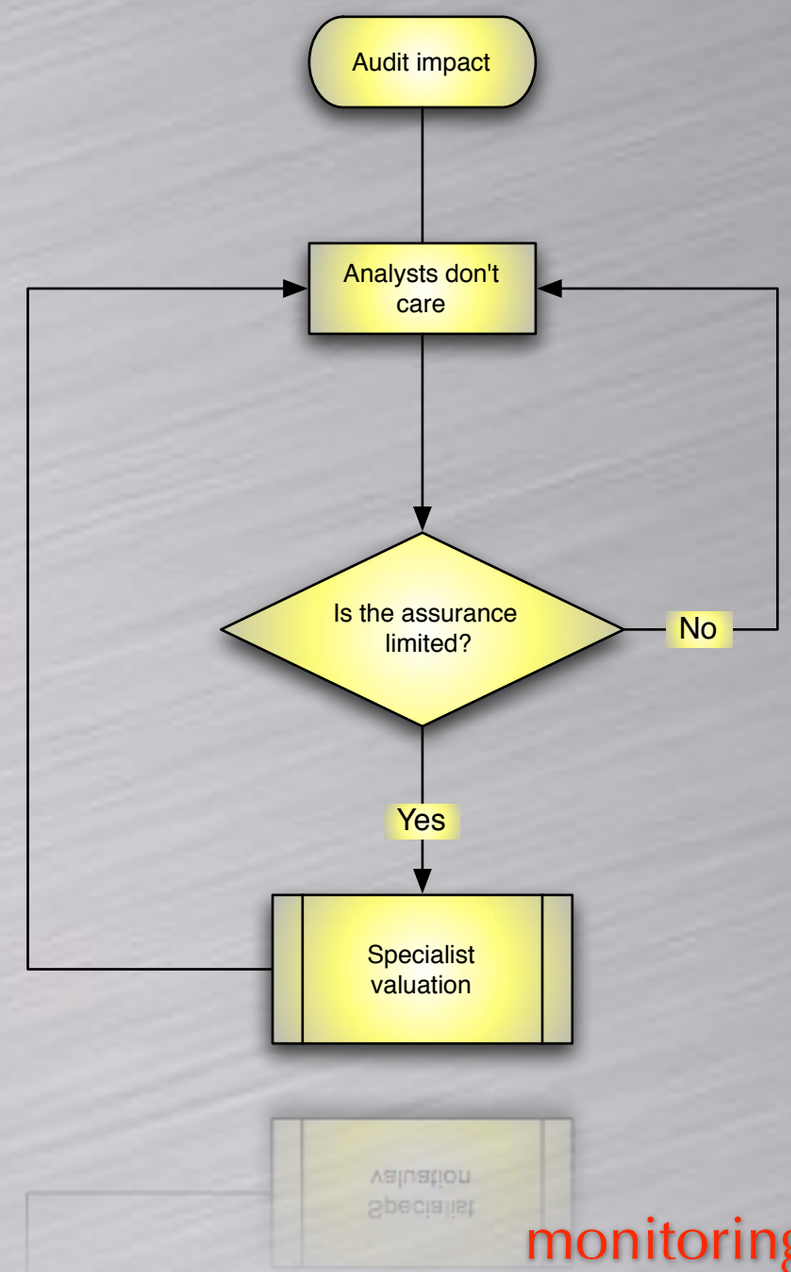
What do they know?

- Overall, very little
- But those in the know like it
- CFA Institute Member survey in March 2006



Do they care?

- The market at large does not care deeply about audits -
- As long as they are not limited!
- Then it becomes a matter for specialists / litigators.
- But specialists have a mind of their own about valuation.
- Hence assurance is perceived to be binary.



Doing the sums

- Generally, if XBRL is **disclosure neutral**, then it should also be "audit neutral" at all levels:
  - statements
  - accounts
  - line items
- There should be an **assurance status tag** to distinguish audited from not audited items.

Doing the sums

- Users will increasingly take individual items out of their contexts without *seeing* the context.
- Users expect audited information to be of homogeneous quality throughout.
- Reliable segment information will be a particular focus of XBRL based research.

So?

- XBRL will be a **disruptive technology** in financial reporting - if & when a majority of preparers adopt it.
- Which I hope they will; with a little help from their regulators.
- Sarbanes-Oxley's procedural focus may have been just a few years too soon.