



International Accounting Standards Board®

# Press Release

23 June 2009

## **IASB proposes guidance for the preparation and presentation of management commentary**

The International Accounting Standards Board (IASB) today published for public comment a proposed non-mandatory framework to help entities prepare and present a narrative report, often referred to as *management commentary*.

Management commentary is an opportunity for management to outline how an entity's financial position, financial performance and cash flows relate to management's objectives and its strategies for achieving those objectives. The information contained in management commentary is therefore of keen interest to investors and other users of financial statements. However, while management commentary-type reporting is mandatory in many jurisdictions, some do not have guidance for this type of narrative report. Many preparers and users therefore indicated a need for the IASB to provide such guidance.

The proposals draw upon international best practice in the preparation and presentation of management commentary. The IASB believes that providing non-mandatory guidance will improve the consistency and the comparability of management commentary across jurisdictions.

Introducing the exposure draft containing the proposals, Sir David Tweedie, Chairman of the IASB, said:

Management commentary is one of the most useful sections of an annual report, yet many countries applying IFRSs do not have guidelines that cover how to prepare or present this important information. In today's uncertain financial climate it is particularly important for entities to explain their financial performance relative to their expectations and their strategies.

The exposure draft *Management Commentary* is open for comment until 1 March 2010. It can be accessed on the 'Open for Comment' section on [www.iasb.org](http://www.iasb.org). Respondents' comments will help the IASB in the development of final guidance on management commentary.

Printed copies of the exposure draft (ISBN 978-1-907026-14-0) will be available shortly, at £10.00 plus shipping, from:

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### **NOTE TO EDITORS**

#### ***About the IASB***

The IASB was established in 2001 and is the standard-setting body of the International Accounting Standards Committee (IASC) Foundation, an independent private sector, not-for-profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that provide high quality transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. From July 2009 on the membership of the IASB will increase from currently 14 members (13 of whom are full-time) to 15. Board members are drawn from nine countries and have a variety of professional backgrounds. They are appointed by and accountable to the Trustees of the IASC Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience.