

July 26, 2017

IFRS Foundation  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
UK

By e-mail: [commentletters@ifrs.org](mailto:commentletters@ifrs.org)

**Re: Improvements to IFRS 8 Operating Segments (Proposed amendments to IFRS 8 and IAS 34)**

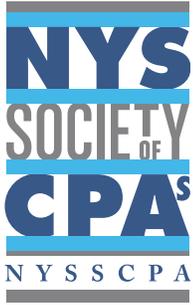
The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 26,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the above-captioned exposure draft.

The NYSSCPA's International Accounting & Auditing Committee deliberated the exposure draft and prepared the attached comments. If you would like additional discussion with us, please contact Craig T. Goodman, Chair of the International Accounting & Auditing Committee, at (212) 324-7048, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

Harold L. Deiters III  
President

Attachment



**NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMENTS ON**

**IMPROVEMENTS TO IFRS 8 OPERATING SEGMENTS (PROPOSED  
AMENDMENTS TO IFRS 8 AND IAS 34)**

**July 26, 2017**

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## New York State Society of Certified Public Accountants

### Comments on

### Re: Improvements to IFRS 8 Operating Segments (Proposed amendments to IFRS 8 and IAS 34)

#### General Comments

The New York State Society of Certified Public Accountants (NYSSCPA) appreciates the opportunity to provide comments on the International Accounting Standards Board's (IASB or the Board) exposure draft, Improvements to IFRS 8 Operating Segments (Proposed amendments to IFRS 8 and IAS 34).

Overall, we support the Board's initiatives and their proposed amendments to IFRS 8.

#### Specific Comments

We have the following responses to the questions posed in the exposure draft.

**Question 1: The Board proposes to amend the description of the chief operating decision maker with amendments in paragraphs 7, 7A and 7B of IFRS 8 to clarify that:**

- (a) the chief operating decision maker is the function that makes operating decisions and decisions about allocating resources to, and assessing the performance of, the operating segments of an entity;
- (b) the function of the chief operating decision maker may be carried out by an individual or a group—this will depend on how the entity is managed and may be influenced by corporate governance requirements; and
- (c) a group can be identified as a chief operating decision maker even if it includes members who do not participate in all decisions made by the group (see paragraphs BC4–BC12 of the Basis for Conclusions on the proposed amendments to IFRS 8).

The Board also proposes in paragraph 22(c) of IFRS 8 that an entity shall disclose the title and description of the role of the individual or the group identified as the chief operating decision maker (see paragraphs BC25–BC26 of the Basis for Conclusions on the proposed amendments to IFRS 8).

**Do you agree with the proposed amendments? Why or why not? If not, what do you propose and why?**

**Response:** We agree with the Board's proposed amendment to the description of the chief operating decision maker described in paragraphs (a), (b) and (c) above.

We question the usefulness of simply disclosing the title and description of the role of the individual or the group identified as the chief operating decision maker. We believe that disclosing the business management rationale why the chief decision maker allocates resources to a particular segment and the criteria by which the performance of that operating segment is assessed by management would be more purposeful to a user of the financial statements than merely disclosing the title and description of the chief decision maker.

**Question 2: In respect of identifying reportable segments, the Board proposes the following amendments:**

- (a) adding a requirement in paragraph 22(d) to disclose an explanation of why segments identified in the financial statements differ from segments identified in other parts of the entity's annual reporting package (see paragraphs BC13–BC19 of the Basis for Conclusions on the proposed amendments to IFRS 8); and
- (b) adding further examples to the aggregation criteria in paragraph 12A of IFRS 8 to help with assessing whether two segments exhibit similar long-term financial performance across a range of measures (see paragraphs BC20–BC24 of the Basis for Conclusions on the proposed amendments to IFRS 8).

**Do you agree with the proposed amendments? Why or why not? If not, what do you propose and why?**

**Response:** We agree with adding a requirement in paragraph 22(d) to disclose an explanation of why segments identified in the financial statements differ from segments identified in other parts of the entity's annual reporting package. We also agree that adding further examples to the aggregation criteria in paragraph 12A of IFRS 8 will help with assessing whether two segments exhibit similar long-term financial performance across a range of measures.

**Question 3: The Board proposes a clarifying amendment in paragraph 20A of IFRS 8 to say that an entity may disclose segment information in addition to that reviewed by, or regularly provided to, the chief operating decision maker if that helps the entity to meet the core principle in paragraphs 1 and 20 of IFRS 8 (see paragraphs BC27–BC31 of the Basis for Conclusions on the proposed amendments to IFRS 8).**

**Do you agree with the proposed amendment? Why or why not? If not, what do you propose and why?**

**Response:** We have reservations about the validity and usefulness of disclosing in the financial statements segment information in addition to that reviewed by, or regularly provided to, the chief operating decision maker. In our view, providing segment information that is not regularly reviewed by or provided to the chief operating decision maker appears to be contradictory to the methodology of a management approach. The Board itself has stated (paragraph BC30), "However, the Board also noted that requiring disclosure of items that are not reviewed by, or regularly provided to, the chief

operating decision maker is not consistent with the management approach that underlies IFRS 8.”

We appreciate there is a difference between a disclosure requirement and a disclosure option. What we question is that if segment information is not reviewed by or provided to the chief operating decision maker, how and on what basis is a determination made that this information should be disclosed in the financial statements. We suggest that the Board provide additional clarification and criteria for evaluating the validity of such additional information.

In our view, information that is not used by or provided to the chief operating decision maker, and therefore would not be consistent with the “management approach,” should not be reported in the financial statements.

**Question 4: The Board proposes a clarifying amendment in paragraph 28A of IFRS 8 to say that explanations are required to describe the reconciling items in sufficient detail to enable users of the financial statements to understand the nature of these reconciling items (see paragraphs BC32–BC37 of the Basis for Conclusions on the proposed amendments to IFRS 8).**

**Do you agree with the proposed amendment? Why or why not? If not, what do you propose and why?**

**Response:** We agree with a clarifying amendment in paragraph 28A of IFRS 8 to state that explanations are required to describe the reconciling items in sufficient detail to enable users of the financial statements to understand the nature of these reconciling items.

**Question 5: The Board proposes to amend IAS 34 to require that after a change in the composition of an entity’s reportable segments, in the first interim report the entity shall present restated segment information for all interim periods both of the current financial year and of prior financial years, unless the information is not available and the cost to develop it would be excessive (see paragraphs BC2–BC10 of the Basis for Conclusions on the proposed amendments to IAS 34).**

**Do you agree with the proposed amendment? Why or why not? If not, what do you propose and why?**

**Response:** We agree with this proposed amendment to IAS 34. We believe restatement provides comparability.