



**Australian Government**

**Australian Accounting  
Standards Board**

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Level 7, 600 Bourke Street  
MELBOURNE VIC 3000

**Postal Address**  
PO Box 204  
Collins Street West VIC 8007  
Telephone: (03) 9617 7600  
Facsimile: (03) 9617 7608

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7 November 2012

Crystal Kwan  
Executive Assistant, Financial Reporting & Audit  
Australian Securities and Investments Commission  
GPO Box 9827  
Sydney NSW 2001

Dear Ms Kwan

**ASIC Consultation Paper 187 *Effective disclosure in an operating and financial review***

The Australian Accounting Standards Board (AASB) is pleased to provide comments on ASIC Consultation Paper (CP) 187. Given the relationship between operating and financial reviews (OFRs) and general purpose financial reporting, the AASB has a particular interest in the matters addressed in the CP. The following comments focus on particular matters of concern to the AASB and therefore do not address each matter raised for comment in the CP.

The AASB commends ASIC for its efforts in developing guidance on OFRs on the basis that the guidance is a step in the right direction for addressing some of the areas for improvement identified in ASIC's surveillance programs (as noted in paragraph 7 on page 6 of the CP). However, the AASB notes that with the issue of this guidance, there would be three separate documents addressing similar matters – the other two being the Group of 100's *Guide to Review of Operations and Financial Condition* and the International Accounting Standards Board's IFRS Practice Statement *Management Commentary*. Whilst RG 000.37 of the CP acknowledges these other documents, it describes them as "may also be relevant in providing information to assist an entity in fulfilling the OFR requirements". The AASB encourages ASIC to review all three documents and liaise with relevant parties (including the Australian Securities Exchange, which has endorsed the G100 document), with a view to identifying any duplication and inconsistencies and potentially rationalising the separate guidance. If after such efforts ASIC decides to issue its separate guidance, it would be helpful to explain the reasons for such a decision.

In relation to the CP's comments about integrated reporting in relation to proposal C9 (on page 16), the AASB agrees that guidance should not be included in the Regulatory Guide. The AASB particularly supports the comment in paragraph 49 that further due process would be needed before any decision is made in respect of incorporating integrated reporting notions into ASIC guidance. In terms of integrated reporting and its relationship to financial reporting, ASIC might find the FRC paper *What Do We Mean by the Term 'Financial Reporting', Especially in Relation to Integrated Reporting?* [prepared by the Financial Reporting Council (FRC) Integrated Reporting Task Force (11 September 2012)] useful – it is available at [http://www.frc.gov.au/minutes/2012/frc\\_taskforce/integrated\\_reporting/downloads/11-09-2012\\_attachment.pdf](http://www.frc.gov.au/minutes/2012/frc_taskforce/integrated_reporting/downloads/11-09-2012_attachment.pdf).

If you have any queries regarding matters in this submission, please contact me or Robert Keys (rkeys@asb.gov.au).

Yours sincerely,

A handwritten signature in black ink that reads "K. M. Stevenson". The signature is written in a cursive style with a large, stylized initial "K".

Kevin M. Stevenson  
Chairman and CEO