

International Accounting Standards Board  
First Floor  
30 Cannon Street  
London EC4M 6XH

23 November 2012

Dear Sirs,

**Post-implementation review: IFRS 8 Operating Segments**

***Introduction***

We are the Quoted Companies Alliance, the independent membership organisation that champions the interests of small to mid-size quoted companies. Their individual market capitalisations tend to be below £500m.

The Quoted Companies Alliance is a founder member of European**Issuers**, which represents over 9,000 quoted companies in fourteen European countries.

The Quoted Companies Alliance Financial Reporting Expert Group has examined your proposals and advised on this response. A list of members of the Expert Group is at Appendix A.

***Response***

We welcome the opportunity to respond to this consultation. We have not addressed the particular questions in the survey as the concerns of Quoted Companies Alliance members have tended to be more to do with the issues of commercial confidentiality and cost. Some of the responses we have obtained from members have touched upon issues raised in the questions.

We have taken soundings from our members and, based upon these, (which did not constitute a representative sample) we make the following points:

Potential disclosure of commercially sensitive information is of concern to companies with relatively few product lines or customers. The Quoted Companies Alliance is the representative group for many of these companies. Such companies can work within the letter of IFRS8 by reorganising their internal management structures and/or reporting processes to avoid providing such information. This leads to suboptimal internal reporting, additional cost and potential increased risk from poorer management information. It also makes segmental disclosures meaningless to users of accounts. If a smaller company has

only one income stream it should not have to split it. Accounting standards should not lead to these outcomes.

- Generally most members do not incur undue extra costs in producing segmental information although one of our members reported that the combined internal two man weeks' time and external audit fees costs around £10,000 a year.
- About half of the members we contacted believe that their investors use the information although some cast doubt about how useful the numbers are, one pointing out that in their case allocation of central overheads and the interaction with CGUs tend to obscure rather than help.
- One member commented that because they provide geographical analysis by destination of product they have been restricted by their auditors in terms of the information they want to present in their business review.
- A number of members commented that, for entities the size of Quoted Companies Alliance members, the additional information content does not justify the cost of producing it, especially given that it leads to information overload.

We will be pleased to discuss this letter further with you.

Yours faithfully,



Tim Ward  
Chief Executive

**List of Expert Group Members**

**Financial Reporting Expert Group**

Anthony Carey, Mazars LLP (Chairman)

Matthew Stallabrass, Crowe Clark Whitehill LLP (Deputy Chairman)

Anthony Appleton, PKF (UK) LLP

Edward Beale, Western Selection Plc

Peter Chidgey, BDO LLP

Jack Easton, UHY Hacker Young

Bill Farren, Deloitte LLP

Jonathan Ford, PricewaterhouseCoopers LLP

David Gray, DHG Management

Usman Hamid, Ernst & Young LLP

Matthew Howells, Smith & Williamson Limited

Shalini Kashyap, Ernst & Young LLP

James Lole, RSM Tenon Group PLC

Jonathan Lowe, Baker Tilly

Niraj Patel, Saffery Champness

Nigel Smethers, One Media Publishing

Chris Smith, Grant Thornton UK LLP

Ian Smith, Deloitte LLP

Matthew Stallabrass, Crowe Clark Whitehill LLP (Deputy Chairman)

Paul Watts, Baker Tilly

Nick Winters, RSM Tenon Group PLC