

## International Financial Reporting Standards



# Post-implementation review: IFRS 8 *Operating segments*

Global Preparers' Forum meeting  
Agenda paper 4

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

- The IASB reviews each new IFRS or major amendment
- Timing of the review
  - too early, too late?
- An opportunity to assess the effect of new requirements
- You helped us in March to identify the issues for investigation

The post-implementation review of IFRS 8 is the first

# Comparison of IFRS 8 with IAS 14

## 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
- Convergence with US

## IAS 14

- 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

## Benefits

- ‘Management eyes’ perspective improves communication between investors and companies
- Highlights risks management think are important

## Contentious issues

- Inconsistent segments between entities
- Frequent reorganisations - lose the trend
- Geographical analyses not available

- Expected benefits to preparers of applying IFRS 8
  - management perspective means little incremental costs
  - timely information – interim reporting
- Issues for investigation include:
  - identification of a single chief operating decision maker
  - subjectivity and complexity of segment aggregation criteria
  - commercial sensitivity - effect on smaller entities
  - costs of implementation

- Initial source of evidence is the Request for Information
- **Evidence-based investigation**
  - Request for Information – not a Request for Views
  - review of existing academic literature and other reports
  - done soon after application so can workshop with preparers to identify costs and implementation issues
- Poor uptake at present
  - Preparers particularly under-represented
    - is the past boring?
    - is everyone busy?
    - is the standard perfect?

# Questions in the Request for Information

- Q1 Data about the respondents
- Q2 Effect of using the management perspective to identify segments
- Q3 Effect of using non-IFRS measures
- Q4 Reporting only internal line-items
- Q5 Effect of disclosure on your role
- Q6 Experience of implementing IFRS 8

## Q2 Effect of management perspective

- Does the ‘management eye’ perspective help you communicate with investors and others?
- Did your basis of segmentation change?
  - or had you already combined management and financial reporting systems and processes?
- Do investors use the segments you disclose?
  - do they ask for a different analysis?
  - does the basis of segmentation in the segment note agree with the management commentary structure?
- What effect has the aggregation guidance had on disclosed reporting segments ?



# Q3 Effect of non-IFRS measures

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- Do you use non-IFRS measures?
  - if so, why?
  - what information do these measures provide?
- Are you questioned about these measurements?

## Q 4 Report only internal line-items

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- Do you report non-IFRS line items?
  - if so -what are your drivers?
- Do you now report fewer or more line items than before?
- Are there additional line items that investors frequently request?

# Q 5 Effect of disclosure requirements

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- What effect has the disclosure requirements had on you?
- What about entity-wide disclosures:
  - information about products and services
  - information about geographic areas
  - information about major customers
- Easy to comply with these requirements?

# Q 6 Implementation experience

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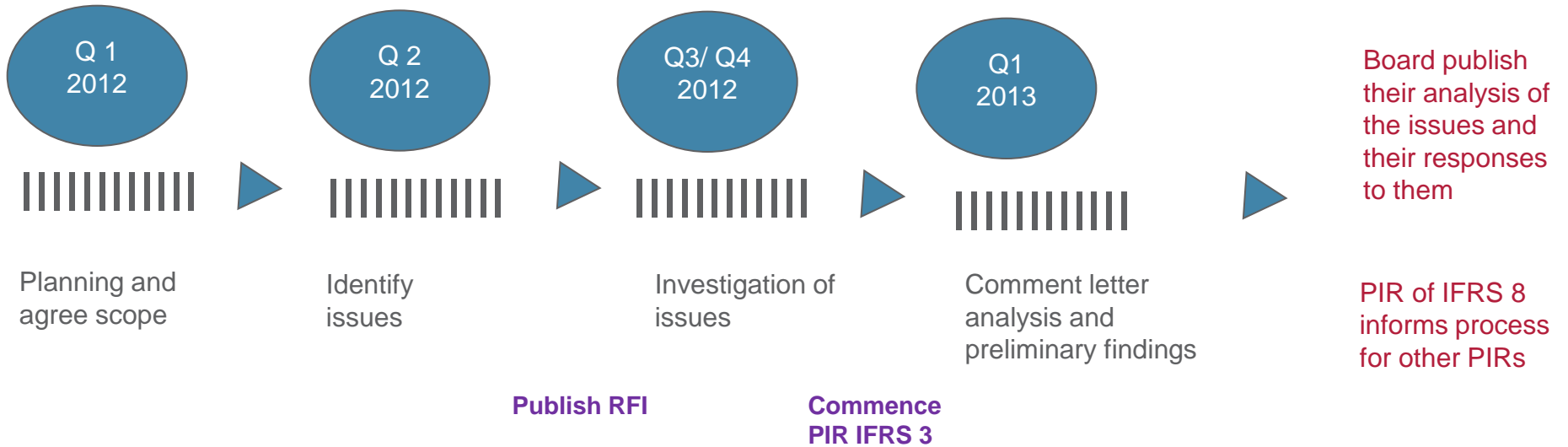
## Implementation issues

- Identification of the CODM
- How easy was it to apply IFRS 8?
- Are you concerned about competitive advantage?

## Cost data

- What one-off costs were incurred when IFRS 8 was implemented?
- What recurring costs were incurred?

# What next?



Planning and investigation assisted by IFASS

Global outreach activities

# Thank you

Individual comments  
questions or individual views  
expressions of individual views  
feedback and comments

**question**

expressions of individual views  
questions or individual comments  
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