

## STAFF PAPER

March 2018

## IASB Meeting

Project	Management Commentary		
Paper topic	Cover paper		
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (the Board) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB® *Update*.

**Purpose of this meeting**

1. In November 2017, the International Accounting Standards Board (Board) decided to add to its agenda a project to update IFRS Practice Statement 1 *Management Commentary* (Practice Statement) (see November 2017 Board Paper 28A *Agenda proposal to revise and update the Management Commentary Practice Statement*). The Board also decided that its interest in the area of the so called wider corporate reporting remains limited to the provision of other financial information to meet the needs of existing and potential investors, lenders, and other creditors, as defined in the *Conceptual Framework for Financial Reporting*.
2. The purpose of this meeting is to provide the Board with an update on the project and discuss next steps.

**Management Commentary Consultative Group**

3. In March 2018, the Board announced the creation of a consultative group on Management Commentary project. The aim of the group will be to provide the Board with access to practical experience and expertise in developing, implementing and using management commentary regimes, and to advise the Board as it develops proposals for updating the Practice Statement.

4. Candidates must have:
  - (a) a deep understanding of the information that existing and potential investors, lenders and other creditors need from management commentary and of areas of current practice where those needs are, or are not, being met; or
  - (b) expertise in developing or implementing management commentary regimes designed to meet those needs.
5. Securities regulators will also be invited to participate in the Management Commentary Consultative Group as observers.
6. The deadline for applications is 20 April 2018. In accordance with paragraph 3.59 of the *Due Process Handbook*, the staff will ask the Due Process Oversight Committee to review the proposed composition of the group.

### **Paper for this meeting and next steps**

7. Agenda Paper 15A *Management Commentary Practice Statement—Education session* discusses the staff’s proposed approach to updating the Practice Statement. In particular, in developing the proposals for updating the Practice Statement, the staff expect to:
  - (a) consider recent developments in national narrative reporting frameworks, integrated reporting and emerging best practice;
  - (b) retain the principle-based approach of the existing Practice Statement and focus on the following topics, which is consistent with the structure of the existing Practice Statement:
    - (i) principles and concepts;
    - (ii) current year financial analysis and forward-looking statements; and
    - (iii) non-financial information that is relevant to an understanding of the entity’s prospects, together with qualitative and quantitative information on the entity’s business model, risks, strategy and operating environment.

8.     Agenda Paper 15A is for information only and there are no questions for the Board. However, the staff would welcome comments on the staff's proposed approach to updating the Practice Statement.