



How XBRL, Blockchain and AI create a future for reporting

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The Financial Reporting Lab

Market-led

Safe
environment

Practical

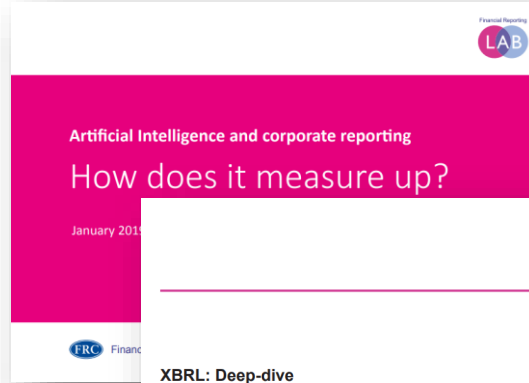


The context

- Trust in business is low
- Availability of and demand for data is increasing
- Value of companies increasingly intangible



The answer - A Structured Future?

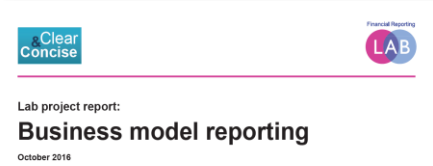


So what next?

- ESEF
- Continue to innovate
- Find ways to demonstrate the benefits of technology
- Bring together the technology, accounting, regulatory and investor communities



Our reports



	GAAP	Non-GAAP	Wider metrics
Principles	Investor seek disclosure		Company management and their boards should aim
Aligned to strategy	<ul style="list-style-type: none"> It captures the primary drivers of the company's business model, strategy and competitive advantage and measures its success Of metrics that demonstrate how the company creates long-term value Of metrics used internally to make business decisions and to manage, monitor and improve the achievement of the business strategy 		<ul style="list-style-type: none"> To set targets against for our current strategy and also check how we achieved it Relevant financial and wider metrics Are we reporting the metrics that we truly monitored and managed internally? Is there a clear link between the metrics that drive our business model and strategy, and our performance metrics?
Transparent	<ul style="list-style-type: none"> They provide transparency on how metrics are calculated and defined to help investors check their own assumptions with clear non-disclosure from GAAP to the wider metrics That give a clear explanation of why metrics have been used and, in the case of non-GAAP metrics, why management think they are a much better representation of the value that has been generated by the company's business model than the GAAP metrics 		<ul style="list-style-type: none"> Is it clear to investors why we use these metrics and what performance they are trying to represent? Are we transparent about the assumptions we used to calculate and define? Do we report on GAAP metrics, do we explain why and if they more appropriately represent our business model and strategy? Where we don't report on GAAP metrics do we also include the broader picture for our investors why we have made specific adjustments, without it a metric to level?
In Context	<ul style="list-style-type: none"> That shows how a company has performed, with explanations where this is different from what would be expected to achieve, either global level That explain the company's context, its market, its sector, its size, strength, liquidity and market position That give a indication of the company's prospects within the context of the market and market changes, longer term objectives and other analysis 		<ul style="list-style-type: none"> Do we explain what performance we were expecting to achieve, what we actually achieved, and what? Do we explain what performance our metrics are going to achieve in the future, and provide an understanding of our overall long-term objectives?
Reliable	<ul style="list-style-type: none"> That provide a reasonable and high level of confidence in the process of developing, monitoring and reporting metrics, and whether there are any significant risks to this That provide a clear view of the level of controls that metrics are subject to including board, audit committee, internal and external assurance processes and the boundary of the information 		<ul style="list-style-type: none"> Do we provide an overview of how our metrics have been developed and monitored to allow metrics to assess their reliability? Do we explain: How we set up our metrics? How we monitor them? Why the metrics are important to us? How we ensure the reliability of the data used? How our metrics are used internally?
Consistent	<ul style="list-style-type: none"> Of metrics that are calculated consistently year-on-year and also presented consistently across reports, across business units That provide a clear view of the level of controls that metrics are subject to including board, audit committee, internal and external assurance processes and the boundary of the information 		<ul style="list-style-type: none"> Are our metrics consistently reported across reports, across business units? Are our metrics consistently reported across reports, across business units? Are our metrics consistently reported across reports, across business units? Are our metrics consistently reported across reports, across business units?



Find our reports here:

<https://www.frc.org.uk/investors/financial-reporting-lab/publications>

We would love to have you participate – get in touch at financialreportinglab@frc.org.uk