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Other receivables and miscellaneous assets (million €)

	2010		2009	
		Thereof short-term		**Ther short-te**
Receivables from affiliated companies	273	273	190	
Prepaid expenses	181	162	182	
Defined benefit assets	260	–	549	
Receivables from associated companies and other participating interests	289	285	426	
Tax refund claims	780	766	778	
Loans and interest receivables	61	61	91	
Derivatives with positive fair values	440	437	286	
Employee receivables	42	27	39	
Rents and deposits	81	19	59	
Insurance claims	65	54	27	
Receivables from joint venture partners	8	8	–	
Precious metal trading positions	1,066	1,066	807	
Other	991	725	735	
Total	**4,537**	**3,883**	**4,169**	**3,**
thereof from financing activities	1,236	1,050	1,565	

From: CFA Institute Centre for Financial Market Integrity, A Comprehensive Business Reporting Model: Financial Reporting for Investors, July 2007.

Principle: Changes affecting each of the financial statements should be reported and explained on a disaggregated basis.

Reasons for Importance: Aggregation of information with different economic attributes, different measurement bases and different trends and from very different operations results in substantial loss of information. Indeed, the information omitted may be essential to investors' understanding of a company's financial position, changes in that position, and

the implications for valuation of investments.

Current Practice: The financial statements issued by most companies today, from the largest with extensive cross-border operations to very small, narrowly focused startups, tend to be highly summarized and condensed. This summarization is achieved by adding together unlike items to report relatively few line items in the statements, despite the disparate economic attributes of their operations. A good example is the line item “miscellaneous assets,” which is sometimes the largest amount in the balance sheet.

Indeed, investors currently expend much effort to disaggregate such numbers.

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A second reason for requiring fundamental changes is that the current reporting model does not provide sufficient information to enable investors to make the needed changes. The extreme degree and inconsistent pattern of aggregation and netting of items in the statements—along with the obscured, even opaque, articulation of the financial statements—make such analysis ineffective or impossible. As a result, investors must resort to estimates and best guesses to arrive at information essential for financial decision making. The decisions made can be no better than the quality of the information that supports them. If inadequate financial statements are an impediment to sound financial decision making, then their quality should be improved.

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Accounting standards currently permit assets and related liabilities, revenues, and expenses, as well as investing and financing cash inflows and outflows, to be reported on a highly aggregated or netted basis, causing much important information to be obscured or lost altogether. The information loss can result in misleading analyses, distorted conclusions, and suboptimal investment decisions.
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11. Individual line items should be reported based upon the nature of the items

rather than by the function for which they are used.

By “nature,” we mean that items should be reported by the type of resource consumed, such

as labor or raw materials, rather than by the function or purpose for which it is used, such as

cost of goods sold or selling, general, and administrative expense. Categorization according

to nature can greatly enhance comparability across companies and consistency within the

statements of a single company. Currently, users of the statements cannot determine from the statements or related disclosures where individual items, such as pension expense and depreciation, are recorded in the income statement.

The statistical distribution properties of the various resources consumed in operations behave very differently over time. Consequently, aggregation by function, the current practice, merges items with different properties, reducing the information content of the items and significantly reducing their value as decision-making factors. We believe that functional disclosure is best reserved for segment reporting where the categories are most likely to be more nearly homogeneous and, therefore, more meaningful for assessing the profitability of individual units.

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The balance sheet provides investors with information about a company's assets and the claims against those assets:

1. The resources available to it;

2. The relative liquidity of the resources;

3. Recognized and contingent claims against those resources; and

4. The relative time to maturity of these claims.

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