
Requirements for Auditor Reporting on the Single European Format of Financial Statements

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Abstract

For the proper functioning of the capital markets it is essential to provide users faithful and relevant information, about the company financial position, its performance, and cash-flows, which to be available in time for the decision-making process. In order to increase the transparency of the financial information communicated by the companies traded on a regulated market, the European Union (EU) gave digitalization a special position by requiring the use of a single electronic format for the annual financial reports prepared for years beginning on or after 1 January 2020. The European Single Electronic Format (ESEF), which draft Regulatory Technical Standards (RTS) were prepared by the European Securities and Markets Authority (ESMA), implies that issuers prepare their entire annual financial reports in eXtensible Hypertext Markup Language (XHTML) format and use eXtensible Business Reporting Language (XBRL) for the consolidated financial statements prepared under International Financial Reporting Standards (IFRS). It is well known that digital technologies facilitate the process of collecting, preparing, analyzing, and interpreting information, and in this study the authors concentrate on the extent which the Romanian companies traded on Bucharest Stock Exchange (BSE), Regulated Market, introduced the new digital technologies in the reporting process, on a mandatory or a voluntary base, trying to capture specific aspects of the auditor's reporting on the new statutory requirements in the context of ESEF implementation.

Key Words: annual report; financial statements; auditor's report; reasonable assurance; taxonomy; ESEF; XHTML; XBRL;

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