

ASC

ACCOUNTING STANDARDS COUNCIL
SINGAPORE

13 July 2017

Mr Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

(By online submission)

Dear Hans

RESPONSE TO EXPOSURE DRAFT ON IMPROVEMENTS TO IFRS 8 OPERATING SEGMENTS (PROPOSED AMENDMENTS TO IFRS 8 AND IAS 34)

The Singapore Accounting Standards Council appreciates the opportunity to comment on the Exposure Draft on Improvements to IFRS 8 *Operating Segments* (Proposed amendments to IFRS 8 and IAS 34) (the ED) issued by the International Accounting Standards Board (the IASB) in March 2017.

Subject to our following comments, we generally agree with the proposals set out in the ED.

Description of chief operating decision maker: Definition of operating segment

The existing definition of operating segment in paragraph 5 of IFRS 8 includes a reference to the function of the chief operating decision maker, specifically ‘make decisions about resources to be allocated to the segment and assess its performance’. However, the ED does not propose consequential amendments to the definition of operation segment to reflect the proposed clarification to the description of the chief operating decision maker.

To avoid unintended consequences, we recommend that the IASB should make the appropriate consequential amendments to the definition of operating segment.

Identification of reportable segments: Scope of annual reporting package

We have concerns about the proposed scope of the annual reporting package to which the proposed disclosure in paragraph 22(d) of IFRS 8 would apply.

In particular, the annual reporting package would include documents published between the date when the financial statements are authorised for issue and the date when the financial statements are published. Application difficulty could result because an entity cannot possibly provide an explanation of, and the reasons for, the differences between reportable segments

in the financial statements and segments that will be identified in those documents that are available only after the financial statements are authorised for issue.

We recommend that the IASB should revise the scope of the annual reporting package to include only documents that meet the following criteria: (i) proposed criteria (b)–(c) in paragraph 19B of IFRS 8; and (ii) are published on or before the date when the financial statements are authorised for issue.

Aggregation criteria: Similar economic characteristics

We note that the proposed guidance on similar economic characteristics in paragraph 12A of IFRS 8 appears at odds with paragraph BC23 of the Basis for Conclusions on the proposed amendments to IFRS 8.

In contrast with paragraph 12A, paragraph BC23 suggests that both similarity in *long-term financial performance* and similarity across *a range of measures* of long-term financial performance are criteria, rather than indicators, of similar economic characteristics. We are concerned that the apparent conflict between paragraphs 12A and BC23 would cause confusion about the IASB’s thinking behind the notion of similar economic characteristics.

We recommend that the IASB should ensure consistency between paragraphs 12A and BC23 to provide the necessary clarity.

We hope that our comments will contribute to the IASB’s deliberation on the ED. Should you require any further clarification, please contact our project manager Peiqi Hu at HU_Peiqi@asc.gov.sg.

Yours faithfully

Suat Cheng Goh
Technical Director
Singapore Accounting Standards Council