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Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Sir David,

on behalf of the Austrian Financial Reporting and Auditing Committee (AFRAC), the privately organised standard-setting body for financial reporting and auditing standards in Austria, I appreciate the opportunity to comment on Exposure Draft ED/2009/6 *Management Commentary*. Principal authors of this comment letter were Josef Arminger, Werner Fleischer, Aslan Milla, Andreas Rauter and Roman Rohatschek.

Question 1

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?

AFRAC in principle agrees with the Board's decision to develop a guidance document for the preparation and presentation of management commentary (MC) instead of an IFRS. Nevertheless we cannot fully agree with the content of the ED. In many aspects the guidance is too vague and unspecific. Concerning the time frame (paragraph 10) we would prefer providing clearer information about the horizon of the information about the future. This could be an up to two years period for detailed information and a longer period for less reliable forecasts.

Concerning the content elements of the MC, we would support dividing the contents into obligatory information and additional supportive information. This could assist applicants and readers of the document with comparable information. Concerning the content it should also be clearly stated that

only material information should be included in the content elements to achieve the objective of providing “decision-usefulness”.

Question 2

Do you agree that the content elements described in paragraphs 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?

In principle we agree with the essential content elements as set out in the MC. In addition we would support to include the following elements:

- human-resources management (as part of par 28),
- research and development,
- environmental aspects.

In our opinion these elements are essential for the future development of many companies/groups and should therefore be presented separately. As already mentioned in our answer to question 1 we would support dividing the contents into obligatory information and additional supportive information

Question 3

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?

AFRAC does not agree with the Board’s decision. We would recommend providing detailed application guidance and also illustrative examples. This guidance should be provided to each item specified in the paragraphs 24 to 39 of the exposure draft. In our opinion this guidance can assist applicants to provide information according the intention of the Board and could prevent “trends and techniques” in practice that are not in line with the framework.

Please do not hesitate to contact me if you wish to discuss any aspect of our comment letter in more detail.

Kind regards,
Romuald Bertl
Chairman