Warsaw, 17 July 2017

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

Dear Mr. Hoogervorst,

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

The Polish Accounting Standards Committee (PASC – Komitet Standardów Rachunkowości) is pleased to respond to the request for comments on the *Exposure draft: Improvements to IFRS 8 Operating Segments' (the 'ED').*

PASC supports the IASB's efforts to revise the IFRS 8 (the 'Standard') and believes the proposals in the Exposure Draft improve the current guideline.

Our answers to the specific questions in the Exposure Draft are included in the Appendix.

Yours sincerely,

Joanna Dadacz
Chairman
Polish Accounting Standards Committee

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c/c EFRAG

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Appendix

Question 1 – A description of the chief operating decision maker
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?

We do not object to the proposed amendments. The proposed amendments regarding the description of the chief operating decision maker will likely not impact the identification of CODM in Poland. In Poland, the chief operating decision maker is usually identified to be a Management Board (Board of Directors) which consist of the executive members only. For this reason, in our view, the proposed amendments will have no practical impact on the application of the standard in our environment.

Question 2 – Identifying reportable segments
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?

We do not object to the proposed amendments. We observe in practice that there are cases of inconsistency in presentation of the operating segments in the financial statements and in the director's report (either different identification of the operating segments or a greater disaggregation presented in the director's report). The proposed amendment does not solve the common problem of presentation information in too much aggregated way. The solution to this issue may be to include additional requirement that the information regarding the key information on operating segments disclosed in the financial statements cannot be more aggregated than the information provided in other parts of the report. In relation to point (b) we suggest to add some illustrative examples.

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Question 3 – Additional disclosures
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?

We consider that it is highly probable that the information which is not reviewed by, or regularly provided to, the chief operating decision maker may not be useful for the users of the financial statements.

Moreover IAS 1 contains sufficient general guidelines that allow (or even require) entities to provide additional information which is significant for the overall understanding of the entity's financial position and performance.

Taking into account the above, in our view, the proposed amendments are not necessary, nevertheless we do not object if those amendments are introduced.

Question 4 – Explanations regarding the reconciling items
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?

We support the proposed amendment.

We observe that often the reconciliation is unclear or obscured by aggregation, which does not enable the users to understand the differences between the financial statements and the management's data.

Question 5 – Amendments to IAS 34
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?

We support the amendments proposed by the Board.

We believe this proposed amendment could be part of a broader discussion on the further improvements of IAS 34, not merely related to changes in segment information. We would find useful a comprehensive guidance on disclosures required in interim financial statements when the entity changes its accounting policy or corrects an error retrospectively or otherwise changes the presentation of financial information (not only in relation to segments). We suggest to introduce a requirement to disclose the restated amounts at least for all previous interim periods of the current year (quarters and half year) and for the full previous year (or years if an entity provides more than one year of comparative data) rather than only each interim period of the previous year.

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