



Project	Annual Improvements Project – 2009 - 2011 cycle
Topic	IFRS 8 <i>Operating Segments</i> and IAS 34 <i>Interim Financial Reporting</i> – Consistency in disclosure of total segment assets

Introduction

1. The staff received a request in September 2009 to address a potential conflict between IFRS 8 *Operating Segments* and IAS 34 *Interim Financial Reporting* through the Annual Improvements Project.
2. The objective of this paper is:
 - (a) To provide background information on the issue,
 - (b) To analyse the issue, and
 - (c) To provide staff's recommendation and to ask questions to the IFRIC.

Background

3. The *Improvements to IFRSs* issued in April 2009 amended paragraph 23 of IFRS 8 to clarify that a measure of segment assets is required to be disclosed only if that amount is regularly provided to the chief operating decision maker.
4. For ease of reference, the amendment to paragraph 23 of IFRS 8 is reproduced in mark-up in paragraph A1 of Appendix A to this paper. The mark-up is to the pre-amended version of the standard.

This paper has been prepared by the technical staff of the IASCF for discussion at a public meeting of the IFRIC.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IFRIC or the IASB. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRIC or the IASB can make such a determination.

Decisions made by the IFRIC are reported in IFRIC *Update*.

Interpretations are published only after the IFRIC and the Board have each completed their full due process, including appropriate public consultation and formal voting procedures. The approval of an Interpretation by the Board is reported in IASB *Update*.

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The issue

5. The request noted that paragraph 16(g)(iv) of IAS 34 could be read as requiring the disclosure of segment assets in interim financial reports regardless of whether that amount is regularly provided to the chief operating decision maker.
6. This contradicts the amendment to paragraph 23 of IFRS 8 discussed in paragraph 3 of this paper.
7. For ease of reference, the paragraph 16(g)(iv) of IAS 34 is reproduced in paragraph A2 of Appendix A to this paper.

Staff recommendation

8. The staff agrees that paragraph 16 of IAS 34 and paragraph 23 of IFRS 8 are inconsistent in respect of the disclosure of segment assets.
9. To remove the inconsistency, the staff suggests the IFRIC recommends an amendment to IFRS 8 through the Annual Improvements Project 2009 – 2011 cycle.
10. The staff proposes wording in paragraph B2 of Appendix B of this paper to amend paragraph 16(g)(iv) of IAS 34 to clarify that disclosure of segment assets be provided in interim financial reports only when both:
 - (a) Total assets are regularly provided to the chief operating decision maker, and
 - (b) there has been a material change from the amount disclosed in the last annual financial statements.
11. The staff also proposes in paragraph B3 of Appendix B wording for the Basis for Conclusions that accompanies the proposed amendment.
12. The staff notes that this proposed amendment will not affect the amendment to IAS 34 that will be included in the *Improvements to IFRSs* that the Board expects to issue in April 2010.

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Question to the IFRIC

Question 1 – Addressing the issue through the Annual Improvement Project 2009 – 2011 cycle

Does the IFRIC agree with the staff recommendation to deal with the issue through the Annual Improvement Project 2009 – 2011 cycle?

If yes, does the IFRIC agree to recommend amending paragraph 16(g)(iv) of IAS 34 to reflect the view held in paragraphs 8-10?

Question 2 – Wording to amend IAS 34(g)(iv)

Does the IFRIC agree with the proposed wording in Appendix B?

If not, what other changes does the IFRIC suggest?

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Appendix A – Current texts

A1. For ease of reference, paragraph 23 of IFRS 8 (as amended in 2009) is partially reproduced below with changes marked-up to the previous version:

23 An entity shall report a measure of profit or loss ~~and total assets~~ for each reportable segment. An entity shall report a measure of total assets and liabilities for each reportable segment if such ~~an~~ amounts ~~is~~ are regularly provided to the chief operating decision maker. An entity shall also disclose the following about each reportable segment if the specified amounts are included in the measure of segment profit or loss reviewed by the chief operating decision maker, or are otherwise regularly provided to the chief operating decision maker, even if not included in that measure of segment profit or loss:

- (a) ...
- (b) ...

A2. For ease of reference, paragraph 16 of IAS 34 is partially reproduced below:

16 An entity shall include the following information, as a minimum, in the notes to its interim financial statements, if material and if not disclosed elsewhere in the interim financial report. The information shall normally be reported on a financial year-to-date basis. However, the entity shall also disclose any events or transactions that are material to an understanding of the current interim period:

- (a) ...
- (g) the following segment information (disclosure of segment information is required in an entity's interim financial report only if IFRS 8 *Operating Segments* requires that entity to disclose segment information in its annual financial statements):
 - (i) ...
 - (iv) total assets for which there has been a material change from the amount disclosed in the last annual financial statements;
 - (v) ...
- (h) ...

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Appendix B – Proposed amendment to paragraph 16 of IAS 34

- B1 The staff proposes the following amendment to paragraph 16(g)(iv) of IAS 34 to reflect the conclusion reached in paragraphs 8-10 of this paper.
- B2 Paragraph 16 of IAS 34 is amended (new text is underlined):
- 16 An entity shall include the following information, as a minimum, in the notes to its interim financial statements, if material and if not disclosed elsewhere in the interim financial report. The information shall normally be reported on a financial year-to-date basis. However, the entity shall also disclose any events or transactions that are material to an understanding of the current interim period:
- (a) ...
 - (g) the following segment information (disclosure of segment information is required in an entity's interim financial report only if IFRS 8 *Operating Segments* requires that entity to disclose segment information in its annual financial statements):
 - (i) ...
 - (iv) total assets, when such amounts are regularly provided to the chief operating decision maker and for which there has been a material change from the amount disclosed in the last annual financial statements;
 - ...
- B3 The staff also proposes wording for the Basis for Conclusions that accompanies the proposed amendment:
- BC1 The Board proposes to remove an inconsistency between the current requirements in IAS 34 *Interim Financial Reporting* and in IFRS 8 *Operating Segments* on segment information for total assets for each reportable segment. The proposed amendment clarifies that total assets for each reportable segment be disclosed only when both:
- (a) the amounts are regularly provided to the chief operating decision maker; and
 - (b) there has been a material change from the amount disclosed in the last annual financial statements.