

Understanding Characteristics

Financial Report Semantics and
Dynamics Theory

Overview

- Characteristics
 - Characteristics describe facts
 - Characteristics common to financial reports
 - Characteristics may be related

Characteristics Describe Facts

Reporting entity	Legal entity	Period	Concept	Value
ABC Company	Consolidated entity	Jan 1, 2011 to Dec 31, 2011	Revenues	2000
ABC Company	Consolidated entity	Jan 1, 2011 to Dec 31, 2011	Net income	1000

Characteristics describe facts.

For example, the two facts shown have the characteristics “reporting entity”, “legal entity”, “period” and “concept”.

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Characteristics Common to Financial Reports

- **Reporting entity** – for example “Microsoft” or “Google”
- **Legal entity** – for example “Consolidated entity” or “Parent holding company”
- **Report date** – for example some audit report date or filing date
- **Reporting scenario** – for example “actual”, “budgeted”, or “forecast”
- **Concept** – for example “Cash and cash equivalents”, “Assets”, “Inventory valuation method” or “Nature of business”
- **Period** – for example “December 31, 2011” or “December 31, 2010”
- **Business segment** – for example “Consolidated entity”, “consolidation eliminations”, “Business segment ABC” or “Business segment XYZ”
- **Geographic area** – for example “Europe”, “Asia”, or “South America”
- **Operating activities** – for example “Continuing operations” or “Discontinued operations”

This is a subset of characteristics common to financial reports; there are others.

Characteristics May be Related

- **Partial Set** – does not provide the complete set of possible options, therefore these cannot be added
- **Complete flat set** – provides a complete, flat list, therefore these can be added
- **Complete hierarchical set** – provides a complete list, but the list has some hierarchy to it
- **Complete complex set** – provides a complete list and the list is a complicated hierarchy

For more information on this topic please watch the videos “Relations between characteristics” and “Relations between concepts”.

Summary

- Characteristics
 - Characteristics describe facts
 - Characteristics common to financial reports
 - Characteristics may be related