

# Insights into IFRS 8

## IFRS 8 disclosures for interim financial statements

Understanding how an entity is performing from management's point of view during an interim reporting period can be just as important as the annual disclosures that are required when following IFRS 8 'Operating Segments' – which sets out the minimum disclosure requirements for annual reporting periods.

Our 'Insights into IFRS 8' series is designed to illustrate how IFRS 8 should be applied and it provides guidance and insight in some problematic areas. We also include several examples illustrating the Standard's requirements. This article sets out example disclosures of segment information in a set of condensed interim financial statements.

This article sets out illustrative disclosures required under IFRS 8 and IAS 34 'Interim Financial Reporting' for a fictional entity, Illustrative Corporation Ltd and its subsidiaries (the Group) that presents half-yearly condensed interim financial statements. The form and content of IFRS financial statements of course depend on the reporting entity's activities and transactions. IFRS 8's management approach results in an entity's interim disclosures being as unique as any disclosures that would be made at the end of any annual reporting period. We have illustrated in this article the minimum disclosures required taking into consideration both IFRS 8 and IAS 34.



## An illustrative example of interim segment reporting disclosure

IAS 34.16A(g) The Group has three operating segments: consulting, service and retail. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. These operating segments are monitored by the Group's chief operating decision maker who is the Group's chief executive officer and she makes the strategic decisions on the allocation of resources based on adjusted segment reporting results.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in stand-alone sales of identical goods or services.

In addition, two minor operating segments are combined below under other segments. The main sources of revenue for this segment is the sale and disposal of used IT equipment that the Group collects from its customers.

IAS 34.16A(g)(v) During the six months period to 30 June 20X3, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

IAS 34.16A(g)(i-iv) The revenues and profit generated by each of the Group's operating segments and segment assets and liabilities are summarised as follows:

		Six months to 30 June 20X3				
		Consulting	Service	Retail	Other	Total
<b>Revenue</b>						
IFRS 8.23(a)	From external customers	56,216	21,435	36,576	2,069	116,296
	Discontinued operations	-	-	-	-	-
IFRS 8.23(b)	From other segments	346	-	-	-	346
	<b>Segment revenues</b>	<b>56,562</b>	<b>21,435</b>	<b>36,576</b>	<b>2,069</b>	<b>116,642</b>
IFRS 8.23	<b>Segment operating profit</b>	<b>15,519</b>	<b>2,827</b>	<b>5,421</b>	<b>112</b>	<b>23,879</b>
IFRS 8.23	<b>Segment assets</b>	<b>79,991</b>	<b>34,379</b>	<b>65,965</b>	<b>3,033</b>	<b>183,368</b>
IFRS 8.23	<b>Segment liabilities</b>	<b>33,736</b>	<b>16,711</b>	<b>35,754</b>	<b>1,132</b>	<b>87,333</b>
		Six months to 30 June 20X2				
		Consulting	Service	Retail	Other	Total
<b>Revenue</b>						
IFRS 8.23(a)	From external customers	47,843	7,832	31,129	1,561	88,365
	Discontinued operations	-	-	7,352	-	7,352
IFRS 8.23(b)	From other segments	145	-	-	-	145
	<b>Segment revenues</b>	<b>47,988</b>	<b>7,832</b>	<b>38,481</b>	<b>1,561</b>	<b>95,862</b>
IFRS 8.23	<b>Segment operating profit</b>	<b>10,615</b>	<b>(280)</b>	<b>2,755</b>	<b>(24)</b>	<b>13,066</b>
IFRS 8.23	<b>Segment assets</b>	<b>66,260</b>	<b>16,018</b>	<b>56,049</b>	<b>2,211</b>	<b>140,539</b>
IFRS 8.23	<b>Segment liabilities</b>	<b>40,715</b>	<b>12,006</b>	<b>39,851</b>	<b>1,264</b>	<b>93,836</b>

	Year to 31 December 20X2					
	Consulting	Service	Retail	Other	Total	
	<b>Revenue</b>					
IFRS 8.23(a)	From external customers	110,810	18,140	72,098	3,679	204,727
	Discontinued operations	-	-	9,803	-	9,803
IFRS 8.23(b)	From other segments	231	-	-	-	231
	<b>Segment revenues</b>	<b>111,041</b>	<b>18,140</b>	<b>81,901</b>	<b>3,679</b>	<b>214,761</b>
IFRS 8.23	<b>Segment operating profit</b>	<b>19,213</b>	<b>1,870</b>	<b>8,327</b>	<b>(8)</b>	<b>29,402</b>
IFRS 8.23	<b>Segment assets</b>	<b>75,057</b>	<b>18,326</b>	<b>56,017</b>	<b>2,521</b>	<b>152,011</b>
IFRS 8.23	<b>Segment liabilities</b>	<b>32,494</b>	<b>16,316</b>	<b>28,673</b>	<b>1,185</b>	<b>78,668</b>

IAS 34.16A(g)(vi) The Group's segment operating profit reconciles to the Group's profit before tax as presented in its consolidated financial statements as follows:

	6 months to 30 Jun 20X3	6 months to 30 Jun 20X2	Year to 31 Dec 20X2	
	<b>Profit or loss</b>			
IAS 1.51(c)	Total reportable segment operating profit	23,767	12,807	29,410
IAS 1.51(d-e)	Other segment profit	112	(24)	(8)
IFRS 8.28(b)	Rental income from investment property	550	498	1,066
	Change in fair value of investment property	55	125	310
	Share-based payment expenses	(268)	(165)	(298)
	Post-employment benefit expenses	(3,150)	(2,850)	(5,799)
	Research and development costs	(986)	(1,250)	(1,690)
	Other income not allocated	502	180	676
	Other expenses not allocated	(97)	(165)	(304)
	Operating profit of discontinued operations	-	(54)	(73)
	Elimination of intersegment profits	(80)	(87)	(58)
	<b>Group operating profit</b>	<b>20,405</b>	<b>9,015</b>	<b>23,232</b>
	Share of profits from equity accounted investments	50	84	391
	Finance costs	(413)	(1,128)	(3,869)
	Finance income	1,188	835	964
	Other financial items	669	339	943
	<b>Group profit before tax</b>	<b>21,899</b>	<b>9,145</b>	<b>21,661</b>

## How we can help

We hope you find the information in this article helpful in giving you some insight into IFRS 8. If you would like to discuss any of the points raised, please speak to your usual Grant Thornton contact or visit [www.grantthornton.global/locations](http://www.grantthornton.global/locations) to find your local member firm.

