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**The Group of 100 Incorporated**

Level 20, 28 Freshwater Place  
Southbank VIC 3006 AUSTRALIA  
www.group100.com.au

Telephone: (03) 9606 9661

Facsimile: (03) 9670 8901

Email: g100@group100.com.au

ABN: 83 398 391 246

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Sir David Tweedie  
Chairman  
International Accounting Standards Board  
30 Cannon Street  
London EC 4M 6XH  
UNITED KINGDOM

Dear Sir David

**'Management Commentary'**

The Group of 100 (G100) is an organisation of chief financial officers from Australia's largest business enterprises with the purpose of advancing Australia's financial competitiveness. The G100 is pleased to respond to the Invitation to Comment on the proposals for 'Management Commentary'.

In broad terms, while the G100 supports the proposals the orientation of the report should be towards the needs of existing shareholders as capital providers. In addition, the G100 does not believe that it is necessary to comply with the guidance to be able to make a statement of compliance with IFRSs as issued by the IASB.

Although the IASB intends to publish the document as guidance it is unclear where such guidance will sit in relation to other documents issued by the IASB and how it relates to the conceptual framework and the hierarchy of pronouncements.

*Q1 Do you agree with the Board's decision to develop a guidance document for the preparation and presentation of management commentary instead of an IFRS? If not, why?*

**The G100 agrees that the issue of a non-mandatory guidance document is preferable because the requirement for management commentary style reports is often a separate requirement of national legislation and stock exchange listing requirements. This is the case in Australia where providing a review of operations and financial condition is a listing requirement and a legislative requirement (Corporations Act 2001 Section 299) for listed companies. {In December 2009 the Government released draft amendments to the Corporations Law to require all listed entities to provide a review of operating results, financial position and business strategies and prospects}. The frequency of reporting and the level of assurance required should also be determined at the national level.**

**A guidance document can establish high level principles to inform preparers of what constitutes the basis of good practice and the interaction with the financial statements.**

*Q2 Do you agree that the content elements described in paras 24-39 are necessary for the preparation of a decision-useful management commentary? If not, how should those content elements be changed to provide decision-useful information to users of financial reports?*

**Yes. The items are broadly consistent with the guidance provided in the G100 publication 'Guide to Review of Operations and Financial Condition' ([www.group100.com.au](http://www.group100.com.au)) and provide high-level principles-based guidance. However, the G100 suggests that the guidance should also highlight the usefulness of discussion of matters such as shareholder returns, liquidity and funding, the impacts of legislation and investments for future performance.**

*Q3 Do you agree with the Board's decision not to include detailed application guidance and illustrative examples in the final management commentary guidance document? If not, what specific guidance would you include and why?*

**Yes. The G100 agrees with the reasons advanced for not including application guidance and illustrative examples. We believe that, if needed, national bodies and industry associations can develop more detailed guidance on the application of high-level principles to entities operating in their industry or jurisdiction.**

Yours sincerely  
Group of 100 Inc



**Peter Lewis**  
National President

c.c. Mr K Stevenson - AASB