

Operating segments

Responding to the PIR of IFRS 8

31 July 2017



“It remains to be seen if the proposals target the right areas of IFRS 8 in order to significantly improve its current application.”

Gabriela Kegalj,
KPMG’s global IFRS presentation
deputy leader

Proposed amendments seek to improve IFRS 8 after Post-implementation Review

Highlights

- Limited amendments proposed but includes some new requirements
- Find out more

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The proposed amendments to IFRS 8 *Operating Segments* seek to address the concerns of preparers, regulators and users of financial statements raised during the Post-implementation Review (PIR).

IFRS 8 sets out the disclosure requirements for information about a company’s operating segments, products and services, geographical areas in which it operates and its major customers. Since the core principle focuses on the disclosure of information that enables users of a company’s financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates, it is often of great importance to investors.

In response to the Board’s PIR of IFRS 8, the IASB has issued an [exposure draft](#) (ED). Although the PIR concluded that the standard generally works well, it identified several areas for improvement.

The amendments proposed include:

- clarifications aimed at providing guidance on identifying the Chief Operating Decision Maker (CODM);
- a new requirement to disclose the title and role of the person or group that performs the function of the CODM;
- a restructuring of the aggregation criteria to emphasise all requirements that must be met, together with further examples of similar economic characteristics; and
- a new requirement to explain in the notes to the financial statements how and why reportable segments identified by a company differ between the financial statements and the rest of the annual reporting package.

The ED also proposes an amendment to IAS 34 *Interim Financial Reporting* that would result in earlier presentation of restated segment information. It would require a company – in its first interim financial report after a change in the composition of its reportable segments – to present restated segment information for each previously reported interim period of the prior and current year (unless the information is unavailable or costly to develop).

Find out more

The IASB's comment deadline closed on 31 July 2017. Read our [comment letter](#) to learn more about KPMG's position.