



A New Framework for Management Commentary Proposed by IASB

An Exposure Draft issued by the International Accounting Standards Board sets out proposals for a revised IFRS Practice Statement 1 Management Commentary

Disclosure objectives for six areas of contents and guidance for selecting and presenting information, including metrics are proposed. These six areas of content provide information that enables investors and creditors to understand and are summarised as follows:

1. Business model

- How the entity's business model creates value and generates cash flows

2. Strategy

- Management's strategy for sustaining and developing the business model

3. Resources and relationships

- The resources and relationships on which the business model and management's strategy depend

4. Risks

- The risks that could disrupt the business model, strategy, resources or relationships

5. External environment

- How the external environment has affected or could affect the business model, strategy, resources, relationships or risks to which the entity is exposed

6. Financial performance and financial position

- The entity's financial performance and financial position reported in the financial statements

It is important to note that entities are not required to comply with a Practise Standard in order to state compliance with IFRS Standards. The IASB issued guidance on management commentary in the form of a Practise Statement to allow regulators to decide whether or not to mandate management commentary.

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