

January 26, 2024

Submitted electronically via [www.ifrs.org](http://www.ifrs.org)

IFRS Interpretations Committee  
Columbus Building  
7 Westferry Circus  
Canary Wharf  
London E14 4HD  
United Kingdom

Dear IFRS Interpretations Committee members,

**Re: Tentative Agenda Decision – Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8)**

This letter is the response of the [Canadian Accounting Standards Board](http://www.frascanada.ca) (AcSB) to the IFRS Interpretations Committee's (Committee) tentative agenda decision on Disclosure of Revenues and Expenses for Reportable Segments. This tentative agenda decision was published in the November 2023 IFRIC® Update.

We followed the Committee's deliberations and discussed the tentative agenda decision with members of our [IFRS Interpretations Committee Member Support Group](#) and [IFRS Accounting Standards Discussion Group](#). These Groups consist of members with diverse backgrounds and experience, including practitioners, preparers and users of financial statements. We took their feedback into account when developing this letter.

Overall, we agree with many of the conclusions in the tentative agenda decision. However, we have concerns regarding the conclusions related to paragraph 23(f) of IFRS 8 *Operating Segments* and its interaction with paragraph 97 of IAS 1 *Presentation of Financial Statements*. The Committee's discussion at its November 2023 meeting highlights that there is significant ambiguity around what these requirements currently entail. As such, we think the IASB should clarify the requirements through standard setting.

We provide suggestions below in the event that (1) the Committee decides to proceed with issuing an agenda decision and (2) the IASB considers standard-setting action.

*(1) Suggested clarifications to the tentative agenda decision*

First, we recommend that the Committee clarify its observations in the tentative agenda decision on the interaction of IFRS 8.23(f) and IAS 1.97:

- IFRS 8.23(f) requires entities to disclose, for each reportable segment, “material items of income and expense disclosed in accordance with paragraph 97 of IAS 1.”
- IAS 1.97 states that “when items of income or expense are material, an entity shall disclose their nature and amount separately.”
- The tentative agenda decision states that “in applying paragraph 23(f) of IFRS 8, an entity ... 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.”

We think this observation in the tentative agenda decision could be interpreted to modify IFRS 8.23(f) as follows: “material items of income and expense disclosed in accordance with paragraph 97 of IAS 1.”

We think that this was not the Committee’s intention. Rather, we think its intention was to clarify that IFRS 8.23(f) would not be limited to items that are only required to be disclosed as a result of applying IAS 1.97. To better reflect this, we recommend that the Committee revert to the original wording in [Agenda Paper 4](#) from the November 2023 Committee meeting: “in applying paragraph 23(f) of IFRS 8, an entity ... does not omit material items on the basis that those items are presented or disclosed applying a requirement in IFRS Accounting Standards other than paragraph 97 of IAS 1.”

Notwithstanding this potential edit, some may interpret IFRS 8.23(f) to require the full statement of profit or loss to be replicated at the segment level. If an item is presented separately on the statement of profit or loss, it is presumed to be material applying IAS 1.29. As a result, all line items may now be considered “material items of income and expense disclosed in accordance with paragraph 97 of IAS 1,” since it was clarified that this would not preclude items presented or disclosed applying other requirements in IFRS Accounting Standards. In addition, IAS 1.97 follows the header “Information to be presented in the statement(s) of profit or loss and other comprehensive income or in the notes” in IAS 1. As a result, some may also interpret IFRS 8.23(f) to require the notes to be replicated at the segment level.

We think this could be the practical outcome of applying the requirement under a certain set of facts and circumstances, but not the only outcome. We think that if it was the IASB’s intention to require this, IFRS 8.23(f) would have articulated this. This was acknowledged by the staff at the November 2023 Committee meeting. To avoid misinterpretation, we recommend that the Committee clarify that IFRS 8.23(f) does not necessarily require the full statement of profit or loss and/or the notes to be replicated for each reportable segment. Rather, the application of this paragraph could result in different levels of disclosure depending on the entity’s facts and circumstances, including the materiality judgments it has made.

## *(2) Considerations for standard setting*

If IFRS 8.23(f) was intended to require disclosure of all material items of income and expense, then requiring disclosure of other specified amounts in IFRS 8.23 may be viewed as redundant. We think that this was not the IASB’s intention, as it chose to specify those other amounts instead of only requiring IFRS 8.23(f). This raises further questions as to what was intended by IFRS 8.23(f).

At the November 2023 Committee meeting, several members suggested that perhaps the intention was to require segment-level disclosure of the types of items in IAS 1.98, as IAS 1.98 provides information about how to apply IAS 1.97. Some Committee members drew an analogy between the types of items in IAS 1.98 and “unusual items” in US GAAP. They acknowledged that at some point in the past, the

respective Boards' requirements were linked. However, we note that entities would need to comply with the requirements as they are currently written.

Given the ambiguity around IFRS 8.23(f), including the diversity of interpretations even among Committee members, we think that the requirement should be clarified in the Standard.

We acknowledge that there may be very different opinions on what level of disclosure *should* be required under IFRS 8.23(f). For example, we understand that users would not want to lose useful segment-level information, while preparers may not want to add a large volume of disclosures. We think that by giving the different perspectives due consideration through a standard setting project, the IASB could seek a suitable balance. We think it is important to clarify what the requirements are to reduce diversity in practice.

Should the IASB pursue standard setting, we think it would also be helpful to clarify how to treat the following items under IFRS 8.23(f):

- material items of expense that are disclosed by nature applying IAS 1.104 (e.g., employee benefits expense) when expenses are classified by function in the statement of profit or loss; and
- material items of income and expense that are not measured in accordance with an IFRS Accounting Standard (e.g., on a cash basis), when the measure of segment profit or loss is non-GAAP.

We would be pleased to elaborate on our comments in more detail if you require. If so, please contact me or, alternatively, Katharine Christopoulos, Director, Accounting Standards (+1 416 204-3270 or email [kchristopoulos@acsbcanada.ca](mailto:kchristopoulos@acsbcanada.ca)) or Shalini Gupta, Principal, Accounting Standards (+1 647 956-6628 or [sgupta@acsbcanada.ca](mailto:sgupta@acsbcanada.ca)).

Yours truly,



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#### **About the Canadian Accounting Standards Board**

We are an independent body with the legal authority to establish accounting standards for use by all Canadian publicly accountable enterprises, private enterprises, not-for-profit organizations and pension plans in the private sector. We are comprised of a full-time Chair and volunteer members from a variety of backgrounds, including financial statement users, preparers, auditors and academics; a full-time staff complement supports our work.

#### **Our standards**

We have adopted IFRS<sup>®</sup> Accounting Standards as issued by the IASB for publicly accountable enterprises. Canadian securities legislation permits the use of U.S. GAAP in place of IFRS Accounting Standards in certain circumstances. We support a shared goal

among global standard setters of high-quality accounting standards that result in comparable financial reporting outcomes regardless of the GAAP framework applied.

We developed separate sets of accounting standards for private enterprises, not-for-profit organizations and pension plans. Pension plans are required to use the applicable set of standards. Private enterprises and not-for-profit organizations can elect to apply either the set of standards developed for them, or IFRS Accounting Standards as applied by publicly accountable enterprises.

**Our role vis-à-vis IFRS Accounting Standards**

Our responsibility to establish Canadian GAAP necessitates an endorsement process for IFRS Accounting Standards. We evaluate and rely on the integrity of the IASB's due process as a whole, and monitor its application in practice. In addition, we perform our own due process activities for each new or amended IFRS Accounting Standard to ensure that the standard is appropriate for application in Canada. We reach out to Canadians on the IASB's proposals to understand and consider their views before deciding whether to endorse a final IFRS Accounting Standard. A final standard is available for use in Canada only after we have endorsed it as Canadian GAAP.