PROPOSITIONS
accompanying the Doctoral Dissertation

Credit Ratings & the Auditor’s Going-Concern Opinion
The Interplay of Information Intermediaries’ Signals

by

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1. Prior to the financial crisis, the credit rating process was highly opaque. Although it became less opaque with the implementation of the Dodd Frank Consumer Protection Act of 2010, it is still fairly ambiguous how credit rating agencies arrive at their ratings. (Chapter 2)

2. Auditors are more conservative in their going-concern decision for firms whose credit ratings have recently been downgraded. (Chapters 3 & 4)

3. Credit ratings are more informative, and potentially more useful, to the going-concern opinion decision of auditors without expertise in their client’s industry. (Chapter 4)

4. Investors value the auditor’s going-concern opinion beyond the information regarding firms’ future viability provided by other information intermediaries. (Chapter 5)

5. To better understand the functioning of capital markets, one has to improve the understanding of the complex interactions among market participants and how they impact each other indirectly.

6. Auditing is a key element for public confidence in corporate governance and reporting. (Marek Grabowski, FRC Director of Audit Policy)

7. Increasing the dialogue between auditing firms and researchers would allow us to study more interesting topics that are of academic and simultaneously of practical interest and contribution.

8. Real integrity is doing the right thing, knowing that nobody’s going to know whether you did it or not.

9. A great part of the information I have was acquired by looking up something and finding something else on the way. (Franklin P. Adams)

10. Conducting research is like dancing salsa: One needs technique, practice, collaboration and communication; but most of all passion.

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