



To: Mr Jean-Paul Gauzès
President
EFRAG
35 Square de Meeûs
1000 Brussels

Our
reference: ECO-FRG-17-071
Subject: ED/2017/2: Improvements to IFRS 8 Operating Segments, Proposed amendments to IFRS 8 and IAS 34

Brussels, 17 July 2017

Dear Mr Gauzès,

We welcome the opportunity to comment on the IASB's Exposure Draft "Improvements to IFRS 8 Operating Segments: Proposed amendments to IFRS 8 and IAS 34" (ED/2017/2). We generally support the IASB's aim to clarify aspects of IFRS 8 in the light of its post-implementation review. However, we have concerns about two specific proposals in the ED (**Question 2**). Those are:

- a. to add further examples to the *similar economic characteristics* aggregation criteria in relation to long-term financial performance (new paragraph 12A);
- b. to require *disclosure* for when the segments in the financial statements are different from those in other parts of the annual reporting package (paragraph 22 (d) new).

Question 2 a) re similar economic characteristics

We do not consider that greater clarification should be added to the main body of IFRS 8 to interpret the meaning of the similar economic characteristics aggregation criteria. As indicated in paragraph 8 in the IFRS 8 'similar economic characteristics' should be interpreted more broadly than simply by reference to long-term economic performance. We believe that the examples suggested to be included in the new paragraph 12A are too narrow and might result in too much disaggregation. Consequently, we would not support the new paragraph 12A.

To illustrate our rationale: A composite insurer could disclose two or more operating segments by product and services such as life insurance and general insurance. However, although different types of general insurance such as motor, accident and property are similar in nature, they may have quite different long-term financial performance. In this case, including these new measures might drive disaggregation too far.

Question 2 b) re new disclosure requirements

We do not consider it appropriate for the IASB to require disclosure if information within the financial statements is inconsistent with information that is not within the financial statements (whether in other parts of the 'annual reporting package' or not). IFRSs should aim only to ensure that companies' financial statements themselves comply with IFRS, are understandable and comparable, independently of what may be reported elsewhere. Hence, the proposed new disclosure requirement goes beyond the IASB's remit. Consequently, we would not support the inclusion of the new disclosure requirement in paragraph 22 (d).

Please do not hesitate to contact us if you would like to discuss any aspect of our comments in more detail.

Yours sincerely,

Olav Jones, Deputy Director General