

Rådet för finansiell rapportering

The Swedish Financial Reporting Board

RFR-rs 2017:03

IFRS Foundation
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Board Members,

Re: Exposure Draft ED/2017/2 Improvements to IFRS 8 Operating Segments – Proposed amendments to IFRS 8 and IAS 34

The Swedish Financial Reporting Board is responding to your invitation to comment on the Exposure Draft ED 2017/2 Improvements to IFRS 8 Operating Segments – Proposed amendments to IFRS 8 and IAS 34.

We are supportive of the Board's PIR-process. However, regarding the proposed amendments to IFRS 8, several of the proposed amendments could be considered examples of issues which are addressed and discussed in the Board's Discussion Paper (DP) Principles of Disclosures (PoD). Since these issues are complex and might have a large impact on financial statement presentation we would encourage the Board to postpone some of the suggested amendments to IFRS 8 until the PoD project is completed. Also, based on the PIR results that have been presented, we do not see an immediate need to amend IFRS 8 in these areas. The proposed amendments that we believe should be considered with reference to the PoD project are discussed in the remainder of this letter.

First and foremost we do not support the proposed amendment requiring an entity to explain why the segments reported under IFRS 8 may differ to any other segments presented outside the financial statements. Even though we can see the rationale behind introducing such a requirement in certain market places, we are concerned about the IASBs mandate in standard setting outside the IFRS financial statements and what this change might mean in a more forward looking and broader perspective. In IAS 1 paragraph 50 it is stated that IFRSs apply only to financial statements and not necessarily to other information presented in an annual report and in paragraph 14 of IAS 1 it is stated that reports and statements outside financial statements are outside the scope of IFRS. In a more forward looking perspective we are concerned that the proposed amendment to IFRS 8 may result in similar requirements to disclose other potential differences between information presented in the financial statements and in other reports or information published by an entity. For example the terminology in IFRS might not be the same as is used by an entity in a MD&A. Another example might be that other regulations could come in conflict with IFRSs if the IASB starts regulating how information should be presented and explained when it is based on other standards or under other regulation in specific market places. It could also be complex for entities to know where to draw the line between IFRS reporting and other reporting. Also, the definition introduced in the proposed change to IFRS 8 of an entity's "annual reporting package" could be difficult to apply in practice. We are therefore, without further research of the consequences, at this time not positive to such a potential



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development of disclosure requirements under IFRS. Section 4 of the PoD DP discusses the location of information issue, and more specifically the definition of an annual report, identification of cross-referenced information and different categories of information. We believe that the further research that will be put into the PoD project in these areas will provide useful insights. Specifically insights about the proposed amendment in IFRS 8 where an entity has to explain why information outside the IFRS financial statements seemingly does not correspond to the segment information provided under IFRS 8. Addressing the location of information problem in an amendment to a separate standard now that the PoD-project has started seems premature and in conflict with the scope of the PoD-project.

Second, we do not support the requirement to disclose the title and description of the role of the individual or the group which is identified as the chief operating decision maker. In our opinion this requirement seems to be related to information about how a business is managed. We are not convinced that such information relates to financial reporting about the performance and financial position of an entity. There are other regulations in different market places that deals with how companies manage and operate their businesses and how to report upon such conduct. This requirement will also increase the disclosure burden for companies and we question the relevance of the requirement. If the requirement is not relevant for a user but still included amongst the disclosures in the standard the information would be regarded as a requirement and add to the problem of disclosures as a compliance exercise and further add to the overload problem, refer to section 1.5 and the disclosure problem discussion in the PoD ("not enough relevant information" / "irrelevant information" in table 1.5).

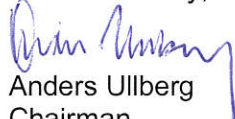
Third, we are not sure about the meaning of and the need for the term "sufficient detail" that should be applied when IFRS 8 segment information is reconciled to items in the statements of profit and loss and financial position. It could be interpreted as a much more detailed information request than the present requirement.

The third issue addressed above would in our opinion also be an example of the disclosure problem in section 1 of the PoD DP. Also, issue three relates to the discussion in the DP about required formats (section 2), location of information (section 4) and whether disclosure requirements should be centralized to a single standard or found in separate standards (section 6). When these more conceptual issues have been thoroughly researched and debated the need to update IFRS 8 can be considered again. Hopefully the results from the PoD project will then reduce the risk that IFRS 8 has to be re-amended if the changes now proposed to the standard will not be in line with the Board's final conclusions about disclosures.

If you have any questions concerning our comment please address our Executive member Mikael Scheja by e-mail to: mikael.scheja@radetforfinansiellrapportering.se.

Stockholm, 20 July 2017

Yours sincerely,



Anders Ullberg
Chairman