

The IFRS 8 Segment Reporting Disclosure: Evidence on the Czech Listed Companies

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Abstract:

The IFRS 8, the operating segments was converged of the IAS 14 and SFAS 131(US GAAP). It was issued in November 2006 and subsequently has been applied since 2009. The core of convergence is to reduce the differences between IAS 14 and SFAS 131. The IASB expected that a change would increase useful information for users and can be used as a single set of standard accounting for international trade. However, since the standard had been applied, it emerges advantages and disadvantages for users and entities on some issues. Particularly, internal management information issue that managers use as a compass to lead the company's strategies and it conceals behind the scenes conventionally. The paper investigates a quality of information disclosure in the Czech listed companies. The important pillar is to analyse the quality of information disclosure and the effect of applying the standard.

Key words: IFRS 8 Segment Reporting; Chief operating decision maker (CODM).

JEL classification: M41.

1 Introduction

The International Financial Reporting Standards are the global accounting standard bridge that connects the global economic. They were extensively adopted by 140 countries, at least, all around the world (IASB: 2015). In 2006, the International Accounting Standard Board (IASB) issued IFRS 8 Segment Reporting, which adopted the management approach and was based closely with SFAS 131. The convergence of IAS14R and the SFAS 131 (US GAAP) concerns the potential keys that the users would discriminate internal management; the discretion decision will be supported consequently. In the prior of the standard, many research had been made by IASB, which results in most of the users favoured SFAS 131 management approach over IAS14R (IFRS 8: BC10). Going along with IASB it was realised that many beneficial approaches would be provided such as an increase of reportable segments, diversity of measurement tools, and consistency of information reports. In the meantime, the controversy arose in many important keys namely, the flexibility of standard's definition, regarding internal management movement, requiring Non-IFRS measurement.

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These potentials and arguments are affected by many users and preparers, as well as by the European Union (EU) whose aim is to contribute to the quality of economic growth through policymaking. At the beginning of 2007, the standard was delivered into European Commission. However, the enforcement decision was to delay until the end of September 2007 due to the standard confidence. However, the process of ensuring of its objectives was set up by forming “the Standards Advisory Review Group (SARG) to ensure objectives and proper balance of European Financial Reporting Advisory groups’ (ERFAG) opinions” and “to assess whether the endorsement advice given by ERFAG is well balanced and objective”. In the meantime, the investors and stakeholders, as well as the Economic and Monetary Affairs Committee of the European Parliament (ECON) concerned with the standard application (Véron, 2007). This concern conducted some of the research regarding the basis reports that resulted in many aspects namely, the insufficiency of information for decision making, geographical abandonments, cost and benefits balance, information inconsistency and so on.

Reporting information under IFRS 8 is challenging for users as well as preparers, many potential keys might be provided, at the same time, other important keys might be abandoned. Therefore, since the controversies have never lasted, the aim of the paper is to analyse the quality of IFRS 8 segment reporting disclosure in the Czech listed companies whether it benefits users and to find out its limitation. The next chapter describes the theoretical background and literature, relevant to the issues and followed by the methodology for their empirical investigation, results and discussion. The final chapter contents the conclusion and recommendation for further research.

2 Theoretical Background of the IFRS 8 Segment Reporting

The IFRS 8, the operating segments were converged from the IAS 14 and SFAS 131 (US GAAP). It was issued in November 2006 and applied for annual periods beginning on, or after 1 January 2009 while the post-implementation was completed in 2013. The background of the convergence as from the IASB committed to develop the standard to the public interest with a single set of high-quality global accounting. Those commitments required transparent and comparable information in general purpose of financial statements (IASB, 2006). It conducted the joint programme with the US (US GAAP) concerning the existing international practices and the development of future accounting standards. So that the differences between IAS 14 and SFAS 131 would be reduced, maintain only minority of the differences (BC4-5). The core of the change is to disclose the useful internal information to enable users to assess their financial statements for internal decisions and to improve the internal segment’s information disclosure.

The IASB expected that the convergence would reduce differences between IFAS and US GAAP (IFRS8, BC2). At the same time, the information, which the chief operating decision maker (CODM) used to support their decisions not only under IFRS but also non-IFRS would be disclosed. Consequently, it will enable the users to assess entity's financial performance and discretion. The IASB stated that to adopt the SFAS 131 whose core concept was to manage through your eyes, would primarily benefit the users as follows: (1) entities will report segments that correspond to internal management reports; (2) entities will report segment information that will be more consistent with other parts of their annual reports; (3) some entities will report more portions; (4) entities will report more segment information in interim financial reports (IFRS 8, BC9). Correspondingly, the Academic Research found the users supposed this approach would enable more segment information to be provided in interim financial reports (IFRS 8, BC7-8).

The convergence of IAS 14 and SFAS 131 reduces the differences, and IASB believes it provides clear and well-understood information with the limited diversity of practice. When the potential key to internal management is disclosed, it enables to make better decisions for external users, too. The major changes in IAS 14 and IFRS 8 are in brevity the following:

- Segment identification; IFRS 8 identifies segment base in the internal management structure, in contrast, the IAS 14 defined segment base on products or services and geographical areas.
- Measurement of segment information; IFRS 8 requires that the amount of each segment reported is the measure reported to the CODM (internal management) regardless this information is prepared by IFRS accounting policy. In contrast, the IAS14 required the segment information was made in the conformity with the entity's accounting policy.
- Disclosure;
 - (1) IFRS 8 requires an entity discloses an explanation of how it determined its reportable operating segments and how the basis of the amounts had been measured;
 - (2) IFRS 8 requires the disclosure of profit and loss, assets, liabilities and the additional items namely, interest revenues, interest expenses if they are provided for CODM;
 - (3) IFRS 8 does not define segments as either business or geographical segment;
 - (4) IFRS 8 does not require measurement of segment amount base on entity's IFRS policies; IAS 14, by contrast, specified the items that must be disclosed for each reportable segment.

As the IASB's expectation is, the IFRS 8 provides useful information that supports the CODM as internal management for users. Similarly, the post-implementation of the standard shows the achievement of convergence, it should improve users' ability to predict future results and cash flows and highlight the risks that management consider as important, and usage of management reporting would result in increasing interim reports by management eyes perspective (IFRS 2013; 10).

As the diversity and elaborate management information differ in purposes and practice, the usefulness for users has been recognized. However, it depends on companies disclose and fulfilment of the standard requirements, especially segment footnotes information would be useful when it is provided consistently with the corresponding discussion (Nichols, B. et al., 2012).

In the infancy of IFRS 8, a few types of research have investigated in some issues only, namely advantages of applying the standard as well as the controversies. Although the IFRS 8 post-implementation shows benefits, it also presents disadvantages: the inconsistency of internal management approach; frequent internal reorganizations would result in a loss of trend data; geographical analyses would not be available; non-IFRS measures used by management are not understood (IFRS8 post-implementation 2012).

Similarly, the critics concern about the content of management approach, allowing the reporting of non-IFRS segment measures, a potential for decreasing in geographic segment disclosure (Crawford et al., 2012). Also, the European Union Committee has analysed the effect and potential of applying IFRS 8 in the area that had been held in Brussels (European Commission; 2007). Going together with the research from Bruegel, it stated that management approach (on which IFRS 8 is based) is not accompanied by sufficient safeguards to ensure that segments reflect economic reality and convey the proper understanding of risks (Véron, 2007).

Also, the standard does not provide an adequate basis for informed decisions (Véron, 2007). From another point of view, under the IFRS 8, the majority of companies' disclosures did not change the number of operating segment reported; at the same time some potential keys are decreased, segment liabilities, equity method investment, and capital expenditures were also abandoned (Nichols. et al. 2012, 2013).

As noted, the standard focuses on the diversity of internal management approach; it could be difficult for users to understand and realize all potential information. It might not support the users to be realizable, verifiable and objective of the information disclosure, at the same time as the standard, has no effect on number of segments disclosed; it may lack incentive for entities (Lucchese, M. et al., 2012).

Consequently, the IFRS 8 core concept provides internal information and it is the crucial source for firms that the management and measurement approach usually adopt in practice. As long as an entity's ultimate aim is to be the best in their market, the CODM requires diverse approaches to encourage their performance and decisions that provide the different orientation to the decision makers. The various approaches, elaborate internal information, might be difficult to understand or interpret for external users. At the same time, the differences between each companies reporting package might be incomparable. Therefore, to enable users to assess potential operating segment reports, it is necessary the IFRS 8 requirements and potential management approach, as well as voluntary information, should be disclosed in a proper way and the consistency of information disclosure also needs to be taken into consideration.

Tab. 1: Comparison of the differences of mandatory requirements between IFRS 8 and IAS 14

Mandatory Requirements	IAS 14R	IFRS8
Entity Disclosure		
Information about geographical areas	Not indicated	Requires to disclose
Information about products or services	Not indicated	Requires to disclose
Information about major customers	Not indicated	Requires to disclose
Reportable Segments		
Products or services,	Yes	Based upon management structure
Or geographical areas	Yes	Based upon management structure
General Information		
Identification of operating segments	Not indicated	Requires to disclose
Type of products or services	Not indicated	Requires to disclose
Profit or Loss, Assets and Liabilities		
Revenues	Yes	Requires to disclose
Intersegment Revenues	Yes	Requires to disclose
Interest Revenues	Yes	Requires to disclose
The entity's interests in the profit or loss of associates and joint ventures accounted for by the equity method segment results	Yes	Requires to disclose
Interest expenses	Yes	Requires to disclose
Depreciation and Amortization	Yes	Requires to disclose
Total Assets	Yes	Requires to disclose
Liabilities	Yes	Requires to disclose
Non-cash expenses others than depreciation	Yes	Requires to disclose
Significant unusual items	Yes	Requires to disclose
Capital Additions	Yes	Not indicate

Source: Author's processing using data published by the IASB, www.ifrs.org/About-us/IASB.

Comparing the major changes between IFRS 8 and IAS 14, we found the significant differences in IFRS and non-IFRS requirements between IFRS 8 and IAS 14. The comparison shows the difference of mandatory and voluntary of general and financial information disclosure; the following differences are most substantial:

(1) IAS 14R, Reportable segments, was based on business or geographical areas, whereas IFRS 8's definitions are: (i) the activity that earns revenues or occurs expenses; (ii) the operating result views regularly by CODM; (iii) operating segments information are available; in this regard, concerning the internal management information and practical aspect under IFRS 8, it might provide more management components based upon CODM view and type of business and discretion for users. A cost centre, product line, a group of customers, and a new business activity might be disclosed.

(2) IAS 14R required entity disclosed information under accounting policies that were adopted for preparing and presenting the consolidated financial statements, whereas IFRS 8 is not concerned. This might be difficult for a preparer and users who also deal with the varieties criteria. The variation and complexion of each entity might be chosen and disclosed in different ways and incomparable.

(3) The instance of capital expenditure requirements under IAS14R which was prospected a company's future growth; the standard requires an entity to disclose the amount of investments in associates and joint ventures, non-current assets arising which are also useful for users.

Regarding the significant differences between IFRS8 and IAS 14 show that the management information which usually use for CODM for strategy and decision will be reveal through financial statements, management commentary. This internal information will align through their related activities, general information and its integration will be provided in more detail. Investors will be perceived and enable to analyse companies' competitiveness, tendency and growth perspective. Furthermore, while management information will be provided in more detail, the jurisdiction information is persisted and provided (IFRS 8 Post – implement, 2012). On the other hand, it is concerned that some information might be abandoned such as geographical information and expenditure. This regard might affect investors whose decision is affected by culture, corporate culture, local law and regulation.

3 Methodology

The changes of IFRS 8 require companies disclose their management information which CODM uses for supporting their decision. Undoubtedly, it will be related directly to their performance and profitability that investors are always seeking. To verify the level of information disclosure, we have to consider variable related factors that have been observed in the previous empirical researchers;

Profitability: the disclosure of firm's profit and growth reduces the gap of potential information and information asymmetry between managers and investors (Cerbioni, F. et al., 2007). This information should be disclosed or voluntarily disclosed for stakeholders, investors satisfaction and needs (Meek et al., 1995), and it is not obligated to fulfil by law or by the international accounting standard, but it is the premise for carrying out financial reports that can fully satisfy the information requirements for stakeholders and investors (Herrmann & Thomas, 1977). An association between profitability and level of corporate disclosure has found positivity in Indian Software Industry (Mahajan, P. et al., 2007).

Size: some researchers find a significant positive relationship between voluntary disclosure and firms' size, and it might have substantial effects on the level of disclosure (Cooke, 1991; Wallance-Naser-Mors, 1994; Raffournier, 1995; Street-Gray, 2002; Botosan, 1997). Concerning the Czech listed companies are in general medium size companies and could not accept the increase of expenses following the wider disclosure.

To find out the potential of firms' competitiveness of the companies in the Czech Republic, they also need to provide and to disclose proper, adequate and perspective information for investors and users, regardless to IFRS or Non-IFRS that might affect investors' decision. Concerning this reason and those variable factors, the paper was constructed for the analysis of the quality of information disclosure under IFRS 8 requirements and to confirm or disprove the following assumption:

1. The entities disclosed both their general and entity information
2. Under IFRS8, the entities disclosure their financial and non-financial information

The analysis of how the Czech listed companies disclosed their operating segment information and to discover those aims, the samples – as well as the questions – have been specifically selected. The sample selection and the construction of the analysis: the empirical research of the application of IFRS 8; ten companies listed at the Prague Stock Exchange are selected for the analysis in from of a case study and the sample is designed to cover various industries. The detail of the sample is presented in Table 2.

The research has investigated and analysed the segment reportings in annual reports for the year 2013 which are available in English version on the Czech stock market. The analysis has been conducted under the IFRS 8's requirements with closed questions; (1) analysis of general-entity information disclosure (Tab3); (2) analysis of entity's disclosure level (Tab 4); (3) comparison the financial information disclosure in each company (Tab5).

Tab. 2: The listed companies of the sample

Companies	Capital 2013(EURm)	Type of businesses
1. CEZ Group	12,484.80	Oil & Gas
2. ERSTE Group Bank	10,112.80	Finance
3. Vienna Insurance Group	5,404.10	Insurance
4. O ₂ the Czech Republic	2,324.10	Mobile Provider
5. Unipetrol Orlen Group	841.90	Energy Supply
6. PHILLIP MORRIS CR	777.30	Tobacco
7. Stock Spirits Group	559.30	Beverage
8. Central European Media	330.90	Media
9. VGP	269.60	Developer
10. PEGAS NONWOVES	233.80	Textiles

Source: Czech Stock Exchange, <https://www.pse.cz/?language=english>.

4 Results and Discussion

To analyse quality of information disclosure under IFRS 8 requirement, evidence in the Czech listed companies, the results of the investigation are the following: (1) the entities identified their segments as geographical areas at 90 %, while at 60 % identified as their products or services, the combination segment was disclosed at 20 %, and at 50 % of the sample disclosed both their products, services or geographical areas; (2) at 60 % of the entities disclosed their types of products and services, while 40 % did not provide the report; concerning an entity-wide information, the research shows at 60 % of entities disclosed their external revenue from products and services and geographic area, while at 40 % disclosed either, at the same time, assets for each geographical area disclosed at 80 % and major customers at 10 %.

Concerning the differences between IAS 14 and IFRS 8, apparently, under IFRS 8, an entity is required to disclose their internal management information namely, geographical areas, products or services and the major customers for countries of domicile and any other individually material countries. This information will benefit users by being able to assess the risks and forecast a company's potential and growth (CFA Institute, 2006). Correspondingly, under IFRS 8, the following

of entity information disclosure would be materialized, and also some numbers might be increased (Nichols, B. et al., 2013).

The finding shows that standard's requirements were complied by the majority of the sample. They disclosed their geographical areas, products, services, external revenues. While, the major customers' requirement basis was disclosed only by a few companies. The findings suggest that by applying IFRS 8, companies disclose voluntarily potential information as well as the reportable might increase in some geographic segments but not differ significantly from the IAS 14R's requirements. The possible reason is that the entities have defined their reportable segments as it had been reported under IAS 14 as a secondary information. It is likely that this requirement just replaces the secondary disclosure of IAS14.

Regarding the major customers' disclosure, it is possible that only a few companies have reached the threshold of this requirement, or the entities might have considered that major customer is the sensitive point for competition, and they may not have disclosed any sensitive commercial concern. Moreover, segment reports might have disclosed based upon a level of competition. In other words, management information that concerns in profit-competitive would not be reported (Bugeja, et al. 2012).

Tab 3: Analysis of general-entity information disclosure

General information, Entity-wide	Disclosure percentage	N/A
1.Factor used to identify reportable segment	Product or services at 90 %; Geographical areas at 60 %; combination at 20 %; 50 % disclose both products or services and geographical areas	Regulatory environments; Cost centres etc.
2.Type of products or services	60 %	40 %
1.Revenues from external customers for each product or services	70 %	30 %
2.Revenues based on geographical areas	90 %	10 %
3.Non-current assets based on geographical areas	20 %	80 %
4.Major customers	10 %	90 %

Source: Authorial calculation using data published by the Czech stock market, <https://www.pse.cz/?language=english>.

Question 3 (tab 4-5); Do the entities disclose both IFRS and Non-IFRS information? Under IFRS 8, the entities disclosed their information of both IFRS and non-IFRS. The tendency of the disclosure is that the entities disclosed their IFRS while non-IFRS was disclosed broadly. The results are shown in Table 4, the companies disclosed their revenues from external customers at 100 %, other operational income at 90 %, and intersegment and other operating segments at

70 %. Also, the requirements for the disclosure of expenses were fulfilled broadly, namely; companies mostly disclosed other operating expenses at 100 %, depreciation, and amortization at 60 % and interest expenses only at 10 %. Once we focus on profit or loss, we can see that the companies disclosed mainly net profit or loss at 80 %, gross margin at 50 % and earning before tax at 30 %. Also information regarding EBIT and EBITDA were disclosed broadly. In part of assets and liabilities, the investigation found, the majority of the sample disclosed their assets at 50 % by total amount, other requirements such as intangible assets, receivables, financial assets and goodwill were disclosed at 10 % each, while liabilities were disclosed only at 20 % by the minority of those.

The finding of an analysis shows that IFRS and Non-IFRS were disclosed significantly. Firstly, IFRS information were disclosed by majority namely; requirements were disclosed mostly on revenues, expenses, and profit or loss respectively. Meanwhile, Non-IFRS which is the main concept of management through their eyes namely EBIT and EBITDA were broadly disclosed. If we analyse this aspect, companies usually draw on earnings before interest, taxes, depreciation and amortization as well as others tools like ROCE, ROI that might not be provided to report. The probability is the variation and complexness of that tool and the difference between the measures used for segment disclosures and the financial statement (IFRS post-implementation 2013; Nichols, B. et al., 2013). This matter might lead an entity to report Non-IFRS in a different way, which is incomparable and too difficult for users' discretion.

Concerning assets and liabilities; the standard requires an entity to disclose total assets and liabilities for each reportable segment if such amounts are regularly provided to CODM (IFRS 8, 23). Not surprisingly, the research has shown that companies have mostly disclosed their information according to these requirements. Concerning the assets and liabilities, their levels and structures are the crucial aspects of an entity that presents the performance of management as well as the efficiency of resources allocation. On the one hand, the standard requests entities to disclose crucial information such as the increasing level of non-current assets and the investments in associated with joint ventures. On the other hand, it might not provide sufficient information for users such as intangible assets, financial assets, and so on. These are provided to the CODM in practically. What more, some entities might voluntarily disclose that information, some might not. It might lead to lack of comparable information as well as the difficulty of its understanding.

Tab 5. Concerning the results of mandatory and voluntary disclosure, we found that majority of companies disclosed their revenues information at 75 %, 50 % and 100 % relatively. While expenses were disclosed at 67 % by the majority and 33 %, 100 % by minority relatively. Upon the requirement of profit or loss, the

investigation found the entities fulfil and voluntarily disclose broadly at 57 %, 76 %, 29 % and 14 % as well as the disclosure of assets and liabilities. Concerning an overview of the entities, it shows the minority of entities that disclosed mandatorily and voluntarily at 63 %, 59.60 %, 44.80 %, by contrast, the majority of entities fulfilled the standard requirements and voluntary disclosure from 24.20 % to 38.40 respectively. The level of the entities' disclosure level is stated in the following table 4. Consequently, Table 5 shows the level of disclosed information in each analysed company.

Tab. 4: Analysis of entity's disclosure level

Profit or loss, assets, and liabilities	Percentage
Revenues	
External customers	100 %
Intersegment Revenues	70 %
Interest Revenues	20 %
Other operating income	90 %
Expenses	
Interest expenses	10 %
Depreciation and Amortization	60 %
Other operating expenses	100 %
Profit or Loss	
Gross margin	50 %
EBIT	10 %
EBITDA	20 %
Net margin	10 %
Earning before tax	30 %
Profit or loss of associated or join venture	20 %
Net profit or loss	80 %
Assets	
Investment in associated and join venture	20 %
Non-current assets arising	10 %
Tangibles assets	20 %
Intangible assets	10 %
Goodwill	0
Receivable	10 %
Financial assets	10 %
Total assets	50 %
Debt	
Segment liabilities	20 %

Source: Authorial calculation using data published by the Czech stock market, <https://www.pse.cz/?language=english>.

Tab. 5: Comparison the financial information disclosure in each company

Profit or loss, assets, and liabilities	CEZ Group	ERSTE Group	Vienna Group	The O2 Czech Rep.	UNIPE -TRO	PHILIP MORRIS	STOCK SPIRITS	CENTRAL EUROPE -AN	VEP	PEGAS
Revenues	75 %	75 %	75 %	75 %	75 %	100 %	50 %	50 %	50 %	75 %
Expenses	67 %	67 %	33 %	67 %	67 %	33 %	67 %	100 %	33 %	33 %
Profit or loss	57 %	43 %	57 %	43 %	14 %	29 %	29 %	29 %	14 %	0
Assets	25 %	0	50 %	13 %	13 %	13 %	0	13 %	25 %	13 %
Liabilities	0	0	100 %	100 %	0	0	0	0	0	0
Average	44.80%	37 %	63 %	59.60 %	33.80 %	35 %	29 %	38.40 %	24.40 %	24.20 %

Source: Authorial calculation using data published by the Czech stock market, <https://www.pse.cz/?language=english>.

5 Conclusion

Management approach provides the transparent understanding of performance and forecasting of entity's future growth through an internal management structure. This statement goes along with the core concept of IFRS 8 that the users would discriminate management information through their eyes. The IASB expected that internal management information should be provided and disclosed and the way of information disclosure under the standard should have changed. Going together with the major difference between IAS14R and IFRS 8, that both IFRS and Non-IFRS should be disclosed, if it was provided to support CODM's decision.

The standard requires entities to disclose their information such as, geographical areas, products or services, and other management sectors, that are the keys for predicting entity growth. Besides, it should provide the variety of management approaches such as profit or loss on the non-IFRS basis, EBITDA, ROCE, for the users. (IASB 2014; IFRS post-implementation 2013; Kajujter and Nienhaus 2015). Therefore, more detailed and integrated information, investors' value relevant, performance measurement, forecasting future and so forth, would be provided to report and investor's discretion. These requirements would benefit investors to be able to predict an entity future growth through the differences of the economic condition.

However, concerning the paper and the way of information disclosure. The results show there are no significant changes in information disclosure while comparing IFRS 8 against IAS 14R requirements. Business activities such as cost centre, group of customers, or even major customers requirement have not provided to report. It is more likely that entities might not change in the way of the disclosure and provided information. (Wilkins, T. et al., 2012; He, R. et al., 2012). The

Standard might not increase reportable segment as the IASB's expectation while some important keys are no longer reported such as capital expenditure, cash flow, gross margin, by segment. The possible reason is the flexibility of the standard definition that might lead the companies to leave some important keys information. In other words, the principle requirement and the definition of the standard are very general: to give relevant information to decision makers and no definition, so that entities, as well as users, must carefully make an assessment. The definition is unclear, the flexibility, as well as competitive harm, should take it into consideration. Furthermore, by focusing on comparable competition, if a company applies the allocation resources (assets, cost), policies differ from other companies, it might provide different information and it could be difficult to compare.

The expectation of Non-IFRS disclosure, the paper turned out that only a few companies in the sample voluntarily reported. The reason is probably in the different sources of business, in the variation, and complexion, that might lead the preparers to interpret and prepare it in different ways. Another reason, the preparers might provide information according to IFRS rather than Non-IFRS basis. Correspondingly, with the studies in the UK, it reports that only minority indicated that Non-IFRS measures are used, and the use of Non-IFRS is infrequent (Crawford et al. 2012; KPMG, 2010). What more, the interview has made among the UK companies whose Non-IFRS rarely disclosed, and it appears by the interview that segment information is prepared according to IFRS rather than using a different GAAP basis (ICAS, 2012). In this regard, it might be tricky for users to compare such a difference information to others entities. This core concept might not be fulfilled for the flexibility of the requirements and commercial sensitivity concern.

Consequently, focusing on the core concept, it should be beneficial for users if an entity complies and voluntarily discloses their internal information. However, the limitation of the flexibility might be taken to leave some crucial keys by entities. The paper compares the requirement of IAS14R and IFRS 8 as well as investigates on the standard requirements and voluntary disclosure. The paper does not resolve all critics' issues such as valuation impact, the impact of applying the standard, as well as the comparison of applying IAS 14 and IFRS 8. For further research, it would be useful to compare the company's disclosure between IFRS 8 and IAS 14, as well as to find out the difference or to compare the IFRS 8 disclosures in the same business, and the tendency of IFRS 8 application.

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