



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores
المنظمة الدولية لهيئات الأوراق المالية

2 February 2024

Mr. Bruce Mackenzie
Chair of the IFRS Interpretations Committee
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Our Ref: 2024/O/C1/IASB/PM/145

RE: Tentative Agenda Decision: Disclosure of Revenues and Expenses for Reportable Segments

Dear Mr. Mackenzie,

The International Organization of Securities Commissions (“IOSCO”) Committee on Issuer Accounting, Audit and Disclosure (“Committee 1”) thanks you for the opportunity to provide our comments on the IFRS Interpretations Committee (“IFRS IC”) tentative agenda decision, *Disclosure of Revenues and Expenses for Reportable Segments* (“TAD”).

IOSCO is committed to promoting the integrity of the international markets through promotion of high-quality accounting standards, including rigorous application and enforcement. Members of Committee 1 (“members” or “we”) seek to further IOSCO's mission through thoughtful consideration of accounting and disclosure concerns and pursuit of improved transparency of global financial reporting. The comments we have provided herein reflect a consensus among the members of Committee 1 and are not intended to include all the comments that might be provided by individual securities regulator members on behalf of their respective jurisdictions.

We appreciate the IFRS IC addressing this topic to support preparers in their application of the requirements in International Financial Reporting Standards No. 8 (IFRS 8), *Operating Segments* for the fact pattern submitted and believe doing so can support more consistent application of IFRS 8, which is a shared goal of Committee 1.

Overall, we support the IFRS IC’s decision not to add a standard-setting project to the work plan for the reasons cited in the TAD. We believe existing IFRS Accounting Standards provide an adequate

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basis for an entity to apply the requirement in paragraph 23(f) of IFRS 8 to separately disclose ‘material items of income and expense disclosed in accordance with paragraph 97 of International Accounting Standard No. 1 (IAS 1), *Presentation of Financial Statements* for its reportable segments. We believe that in applying this requirement, an entity would apply the definition of ‘material’ in paragraph 7 of IAS 1 and assess whether the disclosure of the information is material in the context of its financial statements taken as a whole. We believe this application helps to ensure the primary users of general purpose financial statements receive all information about reportable segments that could reasonably be expected to influence their decisions.

We note that the International Accounting Standards Board (IASB) has provided guidance on making materiality judgements when preparing general purpose financial statements in accordance with IFRS Accounting Standards.¹ Additionally, the IASB completed a maintenance project in October 2018 to clarify the definition of ‘material’ and provide guidance to help improve consistency in the application whenever it is used in IFRS Accounting Standards. Therefore, we believe the concept of materiality is generally well understood in the context of IFRS Accounting Standards.

Based on our experience, we have observed that segment information is a highly relevant area of financial reporting and note that investors place significant reliance on segment information to assess how efficiently and effectively management has discharged its responsibilities. This is consistent with investor feedback arising from the IASB Third Agenda Consultation² in which some investors requested disclosure of additional line items by segment. Therefore, we are concerned that a standard-setting project addressing the application of paragraph 23(f) of IFRS 8 could result in a reduction of information provided to users about an entity’s reportable segments. Such an outcome would not achieve the objectives of financial reporting and accordingly we would not be supportive of such an outcome. However, we do have certain recommendations on the TAD for the IFRS IC to consider that we believe may provide entities additional clarity in applying the existing requirements of paragraph 23 of IFRS 8.

Applying paragraph 23(f) of IFRS 8 - material items of income and expense:

We recommend the IFRS IC amend the TAD to include a reference to paragraph 98 of IAS 1 as examples of qualitative factors to consider, in addition to quantitative factors, when applying paragraph 23(f) of IFRS 8. This will help provide context to entities trying to determine items that may be considered ‘material items of income and expense’ that would require separate disclosure. Additionally, this reference

¹ [IFRS Practice Statement 2: Making Materiality Judgements \(September 2017\)](#).

² [IASB Third Agenda Consultation: Feedback Statement \(July 2022\)](#).



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would maintain consistency with the consequential amendments to paragraph 23(f) of IFRS 8 which we understand will refer, in IFRS 18, *Primary Financial Statements*, to the current items listed in paragraph 98 of IAS 1 as examples of qualitative factors to consider when determining the type of ‘material items of income and expense’ that should be separately disclosed. This would also be consistent with stakeholder feedback provided to the IASB staff during the development of IFRS 18 that indicated paragraphs 97 and 98 of IAS 1 should be read together.³ We recommend amending item (c) of the TAD to include this reference as underlined below:

“The Committee observed that, in applying paragraph 23(f) of IFRS 8, an entity:

- c. considers both qualitative and quantitative factors, including, but not limited to, those circumstances provided in paragraph 98 of IAS 1, representing the nature or magnitude of information, or both, in assessing whether an item of income and expense is material;”*

Additionally, in applying paragraph 23(f) of IFRS 8, our understanding is that an entity cannot omit material items on the basis that those items are presented or disclosed when applying a requirement other than paragraph 97 of IAS 1 since paragraph 97 of IAS 1 applies to all material items of income and expense, regardless of whether certain material items are explicitly required to be disclosed by other IFRS Accounting Standards. We recommend amending item (d) of the TAD as shown below to describe this requirement more clearly.

“The Committee observed that, in applying paragraph 23(f) of IFRS 8, an entity:

- d. considers an item of income and expense ~~for disclosure without regard to whether that item is~~ presented or disclosed applying a requirement in IFRS Accounting Standards other than paragraph 97 of IAS 1.*

Aggregation of information:

We observe that paragraphs 29-31 of IAS 1 provide requirements for how an entity aggregates information in the financial statements, including in the notes. Specifically, paragraph 30 indicates that an

³ See page 22 of IFRS Accounting Staff Paper: [Primary Financial Statements - Sweep issues related to aggregation and disaggregation and other topics \(November 2023\)](#).



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item that is not sufficiently material to warrant separate presentation in the financial statements may warrant separate presentation in the notes. Therefore, we recommend the IFRS IC amend the TAD to explicitly clarify that if material items of income and expense are presented in the notes, the entity should consider whether such information is required for its reportable segment(s) in applying paragraph 23(f) of IFRS 8.

Disclosure of specified amounts:

We observe that paragraph 23 of IFRS 8 requires disclosure of specified amounts when those amounts are included in the measure of segment profit or loss reviewed by the Chief Operating Decision Maker (“CODM”) or are otherwise regularly provided to the CODM, even if not included in that measure of segment profit or loss. We recommend the IFRS IC amend the TAD to separate this requirement into its component parts to enhance understandability, to emphasize certain key aspects of the analysis, and to conform to paragraph 23 of IFRS 8 as shown below:

“Paragraph 23 sets out specified amounts that an entity is required to disclose for each reportable segment if the specified amounts are:

- *included in the measure of segment profit or loss reviewed by the CODM (even if the specified amount is not separately reviewed by or provided to the CODM).*

OR

- *regularly provided to the CODM, even if not included in that measure of segment profit or loss.”*

In addition, we recommend amending item (a) of the TAD to provide further clarification as underlined below:

“The Committee observed that, in applying paragraph 23(f) of IFRS 8, an entity:

- a. applies paragraph 7 of IAS 1 and assesses whether the disclosure of information is material in the context of its financial statements taken as a whole (even if that information is not separately reviewed by or provided to the CODM)”*

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We appreciate your thoughtful consideration of the views provided in this letter.

If you have any questions or need additional information, please do not hesitate to contact Jonathan Wiggins, Chair of the Accounting Subcommittee of Committee 1 at +1 202-551-3694 or me. In case of any written communication, please mark a copy to me.

Yours sincerely,

Paul Munter

Paul Munter

Chair
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