



สภาวิชาชีพบัญชี ในพระบรมราชูปถัมภ์

FEDERATION OF ACCOUNTING PROFESSIONS
UNDER THE ROYAL PATRONAGE OF HIS MAJESTY THE KING

July 27, 2017

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

Dear Mr. Hoogervorst,

Comment Letter on ED/2017/02 Improvements to IFRS 8 Operating Segments (Proposed amendments to IFRS 8 and IAS 34)

The Federation of Accounting Professions of Thailand would like to show our appreciation on the opportunity to comment on **ED/2017/02 Improvements to IFRS 8 Operating Segments (Proposed amendments to IFRS 8 and IAS 34)**. Overall, we support the amendment of the description of chief operating decision maker, and other disclosures that could create better understanding regard to the segment information of financial statement's users. Nevertheless, we draw attention to some amendments that might have practical issues.

Please find our responses to the specific questions raised in **ED/2017/02 Improvements to IFRS 8 Operating Segments (Proposed amendments to IFRS 8 and IAS 34)** in an attachment. We believe that this proposed amendment will help the practitioners in the future and that our comment letter will contribute positively to the IASB's due process. Should you need more information, please kindly contact the Federation of Accounting Professions of Thailand.

The Federation of Accounting Professions avails itself of this opportunity to the International Accounting Standards Board the assurances of its highest consideration.

Yours sincerely,

Associate Professor Dr. Somchai Supattarakul
Chair of Thai Accounting Standards Board
Federation of Accounting Professions of Thailand
Bangkok, Thailand

Copied to:

- 1) Chairman, Accounting Standard-Setting Committee of Thailand
- 2) Chairman, Subcommittee on Studying Monitoring of International Financial Reporting Standards
- 3) President, Federation of Accounting Professions of Thailand



**Exposure Draft ED/2017/2 Improvements to IFRS8 Operating Segments
Proposed amendments to IFRS 8 and IAS 34**

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 maybe 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?

FAP: We agree with the proposed amendments to paragraph 7 and the additional paragraphs 7A, 7B and 22 (c) as these will improve the clarity of the description of the chief operating decision maker. However, we do not agree with the proposal to disclose a description of the role of the individual or the group identified as the chief operating decision maker in paragraph 22 (c). Disclosure of the title of the chief operating decision maker is sufficient information for users of the financial statements.

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?



FAP :

- (a) We agree with the proposed addition of a requirement in paragraph 22 (d) as this will help prevent confusion among users of the segment information who have seen different segment information in other reports. However, we believe that the definition of “annual reporting package” is too broad and may cover too many reports. This could create a practical challenges as the presentation of information in those reports could have different purposes. An explanation should be required only for those reports with a quite similar objective of presentation to the financial statements i.e. annual report and information prepared for regulatory filing purposes.
- (b) We do not agree with the proposed amendment to add further examples to the aggregation criteria in paragraph 12A of IFRS 8, which would involve examples of long-term revenue growth and returns on assets. Our view is that the factors presented in paragraph 12 for considering segment aggregation are sufficient. To add factors relevant to long-term financial performance, may not be relevant in some industries and could create practical challenges in the terms of interpretation.

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?

FAP : We agree with the proposed amendment to amend paragraph 20A to allow the entity to disclose additional segment information. In certain circumstances the additional disclosure may help the entity to meet the core principles of IFRS 8 and may help users of the financial statements to understand the nature and financial impact of the business activities.

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?

FAP : We agree with the proposed amendment to paragraph 28A of IFRS 8 since this will help ensure that users of financial statements clearly understand the 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?

FAP : We agree with the proposed amendment to add paragraph 45 to IAS 34 with respect to restate and disclose the segment information when an entity changes the composition of its reportable segment, 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 which is with consistent with IFRS 8 paragraph 29. We consider that this proposal will be assisted users with relevant their modelling of data and trend information after an entity changes the composition of its reportable segment. In addition, it should not be any significant or major impact on costs to the entity, and such requirement is not required the collection of any new information. However, changes the composition of its reportable segments in accordance with IFRS 8 have not been clearly defined and examples on changes the composition should be provided.