



Post-Implementation review IFRS 8 *Operating Segments*

Global Preparers Forum, Agenda paper 3

March 2012

The views expressed in this presentation are those of the presenter,
not necessarily those of the IASB or IFRS Foundation

Post-implementation review of IFRS 8

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- IFRS 8 *Operating Segments*
- Post-implementation reviews and work plan
- Identifying the issues for investigation
- Group discussions:
 - implementation costs and issues
- What next?
- How you can help

IFRS 8 *Operating Segments*

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IFRS 8

- Segment operations on the basis of internal reporting
- Each reported item is measured on the basis used for management reporting
- Reported items are not defined
- Segment totals will need to be reconciled

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- Segment operations by goods and services or by geography.
- Each reported item is measured on the basis used in IFRS
- Reported items are defined
- Segment reporting agrees with financial statements

Post-implementation reviews

- Due Process Handbook requires the IASB to review each new IFRS or major amendment
- Timing of review
- Scope of review
 - contentious issues
 - unexpected costs or implementation problems
 - extended to include whether the IFRS achieved what it intended to achieve
- Developing a process for all PIRs

Post-implementation review work plan

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- **Phase A: develop the work plan**
 - identify the issues to focus on in the review
 - objective of the standard ie benefits to financial reporting
 - contentious issues
 - implementation issues
 - unexpected costs
 - develop a plan to investigate those issues
- Phase B: investigate the issues
- Phase C: reporting

Identifying the issues for investigation

What was the effect of implementing IFRS 8?

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Effect of IFRS 8 on financial reporting

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Benefits

- Convergence with US GAAP
- 'Management eyes' perspective improves user ability to predict
- Highlights risks management think are important

Contentious issues

- Inconsistent segments between entities
- Frequent reorganisations - lose the trend
- Geographical analyses not available
- Non- IFRS measures not understood; not reliable

Effect of IFRS 8 on implementation

- Other expected benefits of applying IFRS 8
 - management perspective means little incremental costs
 - timely information – interim reporting
- Identify implementation issues by reviewing:
 - IFRSs literature produced by firms,
 - correspondence to IFRS Interpretations Committee,
 - endorsement literature,
 - published reports prepared by regulators, and
 - by meeting with firms, standard setters and preparers

Identified implementation issues.. so far

- Was implementation achieved without significant one-off costs?
- Many are concerned that the segment aggregation criteria are subjective and complex – are they?
- How easy is it to identify a single CODM?
- Control issues
 - reduction in control at business level as ‘management reporting’ replaces IFRS?
 - internal reporting processes adequate?
- Other issues?

Group discussions

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What problems did you experience in implementing IFRS 8?

Is it more or less costly?

Has it helped you communicate with investors?

Has it had any effect on control or corporate governance?



What next?

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- Phase A: develop the work plan
- **Phase B: investigate the issues**
 - identified issues included for public comment in a request for views
 - additional sources
 - academic research
 - outreach
- Phase C: reporting
 - our analysis of the issues and our responses to them

- We need to know what implementation issues you encountered
- We'll finalise the issues for further review within the next two months
- Local standard-setters are helping with coordinating responses from individual countries – but we are also relying on help from preparers' forums

Questions or comments?

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Expressions of individual views by members of the IASB and its staff are encouraged.

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