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Topic	Cutting Clutter
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This paper has been prepared for discussion at a public meeting of the IFRS Advisory Council of the IASB.

The views expressed in this paper are those of the authors.

Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRS Interpretation Committee or the IASB can make such a determination.

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Cutting Clutter
Presentation to IFRS Advisory Council
21 February 2011



Cutting Clutter
Background

“Louder Than Words”
(FRC 2009)

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Principles and actions for
making corporate reports less
complex and more relevant

➔ Call for action: “Cut Clutter”

Cutting Clutter

What is Clutter?

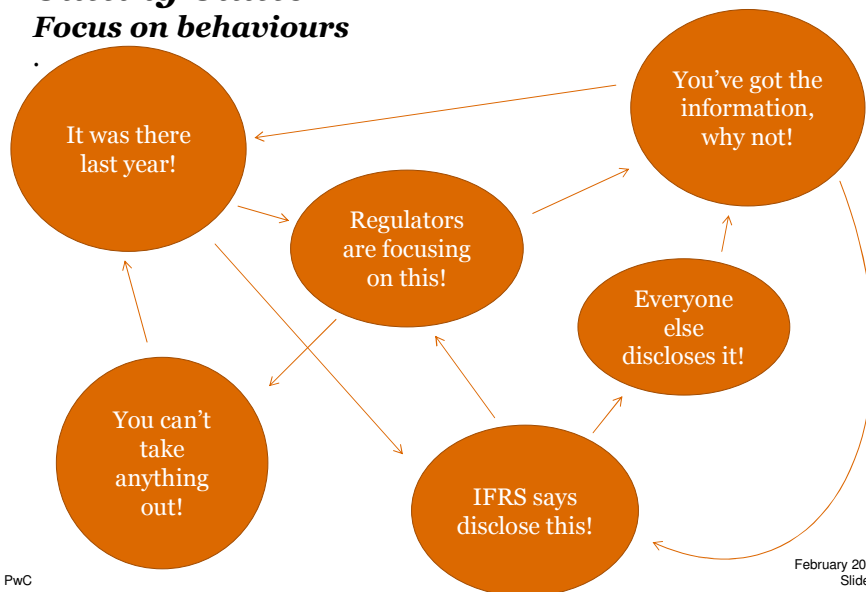
“Immaterial disclosures that inhibit the ability to identify and understand relevant information”

And

“Explanatory information that remains unchanged from year to year”

Cutting Clutter

Focus on behaviours



Cutting Clutter ***Behavioural Influences - 1***

Authoritative Sources

- IFRS
 - Anti abuse disclosures
 - Verifiability – disclosure to allow re-performance of calculation

- Guidance-
 - Focuses on inclusion rather than exclusion

- Regulators
 - “Tick box” perception

Cutting Clutter ***Behavioural Influences - 2***

- Auditors
 - Play Safe

- Preparers
 - Start from last year
 - Easier to include than leave out
 - Fear of user criticism
 - Not worth hassle of regulatory challenge

Cutting Clutter ***Barriers***

Materiality

Descriptions triggering disclosure:

- Critical
- Fundamental
- Important
- Key
- Major
- Principal
- Essential
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- Main
- Primary
-

Cutting Clutter ***Explanatory Material***

- Separate from annual report?
- May require legislative change

Cutting Clutter Outputs

- Behaviour aid
- Disclosure aids
 - Governance
 - Accounting Policies
 - Share based payments

➤ *Financial Reporting Lab*

Cutting Clutter Calls for Action

- Materiality for disclosures
- Separate explanatory material
- Engage with other stakeholders

Cutting Clutter.....

QUESTIONS?

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