

July 26, 2017

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

Dear Mr. Hoogervorst,

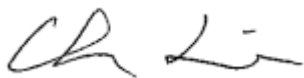
Exposure Draft ED/2017/2 Improvements to IFRS 8 Operating Segments

The Special Task Force of the Taiwan Financial Reporting Standards Committee (TFRSC) of Accounting Research and Development Foundation in Taiwan appreciates the opportunity to respond to the above exposure draft.

The attachments (Attachment 1) are our comments to this exposure draft. The comments are those of the Special Task Force and do not necessarily represent official opinions of the TFRSC.

If you have any question about our comments, please contact me (via my email: ccliu@management.ntu.edu.tw) or Ms. Margaret Tsui (via her email: margaret@ardf.org.tw).

Sincerely Yours,



Chi-Chun Liu, Ph.D.
Chairman,
Taiwan Financial Reporting Standards Committee,
Accounting Research and Development Foundation, Taiwan

Attachment 1

Exposure Draft ED/2017/2 Improvements to IFRS 8 Operating Segments

Improvements to IFRS 8 Operating Segments

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 to the above Question:

Paragraph 7, 7A and 7B:

We believe the clarification made in paragraph 7, 7A and 7B will be helpful in identifying the chief operating decision maker. Therefore, we agree with the proposal in paragraph 7, 7A and 7B.

Paragraph 22(c):

We agree of the proposed amendment in paragraph 22(c). We believe disclosing the title and description of chief operating decision maker will provide more transparency about how the

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business is run and how the entity is managed without excessive costs. In addition, disclosing such information may urge the chief operating decision makers to be more responsible for the decisions they made.

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 to the above Question:

We agree with the proposed amendment in paragraph 12A and 22(d) because the proposed amendment in paragraph 22(d) will help the users of financial statements better understand the segment information, and the addition to examples in paragraph 12A will improve the application of IFRS 8.

Having agreed with proposed amendment in paragraph 22(d), we noted that that the Board also proposed to adding paragraph 19A and 19B to IFRS 8. Paragraph 19B explained what annual reporting package is. The term “reporting package” was firstly introduced in IFRS 1, with no explicit definition throughout the IFRSs. Paragraph 50 in IAS 1 mentioned a similar term “annual report” without explicit definition either. As discussed in paragraph 4.23 of *Principle of Disclosure* Discussion Paper, these terms are similar in nature with different scope. Therefore, we suggest the Board including the definition of both annual report and

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annual reporting package wherever appropriate in the IFRS Standard.

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 to the above Question:

We agree with the proposed amendment in paragraph 20A.

We are aware that providing information not being reviewed by or provided to the chief operating decision maker may not be consistent with the management approach. However, the entity should disclose whatever meets the objective of the disclosure principle in paragraph 1 and 20 of IFRS 8. The proposed amendment would clarify that the disclosure about segment information is not limited to what is reviewed by, or is regularly provided to, the chief operating decision maker, and therefore will make the information provided to users of financial statements more complete.

Nevertheless, to prevent entities from providing excessive information, we think the Board may have to remind that entities must be careful with the judgment about “meeting the core principle in paragraphs 1 and 20”, and the cost constraint in *Conceptual Framework for Financial Reporting* still applies.

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

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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 to the above Question:

We believe that the clarifying amendment in paragraph 28A would enable users of financial statements to better understand the effect of reconciling items on individual reportable segments. We therefore agree with the proposed amendment in paragraph 28A.

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 to the above Question:

We agree with the analysis in paragraph BC6-BC9 of Basis for Conclusions on the proposed amendment to IAS 34, and therefore agree with the proposed amendment in IAS 34.