

Mr. Hans Hoogervorst  
International Accounting Standards Board – IASB  
30 Cannon Street

London EC4M 6XH  
United Kingdom

Weinheim, 20/05/17

Dear Mr. Hoogervorst,

**RE: EXPOSURE DRAFT ED/2017/2**

We appreciate the opportunity to comment on the IASB's Exposure Draft ED/2017/2 proposing amendments to IFRS 8 and IAS 34. Additionally, we welcome the board's efforts to address issues identified in the Post-implementation Review of IFRS 8.

The Association for Participation in the Development of Accounting Regulations for Family-owned Entities (VMEBF) was founded in 2006 and consists of German companies with a strong family shareholder background. Beyond its members, the association represents a huge number of family-owned large and medium-sized entities in Germany, often legally organised in the form of partnerships. The objective of the VMEBF association is to make the role of German family businesses as stakeholders in the development of international financial reporting more visible and to act as a constructive partner for the standard setters. We work closely together with the German standard setter GASC and the German Institute of Chartered Auditors (IDW) as well as other political institutions.

We agree with most of the amendments proposed in ED/2017/2. The majority of the proposals seem to provide clarifications of particular aspects of IFRS 8. Therefore, we believe most of the amendments should improve the quality of segment reporting.

Although we understand that the IASB is concerned about inconsistencies between operating segments identified by an entity in its financial statements and operating segments identified in other parts of the entity's reporting, we believe that in general the management approach is applied consistently throughout the different documents in an entity's "annual reporting package" (term in accordance with IFRS 8.19B). If an entity reports segment information in its financial statements in a manner inconsistent

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with the way it reported similar information in other parts of its annual reporting package, the information provided to the users of financial statements will be less credible and therefore less decision-useful. Thus, an entity should (theoretically) have no incentive to promote such inconsistencies. However, we acknowledge the experiences of some of the respondents to the Post-implementation Review that, in practice, operating segments reported in the financial statements sometimes differ from those used for other types of external financial information.

Having said that, we principally agree with the IASB's intention underlying the additional disclosure proposed in IFRS 8.22 (d). The objective of such disclosure is to improve consistency in segment information as reported in an entity's financial statements and other parts of its annual reporting package. However, we believe that the IASB might exceed its authority by trying to regulate the intersection between financial reporting and other parts of an entity's external financial information. IAS 1.14 states that "reports and statements presented outside financial statements are outside the scope of IFRSs". Instead, those kinds of reports – e.g. a Corporate Social Responsibility Report – generally are the responsibility of national legislators or regulators. As a consequence, the IASB should not try to regulate the intersection between financial reporting and other external financial information as this might have unforeseeable consequences for financial reporting as a whole. In addition, the proposed amendments might affect the range of duties of an auditor who would then also have to review information reported outside the financial statements to enforce compliance with the new requirements. This would increase costs of preparation as well as audit fees. Moreover, we believe that the definition of an entity's "annual reporting package" (IFRS 8.19B) might be difficult to apply in practice. This is due to the tremendous extent of national or supranational reporting requirements to be provided by preparers of financial statements in many jurisdictions.

With all that in mind, we would highly welcome the IASB withdrawing the disclosure requirements proposed in IFRS 8.22 (d).

If you have any further questions please do not hesitate to contact us.

Kind regards,

Association for Participation in the Development of  
Accounting Regulations for Family-owned Entities (VMEBF)



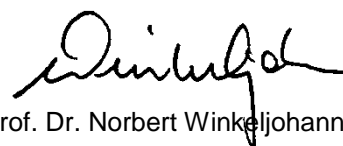
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