

EFRAG – European Financial Reporting Advisory Group  
35 Square de Meeûs  
B-1000 Brussels  
Belgium  
Att.: Isabel Batista and Ioana Kiss  
By e-mail: [Commentletters@efrag.org](mailto:Commentletters@efrag.org)

11 July 2017

Dear EFRAG Board,

**EFRAG Draft Comment Letter on the IASB's Exposure Draft ED/2017/2,  
Improvements to IFRS 8 Operating Segments – Proposed amendments  
to IFRS 8 and IAS 34**

The Danish Accounting Standards Committee set up by "FSR – danske revisorer" considered this issue during its May and June meetings. Our comments are:

We generally agree with the EFRAG Draft Comment Letter.

Regarding "Consistency of reportable segments" we do not find it appropriate to include a requirement in paragraph 22(d) to disclose an explanation of why segments identified in the financial statements differ from segments identified in other part of the annual reporting package.

The following appears from BC18 of the ED/2017/2:

"IFRS standards set requirements for financial statements and not for management commentary and other reported information. Consequently, the Board concluded that it was not in a position to mandate consistency in the identification of segments between the financial statements, the management commentary and other reported information."

First of all we do not support the concept of "reporting package". We find the term too broad and unclear and we believe that the proposed requirement potentially would unintentionally increase the scope of the audit requiring auditors to consider an audit information in other parts of the annual reporting package, which may go beyond the information included in the annual report.

Secondly we do not understand the Board's rationale in BC18. In the Financial Statements project the Staff specifically propose that it should be mandatory to

FSR – danske revisorer  
Kronprinsessegade 8  
DK - 1306 København K

Telefon +45 3393 9191  
fsr@fsr.dk  
www.fsr.dk

CVR. 55 09 72 16  
Danske Bank  
Reg. 9541  
Konto nr. 2500102295

disclose Non-GAAP measures in the financial statements if management include the Non-GAAP measures in the front end of the annual report, thereby mandating consistency in the annual report.

In our opinion, the Board should also mandate consistency in the identification of segments between the front-end and the back-end of the annual report.

We refer to IFRS 8, paragraph 1 (core principle): "An entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environment in which it operates".

Therefore, we see no rationale for having another segmentation in other parts of the annual reporting package.

Furthermore paragraph 20 states that:

"An entity shall disclose information to enable users of its 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".

In our opinion, the core principle in paragraph 1 and the disclosure requirement in paragraph 20 already today mandates consistency (though indirectly).

We believe that the Board will be able to mandate consistency between the front end and the back end by requiring additional information in the back end if management finds it necessary to present another segmentation or to give additional segment information in the front end. This could be done by an explicit requirement in paragraph 1 and 20.

We find that cross references should be allowed to avoid a requirement (implicitly or explicitly) to duplicate reporting in different parts of the financial statements.

We would like to stress that the formats in which the entities report financial information to their CODM have developed since the issuance of IFRS 8. The reporting has been more multi-dimensional thereby taking advantage of the new technological options. Different kind of financial information is now made more easily available and accessible for the CODM in many dimensions.

The IASB should consider which consequences such developments might have for the very term of "segments".

If you like a clarification or wish to discuss the matters above with us, please do not hesitate to contact us.

Kind regards

Jan Peter Larsen  
Chairman, DASC

Ole Steen Jørgensen  
Chief Consultant