Meeting notes—Management Commentary Consultative Group

The Management Commentary Consultative Group (Consultative Group) held its fourth meeting on 13 December 2019 at the London office of the IFRS Foundation.

Recordings of meeting discussions, the agenda and related papers are available on the meeting page. For more information on the Management Commentary project please refer to the project page, and information about the Consultative Group can be found here.

Members discussed the following topics:

- supporting adoption of the practice statement (paragraphs1–24);
- topics for further input (paragraphs 25–46); and
- overview of staff's current proposals (paragraphs 47–55).

Supporting adoption of the Practice Statement (slide deck 4)

1. The first session addressed ways to support adoption and application of the revised Practice Statement. The Consultative Group discussed:
   (a) whether a statement of compliance with the Practice Statement should be required;
   (b) whether and how the principles-based guidance in the Practice Statement would enable enforceability of the Practice Statement and assurability of resulting management commentaries;
   (c) how the Practice Statement should interact with other reporting frameworks; and
   (d) how to support application by preparers.

Statement of compliance

2. The Consultative Group discussed whether the Practice Statement should require a management commentary to state any or all of the following:
   (a) the date of authorisation of the management commentary;
   (b) the body that approved the management commentary;
   (c) that it has been prepared in accordance with the Practice Statement (ie include a statement of compliance) where it has been applied in full to the whole management commentary;
   (d) the process followed in preparing the management commentary;
   (e) that the resulting management commentary meets a particular objective (eg gives a true and fair view).

3. One member suggested that the date of authorisation is less important for management commentary than for financial statements because management commentary is more forward-looking in nature. However, overall members agreed that the management commentary should include the date of its authorisation and identify the body that approved the management commentary so that it is clear to users what the cut-off date was and who approved its issue.

4. Some members also expressed the view that the date of authorisation of management commentary, and the body who authorised it, should not differ from those of the financial statements because the role of management commentary is to provide context for the related financial statements. A few members questioned what the implications would be if further information came to light in a management commentary with a later date of issue. One member suggested that an approach similar to that in IAS 10 *Events after the Reporting Period* would be suitable for management commentary.

5. When discussing a statement of compliance, generally members agreed that an entity should not state compliance with the Practice Statement if the entity has not complied with all aspects of the Practice Statement in full. Many also agreed that entities should be allowed to state compliance with the Practice Statement if they have done so. However, members expressed mixed views on requiring a statement of compliance even when the entity has complied with all aspects of the Practice Statement.

6. Some members were of the view that due to the voluntary nature of the Practice Statement, a requirement for a statement of compliance could create a barrier to adoption of the Practice Statement, rather than encourage its adoption. They suggested that there is a trade-off between requiring compliance with all aspects of the Practice Statement—which could be a high hurdle—and encouraging more entities to comply with aspects of the Practice Statement as far as they can. They further suggested that in deciding whether to require a statement of compliance, the Board should consider whether its intention is to:
   (a) promote the highest standard of reporting by setting a high hurdle, in the form of the statement of compliance, and using that statement to convey information that an entity's management commentary achieves that high hurdle;
   (b) encourage application of the Practice Statement on a voluntary and possibly partial basis to help as many companies as possible improve their reporting; or
   (c) inform the reader of the basis of preparing the management commentary.

7. One member asked the Board to consider whether some aspects of the Practice Statement should be non-negotiable requirements and other parts encouraged to be followed, and whether a statement of partial compliance could be possible and what form it could take. Another member suggested that it would be useful to know the extent to which the Practice Statement has been used where it has been applied on an ad-hoc basis, particularly when entities are already complying with the local requirements for a management commentary.

8. Other concerns raised on requiring a statement of compliance included:
   (a) potential conflict with existing laws and regulations for reporting in various jurisdictions;
   (b) risk of boilerplate information as was seen to be the case for the Operating and Financial Review (OFR) Reporting Statement issued by the UK's Accounting Standards Board (replaced by the Financial Reporting Council (FRC)), which set detailed requirements for a statement of compliance for the OFR;
   (c) whether the statement of compliance would be useful to users if management commentary is not subject to assurance; and
   (d) difficulty in assessing whether there has been compliance with the Practice Statement due to the subjectivity of the content in a management commentary.

9. Those members who supported requiring a statement of compliance gave the following reasons:
   (a) it would be useful to know when the Practice Statement has been complied with;
   (b) the statement of compliance makes management commentaries more credible, even if the management commentary is not subject to external assurance; and
   (c) a requirement for a statement of compliance would be helpful for those jurisdictions that consider mandating the application of the Practice Statement or requiring the management commentary to be subject to external assurance.

10. A few members suggested that it would be useful if a management commentary states that it meets a particular objective, such as whether it is fair, balanced and understandable. A few other members expressed the view that a statement of compliance with the Practice Statement implies that the management commentary meets the objective of management commentary set out in the Practice Statement. One member suggested that instead of stating the objective met,

the statement should indicate for which audience it is being prepared (ie the primary users) because that would help limit the scope of management commentary. One member also commented that if every jurisdiction chose its own reporting objective, comparability would be lost, and therefore it would be helpful for the Practice Statement to state that a particular objective was required.

11. There were mixed views about whether a statement describing the process followed in preparing management commentary would be helpful. Some members expressed the view that users are interested in information on the process of preparing management commentary, especially on how management makes materiality judgements, particularly when the management commentary is not subject to external assurance. However, a few members commented that statements on the integrity or governance of the process of preparation could deter adoption.

12. A member suggested that the Exposure Draft for the revised Practice Statement should ask whether any of the proposed requirements are in conflict with existing local frameworks or regulations, or if there are any legal barriers to the adoption of the Practice Statement.

Enforceability of the Practice Statement and assurability of management commentary

13. The staff provided a brief overview of how the proposed principles-based guidance and requirements for the revised Practice Statement correspond to the International Auditing and Assurance Standards Board's proposed description of a 'sound' extended external reporting framework and asked whether the proposals for the Practice Statement would provide a suitable basis for enforcement if mandated by regulators, and also a suitable basis for both external and internal assurance.

14. Overall, members agreed that the proposals are likely to promote enforceability and assurability. However, some members made the following comments:

    (a) The proposals do not seem to link management commentary sufficiently to the financial statements, and do not refer to the need for consistency with the financial statements.

    (b) The proposals provide a basis for assurance but the degree of assurability may depend on how advanced an entity's reporting systems are.

    (c) It is difficult to assess whether the proposals are enforceable without seeing the detailed content of the Practice Statement.

    (d) Enforceability could be limited if management commentary is prepared to meet the requirements of different frameworks at the same time, for example of local regulatory requirements and the Practice Statement. In this case, enforceability may be promoted if management commentary identifies which framework has been followed in preparing various parts of management commentary.

    (e) The proposed disclosure objectives for each content element are helpful in supporting enforceability and assurability, but there will be a need for more detailed requirements to support the principles.

    (f) In some jurisdictions, there is a difference in the interpretation of materiality for financial reporting and legal purposes, which could pose a challenge in complying with the Practice Statement.

    (g) The proposals on the basis for preparation of management commentary do not refer to faithful representation of the substance of a phenomenon—including such a requirement could help in assessing whether judgements made by management are reasonable and with enforcing the Practice Statement.

    (h) Much information in management commentary is subject to uncertainty and based on judgements. Assurers will help users understand such information by expressing an opinion on whether management's judgements are reasonable.

    (i) Comparability between entities will remain a challenging area. It is unlikely to be resolved by the Practice Statement and will require more work by standard-setters because there is a trade-off between comparability between entities and providing entity-specific information. A member from the user community expressed the view that consistency over time in the information that an entity presents is more important than comparability with other entities.

Interaction with other frameworks

15. The staff presented their proposals related to how the Practice Statement interacts with other reporting frameworks. Those proposals are:

    (a) acknowledging in the Practice Statement that preparers may identify information for inclusion in management commentary using other frameworks (without endorsing any particular frameworks) but confirming that the information still needs to meet the requirements of the Practice Statement; and

    (b) permitting the inclusion of information in management commentary that is required by jurisdictional laws and requirements but is not needed to meet the objective of management commentary, if such information does not obscure the information needed to meet that objective.

16. Overall, members agreed with the direction of the proposals and that information identified using other frameworks could be included in a management commentary, if it meets the objective of and is prepared on the same basis as management commentary and does not result in lack of conciseness. A few members were concerned about the use of frameworks whose objectives or basis for preparation are not aligned with the Practice Statement, particularly where materiality is defined differently. Members agreed that the Practice Statement should not endorse any particular frameworks, but a few members suggested that management commentary should identify other frameworks that are used in preparing a management commentary.

17. Some members suggested not using the term ‘immaterial’ when referring to information required by jurisdictional laws and requirements or prepared for other stakeholders because it could be misinterpreted to infer that other reports do not provide information useful to stakeholders other than the primary users of management commentary. Instead, this information could be referred to as supplementary, complementary or additional information. Some members also suggested not referring to ‘core and more’ in the Practice Statement.

18. Some members felt that the proposed distinction between ‘sign-posting’ and ‘incorporation of information by cross-reference’ was unclear. Some also questioned how these would be distinguished within a management commentary in practice. One member said clearly distinguishing management commentary from supplementary information is important for assurance purposes.

Supporting application by preparers

19. The staff provided an overview of the different types of guidance supporting application that could be considered for inclusion either within the Practice Statement itself or as a supplement, including application examples, decision trees, investors’ views on disclosures they would find useful, real-life best-practice case studies, pilot case studies and fictitious scenarios and illustrations. The staff asked the Consultative Group for their views on whether there were specific areas of the Practice Statement for which the Board could beneficially provide application guidance, and which type of application guidance would be most helpful.

20. Overall, members supported the provision of guidance supporting application. Some members suggested that there are two types of such guidance: interpretative guidance and illustrative guidance. Interpretative guidance would include explanations, particularly of terms and concepts which may have a meaning differing in a nuanced way from those used in common language, and could be included in the Basis for Conclusions or within the Practice Statement. Illustrative guidance could be provided in form of examples of either the reporting itself or of techniques on how to apply principles and concepts. Such guidance could either be presented within the

Practice Statement if they can be concise and developed in time for publication of the Practice Statement, or provided as a supplement. One member suggested that if application guidance is provided as a supplement, its status should be made clear.

21. Members suggested that illustrative examples in the following areas would be helpful:

    (a) narrative coherence;

    (b) the application of materiality;

    (c) the application of principles or qualitative characteristics;

    (d) the distinction between business model and strategy if the Practice Statement requires separate discussion of those notions in management commentary;

    (e) using other frameworks to provide some of the information that might meet the objective of the Practice Statement;

    (f) how to meet disclosure objectives for content elements; and

    (g) sign-posting and incorporation of information by cross-referencing.

22. Suggestions for developing illustrative examples included:

    (a) consulting preparers to assess which areas of the proposals might be better understood if supported by examples.

    (b) obtaining the views of both equity and debt investors or analysts on examples that could be provided;

    (c) developing examples similar in style to those provided in IFRS Practice Statement 2 *Making Materiality Judgements*.

    (d) developing an annual illustrative report. However, the member who made the suggestion recognised the challenges in developing such an example and that it may be better suited to being prepared by an accountancy firm rather than the International Accounting Standards Board (IASB).

    (e) using visual and diagrammatic presentations, for example for explaining the links between content elements.

    (f) developing one example going through the whole of the Practice Statement to illustrate the notion of narrative coherence.

23. There were mixed views on the use of best-practice case studies or guidance. A few members suggested that identifying best practice real-life examples of how the Practice Statement has been applied after its publication could be helpful and also promote further adoption. However, some other members cautioned against the IASB identifying and providing best-practice case studies, because of the risks involved and the fact that the IASB is not an education body or regulator.

24. One member suggested that there may be a need for an interpretations committee to consider those areas in which preparers find difficult in applying the Practice Statement. Another member asked whether there would be a post-implementation review of the Practice Statement. A Board member responded that the project is in fact a review of the existing Practice Statement, and similarly future developments might result in the revised Practice Statement being revisited.

Topics for further input (slide deck 2)

Information on intangibles and environmental, social and governance (ESG) matters in management commentary

25. The staff provided an overview of the current proposals for guidance on providing information in management commentary on intangible resources and relationships and on ESG matters. The proposed guidance:
    (a) does not include a list of intangibles or ESG matters to be addressed in management commentary. Instead, the proposed guidance on identifying intangibles and ESG matters to be reported in management commentary is based on materiality.
    (b) on each topic is not presented in a separate section in the revised Practice Statement but spread across guidance on various content elements. For example, the guidance on business model requires management to include information about intangible resources and relationships that the business depends on for its future success, and the guidance on strategy requires management to discuss the entity's strategy for developing, maintaining and enhancing those resources and relationships.

26. Members' comments on guidance on these topics included:
    (a) overall support for the proposal that identification of intangible resources and relationships and ESG matters to report in management commentary should be based on materiality. Some members suggested highlighting in the revised Practice Statement that assessments of materiality should not be based solely on quantitative factors and should extend to the long term.
    (b) the proposed guidance could lead to duplication of information between management commentary and other reports prepared by the entity. However, one member said that although this may happen in some jurisdictions, in emerging markets management commentary might be the only source providing material information about intangibles and ESG matters.
    (c) a member from the user community suggested that management commentary should provide information about the potential effect of intangibles and ESG matters on prospects for the entity's future cash flows. However, another member argued that providing such estimates could lead to litigation. A Board member expressed the view that management should provide information that could help investors understand the potential effect but should not be required to forecast the outcome.

27. Some members suggested that more prominence should be given to guidance on intangible resources and relationships, for example by providing that guidance in a separate section. Members provided the following suggestions for extending the proposed guidance:
    (a) require management to explain the link between information about intangible assets included in the financial statements and information about intangible resources and relationships included in management commentary;
    (b) provide an example illustrating expected disclosures across content elements;
    (c) require that management commentary identifies the most important intangible resources and relationships (drivers of value) and provides information about key performance indicators used to monitor those intangible resources and relationships but not necessarily information about their valuation;
    (d) include a list of common drivers of value that need to be considered for inclusion in management commentary—for example, human resources and reputation;
    (e) ask management to explain the methodology for identifying intangible resources and relationships that need to be discussed in management commentary;

(f) require that management commentary identifies whether a resource or a relationship discussed in management commentary is controlled by the entity; and

(g) add guidance on reporting risks outside an entity's control that could disrupt the entity's access to its intangible resources and relationships.

28. A member cautioned against referring to intangible resources and relationships that need to be discussed in management commentary as 'intangible assets' or 'intangibles' to avoid confusion with intangible assets that are reported in financial statements.

29. When discussing guidance on ESG matters, members suggested that:

    (a) guidance on environmental matters, on social matters and on governance matters should be provided separately rather than under a single ESG heading because they are different in nature and various approaches may be required for reporting them in management commentary. A few members suggested that the Practice Statement does not need to provide guidance on governance matters because this is typically covered by other reporting requirements and is outside the remit of management commentary. However, another member said some information about governance needs to be included in management commentary if it is material (for example, information about changing the process for monitoring ESG matters might be material).

    (b) it would be helpful to provide application guidance and illustrative examples of how the guidance is expected to be applied. Work done by the UK FRC Reporting Lab and European Corporate Reporting Lab could be helpful in developing those examples.

    (c) the guidance should include examples of impacts of the entity's business activities that need to be discussed.

Meaning of 'management's view'

30. The staff reminded the Consultative Group of the proposal to retain the notion of management's view from the existing Practice Statement because information important to management in managing the business is likely to be important to users in making economic decisions, and vice versa. The staff asked the Consultative Group to consider whether the proposed guidance on making materiality judgements, and on discussing risks gross of mitigating actions, is sufficient to require management to disclose information about a matter of known interest to users even if management concludes that:

    (a) that matter is not likely to affect the entity's long-term prospects for cash flows; or

    (b) management's strategy substantially mitigates the possible effects of the matter on the entity's prospects.

31. Overall, members agreed that management is best placed to know what information is important to the business and that information important to management provides a suitable basis for preparing management commentary that provides useful information to users of financial reporting. On the other hand, members from the preparer community said that management is unlikely to exclude from management commentary a matter of known interest to users either because users' queries are considered as part of the process for determining which information to report or because of risk of litigation. Moreover, if information of known interest to users is not readily available, that fact would trigger internal discussions of why such information is not also of interest to management if it is of interest to users.

32. Some members commented that it is important to list ‘users’ information needs’ as one of the sources for identifying material information for inclusion in management commentary to cover those cases when users expect to see information about a particular matter in management commentary, even if the entity itself is not affected by the matter (for example, if the entity operates in an industry or geographical location that is particularly affected by that matter). For example, one member suggested that during the Greek debt crisis, a statement that a financial institution is not exposed to Greek debt was useful to users. A requirement to consider users’ needs would emphasise that management’s view does not override the focus on primary users.

33. Other suggestions for guidance on materiality included:
    (a) introducing a ‘comply or explain’ approach because if management cannot provide information about a matter of known interest, for example because it is not available, that fact in itself would be useful information to users;
    (b) suggesting management could look at investors’ reports, for example at their assumptions in models, to identify which information users need; and
    (c) explicitly stating that what is material to users varies over time, for example, at a particular point in time, information about exposure to Greek debt was important to investors in financial institutions.

34. Members agreed with the staff’s proposals that risks in the management commentary should be reported gross of mitigating actions. However, many suggested highlighting that management commentary should discuss only those risks for which information about the risk is material. One member suggested the likelihood of a risk and the ease of mitigating actions as factors to consider in identifying risks that need to be discussed in management commentary. A few members from the preparer community expressed the view that focusing on only material risks may be difficult in practice because in their jurisdictions legal advice is to cover all possible risks in management commentary.

35. Members also discussed whether the description of management’s view in the revised Practice Statement should clarify that management should provide material information that is not being used directly in managing the business if it can be derived from analysis of data in the entity’s systems. Many members disagreed with providing this clarification arguing that:
    (a) the notion of ‘data’ is too broad and open-ended, especially in a digital environment;
    (b) if information is material, it would already be used by the entity’s management;
    (c) identifying and deriving such information could involve too much cost or effort; or
    (d) preparers should not be expected to automatically provide information in the format requested by users.

Purpose

36. The staff asked the Consultative Group for additional input on what information users need about an entity’s purpose, and about the link between the entity’s business model and its strategy, including purpose, especially in cases when:
    (a) the entity’s stated purpose is largely a marketing tool and has little connection to how the entity generates cash flows and creates value, and therefore to its business model; or
    (b) the entity does not have a stated purpose.

37. Some members expressed the view that ultimately the purpose of any profit-oriented entity is to make money. However, others commented that there is a growing tendency for purpose to be expressed not just in terms of economic value creation for the entity but also in terms of value creation for other stakeholders.

38. Overall, members agreed that the revised Practice Statement should allow entities to discuss their purpose, even if it is stated broadly with no connection to generating cash flows, because that would give users an insight into the entity. Members also agreed that a description of purpose should not be required from entities that do not have a stated purpose. Some said that information that an entity does not have a stated purpose is in itself useful information for users.

39. Some members suggested explaining 'purpose' as the reason for the entity's existence to make a natural link to business model because the description of the business model would then explain how the entity operationalises its purpose. Some suggested keeping the guidance on purpose short, or not mentioning purpose altogether, and focusing the discussion in management commentary on strategy and business model, ie explaining what the entity is trying to achieve and how it does it. Some questioned whether purpose is part of strategy or part of business model and said it is difficult to separate the two, and some suggested that purpose should sit above strategy and business model because it drives both of them.

40. One member commented on the difficulty of enforcing the requirement to describe an entity's purpose if the term 'purpose' is not clearly defined. Members also asked for an explanation of whether there are any differences between the terms 'purpose', 'mission' and 'vision' and whether all these terms can be used interchangeably.

Guidance on narrative coherence

41. The staff explained that the notion of narrative coherence is expected to apply at two levels:
    (a) to the management commentary as a whole—by making clear what the interrelationships are between different pieces of information in management commentary, as well as between information in management commentary and in financial statements; and
    (b) to information about a particular matter identified in management commentary—by explaining what information about the matter should be provided in discussing each content element.

42. In materials for the meeting the staff also summarised proposed guidance intended to promote narrative coherence in discussion of each content element and asked the Consultative Group to comment whether that guidance is likely to lead to suitable disclosures.

43. Overall, members supported introducing the notion of narrative coherence in the revised Practice Statement.

44. Some members expressed the view that the revised Practice Statement should require consistency of information between management commentary and financial statements, and possibly with other reports issued by the entity. As examples, members suggested consistency between the basis for impairment calculations for the purpose of financial statements and the basis for forecasts and projections included in management commentary.

45. Many members expressed the view that the detailed proposals for promoting narrative coherence could lead to boilerplate. Their suggestions included providing:
    (a) application guidance;
    (b) illustrative examples;
    (c) a high-level summary of expected key links between different content elements in a table format or as a diagram; and/or
    (d) guidance on narrative coherence in a matrix form covering all content elements.

46. The comments on the term ‘narrative coherence’ included:

(a) a suggestion to delete the reference to ‘narrative’ to avoid the notion being associated with narrative or qualitative information only. One member suggested referring to ‘information coherence’;

(b) a suggestion not to introduce a new term and to use one of the terms already used by other standard-setters, for example ‘connectivity’ or ‘linkage’, to the extent we mean the same thing;

(c) a suggestion to consider whether more than one term needs to be used to cover various aspects of the proposed notion; and

(d) a suggestion not to refer to ‘telling the story’ in explaining the notion because the term ‘story’ can have negative connotations.

Overview of the staff’s current proposals (slide deck 3)

47. The purpose of this session was to receive the Consultative Group members’ views on changes to proposals since the previous discussions with the Consultative Group and on the staff’s current proposals for the revised Practice Statement as a whole. The staff briefly discussed the architecture of the Practice Statement and explained that a key change to the proposals was the addition of a disclosure objective for each content element.

48. Overall, members were supportive of including disclosure objectives for the content elements. Members’ comments on the disclosure objectives included:

(a) The Practice Statement should include an overarching disclosure objective, relating to a fair presentation and context for the financial statements.

(b) The proposed disclosure objectives need to refer to both risks and opportunities.

(c) The proposed disclosure objectives seem to place emphasis on providing information for users’ assessments of prospects for future cash flows, but do not refer to information needed to assess management’s stewardship of the entity’s economic resources. A member who made this comment suggested that management commentary needs to provide information needed to hold management to account on how the entity has performed during the year and to compare the actual results for the year with management’s plans discussed in the previous year.

(d) There was some duplication between the disclosure objectives and the detailed guidance of the related content element.

(e) The references to “could affect” should be updated to “could materially affect” as materiality needs to be considered when determining which disclosures are needed. In making that assessment, both magnitude and likelihood of a matter must be considered. However, one member from North America stated that selecting information, particularly on risks, based on an assessment of likelihood poses a litigation risk, which entities in their jurisdiction are generally unwilling to take.

(f) There should be consideration of the cost-benefit for providing information to meet each disclosure objective.

49. Comments on the overall objective of management commentary included:

(a) a query why it refers to future cash flows but not to performance and position;

(b) a suggestion not to use the term ‘operational’ because it could result in too much detail which is not at a strategic level;

(c) caution on using the term ‘historical’ without also referring to forward-looking information; and

(d) a suggestion to explain what is meant by the term ‘economic resources’, for example whether it captures intangible resources not recognised in financial statements or resources not controlled by the entity.

50. Members provided the following suggestions on proposals for guidance on the basis for preparing management commentary:

(a) the guidance should include guidance on good communication;

(b) the guidance should explicitly refer to relevance;

(c) the discussion of neutrality needs to address explicitly the risk of positive bias and the need for information in management commentary to be balanced; and

(d) the Practice Statement needs to explain how neutrality reconciles with management’s view and that they are not contradictory.

51. A few members suggested that it would be helpful to users if management explained its entity’s time horizons, because the understanding of ‘long-term’ differed between entities. One member suggested that clarity on time horizons is needed in the discussion of the entity’s strategy and not only in the discussion of its risks.

52. Two members queried how the discussion of business model ties in with the discussion of business model in IFRS 9 Financial Instruments and wondered whether the two discussions should be distinguished.

53. The comments on the proposals for strategy included suggestions:

(a) that there may be too much emphasis on ‘working capital’, which may not be applicable to or monitored by some companies, for example in the banking sector; and

(b) to refer to culture in the discussion of human resources given that the requirement to discuss ‘culture’ had been removed from the guidance on strategy.

54. Members suggested that guidance on the following topics was missing from the current proposals and should be included in the Practice Statement:

(c) segment level information – one member commented that besides understanding the overarching strategy for the entity at a consolidated group level, users need equivalent information on the different segments and on how capital flows between segments.

(d) resource and capital allocation – one member commented that the need to discuss resource and capital allocation was not sufficiently evident from the proposals.

(e) taxation other than corporate income tax – one member suggested that the guidance on tax should be broader than just on corporate income tax, because in some industries, for example, commodities, information on indirect tax may be more important.

(f) commercially sensitive information – one member asked how this would be addressed in the Practice Statement and if there had been further developments since the previous Consultative Group discussion.

(g) alignment with assumptions in financial statements – one member suggested that the Practice Statement should ask for explanations of how forecasts and projections, when provided in management commentary, are aligned with those used in the financial statements, for example, for impairments.

(h) explanations of the reasons for what is included and what has been omitted from the staff’s proposals – one member asked for an explanation of why particular topics, for example, taxation, were selected to be covered by the guidance.

55. One member asked whether the revised Practice Statement will identify which requirements would be applicable to quarterly or half-yearly reporting. Another member suggested that an equivalent to IAS 34 *Interim Financial Reporting* could be considered for management commentary.