


A practical guide to IFRS 8 for investment funds


June 2009



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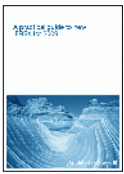
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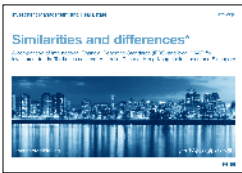
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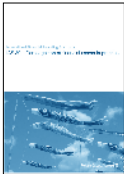
Similarities and differences - a comparison of local GAAP and IFRS for investment companies
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Introduction

IFRS 8, 'Operating segments', issued in November 2006, provides guidance on the presentation of segment reporting and replaces IAS 14, 'Segment reporting'. As the scope of IFRS 8 is broader than the scope of the previous IAS 14 and minimum disclosures are required also for entities with only one reportable segment, investment funds that were not required to disclose segmental information in the past might be required to amend their financial statements to comply with the new requirements.

An investment fund discloses information that enables users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates [IFRS 8.1]. This publication addresses the questions that arise when applying IFRS 8 in practice to mutual funds, hedge funds and private equity funds.

IFRS 8 applies for annual periods beginning on or after 1 January 2009. Earlier application is permitted if that fact is disclosed.

The publication, which is based on the requirements of IFRS 8 applicable to financial periods on or after 1 January 2009, is not a substitute for reading the standards and interpretations themselves or for professional judgement as to fairness of presentation. They do not cover all possible disclosures that IFRS 8 requires, nor do they take account of any specific legal framework. Further specific information may be required in order to ensure fair presentation under IFRS. We recommend that readers refer to our publication *IFRS disclosure checklist*. Additional accounting disclosures may be required in order to comply with local laws and stock exchange or other regulations.

Scope

Segment reporting is required for all entities whose debt or equity instruments are traded in a public market. Segment reporting is also required if an entity files or is in the process of filing its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instrument in a public market [IFRS 8.2].

An entity that is not required to apply IFRS 8 but chooses to disclose information about segments that does not comply with IFRS 8 should not describe the information as segment information [IFRS 8.3].

1.1 Are all funds under the scope of IFRS 8?

No. Only funds that are traded in a public market or are filing with a securities commission or other regulatory organisation for the purpose of issuing any class of instrument in a public market are in the scope of IFRS 8 [IFRS 8.2(a)].

The Board has proposed extending the scope of IFRS 8 further, to include all entities that have public accountability, not just entities whose securities are publicly traded. It proposes including entities that hold assets in a fiduciary capacity for a broad group of outsiders, which would include most investment funds. The Board will revisit the scope of IFRS 8 in the context of the SME project [IFRS 8 BC18]*.

A. Meaning of ‘traded in a public market’

1.2 What does the term ‘traded in a public market’ mean in a fund environment? Is it different from the term ‘publicly traded’ in IAS 14?

Yes, it is different. The term ‘public market’ does not only include domestic and foreign stock exchanges but also OTC markets and local and regional markets. These were not included in the scope of IAS 14 [IFRS 8.2(a)(i)].

‘Market’ in this context can be defined as a place where potential buyers and sellers come together and transaction prices are set by trading in that market. Therefore, not only funds that are traded at a stock exchange need to present segment reporting, but also funds that are traded in OTC markets, such as secondary markets with one or more independent market-makers. Such secondary markets need to be accessible to a wider group of outsiders (for example, with no restrictions on the offering or the transferability of shares). However, if the instruments can only be put back to the sponsor or issuer, they are not traded in a public market in the meaning of this standard, as the market is not accessible to a broad group of outsiders. Therefore, the definition of market as a ‘place where potential buyers and sellers come together’ is not met.

1.3 Are private placements common in the private equity business excluded from the definition of a ‘public market’?

Yes. Funds sold in private placements are generally restricted in the terms of any public offering and the transferability of shares, which effectively prevents the fund units from being traded or issued in a ‘public market’. For example, the fund’s participation rights, which are initially placed with a small group of investors who are only allowed to sell their shares to other investors in the fund, are not available in a public market.

* The Board is due to publish ‘IFRS for small and medium-sized entities’, which will apply to SMEs, private entities and non-publicly accountable entities. This standard defines public accountability as, for example, holding assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.

1.4 Are 'secondary markets' included in the definition of a 'public market'?

It depends. Participation rights issued by a private equity fund that are launched in a private placement might not be as fungible as shares issued by open-ended funds. The sponsor of a private equity fund or a third party might therefore provide the investors with a 'secondary market'. If an investor intends to sell its investment in the fund, the sponsor/third-party market-maker either arranges for a purchase contract with a buyer (new investor), or the sponsor purchases the investment himself.

Such a secondary market is usually not a public market, as it is not available for a broad group of outsiders and only exists in the rare circumstance when an investor wants to sell his investment. However, management should carefully assess whether the market is used frequently to sell participation rights in the fund and whether the participation rights are regularly sold to new investors rather than sold to the sponsor/independent market-maker. It should regularly review its decision.

1.5 Are open-ended investment funds that are offered and redeemed only in a private transaction between the fund and the shareholders (unlisted fund) 'traded in a public market'?

No. Open-ended investment funds are usually only offered and redeemed in private transactions between the fund and the shareholders, as the terms of such funds restrict the transfer of shares to third parties, effectively preventing 'trading in a public market'.

Prices are not set by any trading in a market but by application of valuation principles set out in the constituent documents.

1.6 Are funds that are listed at a stock exchange but cannot be traded on the stock market (for example, 'convenience' listing and marketing) 'traded in a public market' under the definition in IFRS 8.2(a)(i)?

No. Non-trading listings at stock exchanges do not qualify as 'trading in a public market' if the funds cannot be traded over the stock market. In such a scenario, prices are not set by any trading in a market but by application of valuation principles set out in the constituent documents.

1.7 Are funds that are listed at a stock exchange mainly for reasons of marketing but that can be traded on the stock market (even though trading might not happen on a regular basis) 'traded in a public market' under the definition in IFRS 8.2(a)(i)?

Yes. IFRS 8 disclosures are required if a fund is either traded at a public market even though such trading might not take place on a regular basis. This requires the fund to be traded at the stock exchange at a price set by any trading rather than by application of valuation techniques. The frequency of such transactions is irrelevant in this case.

B. Meaning of ‘filing with a securities commission or other regulatory organisation for the purpose of issuing any class of instrument in a public market’

1.8 Are funds that are listed at a stock exchange mainly for reasons of marketing filing their financial statements with a securities commission for the purpose of issuing any class of instrument in a public market [IFRS 8.2(a)(ii)]?

Yes. IFRS 8 disclosures are required if a fund is filing its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instrument in a public market [IFRS 8.2(a)(ii)]. Listings at stock exchanges that are done mainly for the purpose of marketing qualify as ‘registration for the purpose of issuing any class of instrument in a public market’.

1.9 Does filing with a regulator for other purposes than issuing participation rights (for example, legally required filing with the banking supervisory authority or another company register) trigger IFRS 8 disclosures?

Not automatically. IFRS 8 disclosures are only required if a fund is filing its financial statements with a regulatory organisation for the purpose of issuing any class of instrument in a public market [IFRS 8.2(a)(ii)].

Management should consider the underlying purpose for the regulatory requirement in determining whether or not an entity is subject to IFRS 8 and, in particular, whether the requirement to file relates to the issue of instruments to the public. When the role of the regulator is similar to a securities and market regulator such as the SEC or the UKLA, this is an indicator that the purpose of the filing requirement is to permit the issue of instruments. However, if the regulator is responsible for the prudential supervision of the financial sector and the role is more akin to banking and insurance regulators that are assessing the adequacy of capital and liquidity of an entity due to its fiduciary role or an industry regulator such as a public utilities regulator, this is an indicator that the entity is not filing financial statements for the purposes of issuing securities; rather, the filing is because the entity is a regulated business due to its fiduciary role.

The timing of filing the financial statements may also indicate whether or not the requirement to file is for the purposes of issuing any class of instrument. When the issue of instruments does not trigger a requirement to provide financial statements, or when the requirement to file is sufficiently delayed after the issue of securities to indicate that the purpose of the filing was not for the purpose of issuing instruments. This may indicate that the requirement to file is not due to the issue of instruments in a public market. Management should also consider the view of the local regulator regarding the purpose of the filing requirements in determining whether or not an entity is within the scope of IFRS 8.

1.10 A fund discloses a schedule of investments that is segmented based on the nature of business areas (for example, automotive sector and healthcare). Can the fund disclose such information as segment reporting?

No. A fund that voluntarily discloses information by business segment can only present it as segment reporting if it complies fully with IFRS 8 [IFRS 8.3].

Definition and identification of operating segments

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses;
- Whose operating results are regularly reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available [IFRS 8.5]).

The term 'chief operating decision-maker' (CODM) identifies a function, not necessarily a manager with a specific title. That function is to allocate resources to and assess the performance of the operating segments of an entity. The CODM of an entity is generally its chief executive officer or chief operating officer, but it may alternatively be a group of executive directors or others [IFRS 8.7].

An operating segment generally has a segment manager who is directly accountable for and maintains regular contact with the CODM to discuss operating activities, financial results, forecasts or plans for the segment. A single manager may be a segment manager for more than one operating segment [IFRS 8.9].

The characteristics in IFRS 8.5 may apply to two or more overlapping sets of components for which managers are held responsible. This structure is sometimes referred to as a matrix form of organisation. The CODM regularly reviews the operating results of both sets of components, and financial information is available for both. In this situation, the entity determines which set of components constitutes the operating segments by reference to the core principle [IFRS 8.10].

2.1 Is the fund manager of a mutual fund generally the CODM?

It depends. A fund manager who decides on the allocation of resources to different segments and assesses the performance of the segments is the CODM. Therefore, if a fund is managed by only one fund manager, the fund manager is typically the CODM. However, if the fund is managed through more than one fund manager, the CODM might be a group of managers, as the term 'chief operating decision-maker' identifies a function and not a title or a specific person [IFRS 8.7].

2.2 Can a fund have only one operating segment?

Yes. A fund might have only one operating segment, as the only business activity the fund is engaged in is that of investing. An operating segment is a business activity whose operating results are regularly reviewed by the entity's CODM to make decisions about resources to be allocated to the segment and assess its performance. The decision on the operating segments needs to be made through the eyes of management and take into account what the CODM does to assess performance and allocate resources.

However, even if a fund has only one operating segment, it presents segment information on a minimum basis in accordance with IFRS 8 [IFRS 8.31].

2.3 Can two funds with similar investment portfolios have different operating segments?

Yes. Two funds might have similar investment portfolios but might be managed differently; resources may be allocated based on different investment strategies; and the performance of the funds might be assessed differently.

2.4 A fund might be managed through more than one individual (for example, separate managers for bonds, equity instruments and derivatives). Can a fund that is managed through more than one individual have only one operating segment?

It depends on what information the CODM uses to assess performance and allocate resources. A fund that is managed through more than one individual who are acting as one team has only one operating segment if the performance of the fund is measured on an overall basis by the CODM and if the decision about the allocation of resources is taken at the overall fund level. However, management should carefully assess what kind of information the CODM receives and whether the fund is not divided into sub-portfolios for which the performance is measured independently.

The following indicators should be considered. This list is not exhaustive or cumulative.

Indicators for a single operating segment	Indicators for multiple operating segments
The fund management is working as a team responsible for the entire portfolio.	The fund is divided into different sub-portfolios for which only one fund manager is responsible.
The asset allocation is based on a single, integrated investment strategy (see Q&A 2.6).	The asset allocation is based on separate investment strategies, which need to be applied to specific portfolios (see Q&A 2.8).
The fund's performance is only evaluated on an overall basis (at a whole of fund level) (see Q&A 2.9).	The fund's performance is evaluated on a sub-portfolio level or by class of asset, which is also the basis to evaluate the performance of the manager (see Q&A 2.5).
The fund's performance is evaluated in comparison to only one performance index (see Q&A 2.7).	The fund's performance is measured based on different performance indices (for example, by class of asset), and the asset allocation varies.

2.5 A fund is investing in equity and debt securities. The equity security portfolio includes equity investments listed in the EuroSTOXX 50-Index and equity investments from emerging markets. The European equity investments are not actively managed (index tracker). The emerging market investments are actively managed based on a long-term growth strategy; the debt securities are managed on a buy-and-hold strategy.

Amounts invested in the fund are allocated to the different investment strategies based on a predetermined formula (45:25:30). The sub-portfolios are managed through three different fund managers. The performance of each fund manager is assessed based on the performance of the individual portfolio. However, the overall performance of the fund is measured in the financial statements against a single benchmark (weighted average of the individual benchmarks).

Can a fund that is managed through more than one investment manager, each of which is responsible for a separate portfolio, have only one operating segment?

No. A fund that is managed through more than one fund manager, each of which is individually responsible for a sub-portfolio, usually has more than one business activity and therefore needs to present segment information for more than one operating segment. A CODM assesses the performance of each sub-portfolio independently. The comparison of the overall performance of the fund to a single benchmark does not change that assessment.

2.6 The fund allocates its assets dynamically to hedge funds according to a pre-determined constant proportion portfolio insurance (CPPI) investment strategy. In order to implement its leverage policy, the fund may borrow up to the minimum of 50 per cent of its net asset value. If the exposure of the hedge funds is lower than 100 per cent, are the net assets not allocated to the hedge funds are invested in a money-market deposit?

Does a fund that is managed on a CPPI investment strategy have only one operating segment?

Yes. A fund managed on a CPPI investment strategy usually has only one operating segment. Even though the fund is investing in different asset classes (high-risk and low-risk assets), the allocation of resources to the different assets is based on a single investment strategy. The performance of such a fund is therefore assessed by the CODM for the fund as a whole.

2.7 A fund that is tracking the EuroSTOXX 50-Index is managed by two individuals. One is responsible for buying and selling the equity investments; the other is dealing with derivative investments that are used to keep the tracking error to a minimum. The performance of the fund is evaluated on an overall basis, comparing the fund growth with the performance of the EuroSTOXX 50-Index. Does this fund have one or more operating segments?

The fund is managed through more than one individual. However, the fund has only one operating segment, as the performance is measured on an overall basis and the trading in derivatives can only be understood as an addition to the trading of the equity investment portfolio. A CODM assesses the performance of the fund as a whole.

2.8 A fund is invested in equity and debt instruments and is managed through one fund manager. The investment strategy states that the equity investment is managed to maximise growth. The strategy therefore allows a leverage of 50 per cent on the equity portfolio. The debt portfolio is designed to ensure a minimum distribution and a minimum redemption amount. The portfolio is therefore managed on a buy-and-hold strategy. However, the investor's reporting presents the performance of the fund with one performance figure and compares it with a performance index that is calculated as a weighted average between an equity index and an interest rate index. Does this fund have more than one operating segment?

Yes. The two portfolios are managed based on different investment strategies and are therefore considered as two operating segments. Even though the performance is presented in the investor's reporting on a fund as a whole level, this does not constitute a 'single' investment strategy, as the CODM assesses the performance for each portfolio individually.

2.9 Fund A is a master-feeder fund, which prepares financial statements in which the fund includes all its feeder funds (one reporting entity for the purpose of financial statements). The feeder funds invest only into the master fund, but the investments might be hedged for foreign currency risks within the feeder fund. The master fund has only one investment strategy and cannot be divided into different components. Does each feeder fund determine a component of the reporting entity, which would require an allocation of a pro rata share of the master fund portfolio to the different operating segments?

No. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. The reporting entity's investment strategy is determined through the master funds' investment strategy. The master fund is only engaged in one business activity. The hedging at the feeder-fund level does not change the investment strategy for the fund as a whole and is only designed to reduce the investment risk for investors, not as a business activity to earn revenues.

2.10 Is the definition of operating segment different from that of business segment?

Yes. A business segment is a component of an entity that engages in operating activities that are the entity's principal revenue-producing activities and other activities that are not investing or financing activities. IFRS 8 extends the definition to all components that engage in business activities from which the entity may earn revenue and incur expenses. The definition of business activity in IFRS 8 therefore also includes investing and financing activities.

2.11 When determining the existence of a component, an entity needs to determine business activities from which it may earn revenue. Does 'earning revenue' include realised gains earned when restructuring and selling private equity investments?

Yes. Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increase in equity, other than increases relating to contributions from equity participants [IAS 18.7]. In a fund environment, ordinary activities include those of investing and financing. Therefore, when determining the business activity of a fund, gains earned when restructuring and selling private equity investments are considered as revenues earned from its business activities.

2.12 A private equity fund that has two business activities may present a loss at year end for one of its business activities, and a gain for the other business activity. Does the business activity that results in a loss at year end determine a component of the entity for which segment reporting would be required?

Yes. An entity may engage in business activities for which it has yet to earn revenues. For example, start-up operations may be operating segments before earning revenue [IFRS 8.5].

Identification of reportable segments

Management reports separately information about each operating segment that:

- Has been identified in accordance with IFRS 8.5-10 or results from aggregating two or more of those segments in accordance with IFRS 8.12; and
- Exceeds the quantitative thresholds in IFRS 8.13 [IFRS 8.11].

Management may combine information about operating segments that do not meet the quantitative thresholds with information about other operating segments that do not meet the quantitative thresholds to produce a reportable segment only if the operating segments have similar economic characteristics and share a majority of the aggregation criteria in IFRS 8.12 [IFRS 8.14].

Information about business activities and operating segments that are not reportable are combined and disclosed in an 'all other segments' category, separately from other reconciling items [IFRS 8.16].

If management judges that an operating segment identified as a reportable segment in the immediately preceding period is of continuing significance, management continues to report information about it, even if it does not meet the criteria in IFRS 8.13 [IFRS 8.17].

3.1 Is there a practical limit of reportable segments in a fund environment?

No. However, IFRS 8 states that an entity with more than 10 reportable segments should consider whether a practical limit of reportable segments has been reached [IFRS 8.19].

3.2 An operating segment is reported separately if any (not all) of the quantitative thresholds are met in IFRS 8.13. An entity therefore reports separately information about an operating segment if its reported revenue is 10 per cent or more of the total revenue (internal and external) of all operating segments. Are the realised gains and losses earned through an investment fund part of the revenue from sales to evaluate the quantitative threshold [IFRS 8.13(a)]?

Yes. The business activity of a fund is that of investing and financing from which the fund not only earns revenue through ongoing payments of interest and the payment of dividends, but also the sale of investments. Realised gains and losses are therefore considered when evaluating the quantitative threshold of IFRS 8.13(a). However, amounts recognised in profit or loss from measuring financial instruments is not taken into account when determining the quantitative thresholds. This is because gains and losses recognised from measuring a financial instrument did not result in a gross inflow of economic benefit during the respective period [IAS 18.7].

3.3 Is it possible to combine information about an operating segment that does not meet the quantitative threshold with information about an operating segment that does meet the quantitative threshold if most (but not all) of the aggregation criteria are met?

No. Only such operating segments that do not meet the quantitative thresholds may be combined without meeting all of the aggregation criteria. All aggregation criteria need to be met if management is to combine an operating segment that meets the quantitative threshold with either another component that meets or another that does not meet the quantitative thresholds [IFRS 8.12].

3.4 Operating segments that meet the quantitative threshold may be aggregated into a single operating segment if the economic characteristics are similar and the segments are similar with regard to all five different areas listed in IFRS 8.12.

However, the characteristics in IFRS 8.12 seem to focus on productive companies and therefore might be meaningless in a fund environment. As they need to be fulfilled cumulatively in order to aggregate segments, the aggregation of segments may arguably be inadmissible for funds.

Can a fund that does not fulfil all of the criteria in IFRS 8.12 still aggregate operating segments?

Yes, to the extent that the criteria are not relevant or meaningful to the activities of the fund. Management assesses whether the operating segments have similar economic characteristics and assesses the criteria in IFRS 8.12 only to the extent they are relevant. While doing so, it considers at least the following factors:

- The nature of the investments (for example, equity or investments).
- The economic environment of the investments (for example, US, Euro-zone, Asia-Pacific).
- The investment strategy applied.
- The nature of the regulatory environment of the investments (for example, banking, insurance, public utilities).

3.5 Private equity fund A sells all its investments that are part of one specific industry sector but plans to buy another portfolio company in the same industry sector in the future. Is it possible to continue to report the respective segment even though the segment currently does not represent any major holdings?

Yes. Management may choose to continue to report a segment in the current period even though the segment no longer meets the criteria for reportability. However, if the purchase of the new investment takes more than one year, so that the criteria for reportability are not met two years in a row, management should carefully assess whether such a reporting truly discloses information that enables users of its financial statements to evaluate the nature and effects of the business activities in which it engages.

3.6 Fund B is a private equity fund that consolidates its portfolio companies. Can the fund determine the quantitative threshold of the business segments by taking into account the distributions of the portfolio companies rather than taking into account the operating income/revenue of the portfolio companies?

It depends. If the fund's performance is measured and reported to the CODM in such a way that distributions and fair value changes of the portfolio companies are used to determine the performance, such information is used to determine the quantitative threshold.

Disclosures

Management discloses information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environment in which it operates [IFRS 8.20].

Entity-wide disclosure requirements apply to all entities subject to IFRS 8, including those entities that have a single reportable segment [IFRS 8.31].

Segment information for prior years that is reported as comparative information for the initial year of application is restated to conform to the IFRS requirements, unless the necessary information is not available and the cost to develop it would be excessive [IFRS 8.36].

4.1 Management reports various items of information using the same measure in the reports regularly provided to the CODM. If the report to the CODM uses local GAAP numbers (such as cost accounting), is it required to use such local GAAP numbers?

Yes. The amount of each segment item reported is the measure reported to the CODM for the purpose of making decisions about allocating resources to the segment and assessing its performance [IFRS 8.25].

This use of the management approach is heavily emphasised in IFRS 8.25. If the CODM uses only one measure to allocate resources and assess performance, and this single measure is based on local GAAP numbers, it is used for the purpose of segment reporting. The disclosures required by IFRS 8.27 gain additional significance, and a reconciliation will be necessary [IFRS 8.28].

However, if the CODM uses more than one measure, the reported measures are those that are determined in accordance with the principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements [IFRS 8.26]. This means that if the CODM uses both IFRS and local GAAP numbers, the IFRS numbers are reported, as they are consistent with the measures used in the entity's financial statement.

4.2 IFRS 8.34 requires the disclosure of major customers. Is it necessary to disclose information on investors with major holdings in the fund?

Yes. The fund's business activity is that of investing and financing, so the investors of a fund could be seen as customers, as they provide the financing to the fund. However, such large holdings are only disclosed if they amount to 10 per cent or more of the holdings as a whole. Although the total amount of holdings from each such customer is to be disclosed, neither their identity nor the amount of holdings for each operating segment is required.

4.3 Are entity-wide disclosures necessary for a fund with only one reportable segment?

Yes. Funds with a single reportable segment disclose minimum information about products and services, geographical areas and major customers, according to IFRS 8.32-34 [IFRS 8.31]. Such information might include revenues by nature of investments (that is, major classes of assets).

4.4 Fund A is a bond-based investment fund that earns the majority of its earnings from interest. However, the fund is leveraged and therefore pays interest expense as well. Is the fund required to disclose interest income and interest expense separately?

Yes. An entity discloses interest revenue and interest expenses about each reportable segment. The interest income is disclosed separately from interest expenses unless a majority of the segment's revenue is from interest and the CODM relies primarily on net interest revenue to assess the performance of the segment [IFRS 8.23 and IFRS 8.21(b)]. The fund may report interest revenue net of its interest expenses and discloses the fact that it has done so.

4.5 What other material items of income and expenses or other non-cash items are reported in a fund environment?

The fund may disclose the following items if they are reviewed by the CODM when measuring the performance of the fund:

- Dividend income.
- Expense.
- Realised gains and losses from investments.
- Transaction costs recognised directly in the income statement.
- Gains and losses from fair value measurement of the investments directly recognised in the income statement.

4.6 Are the segment assets presented as one amount, or is it necessary to present major classes of assets?

No. The standard does not require management to present the major classes of assets when presenting the segment reporting. However, such disclosure might be meaningful for the users of the financial statements.

4.7 Segment information for prior years is restated unless the necessary information is not available and the cost to develop it would be excessive. Does a fund present prior-year numbers if it did not present segment reporting in prior years because of exclusion from the scope of IAS 14?

Yes. The standard is silent with respect to transition requirements for those entities that are newly included in the scope of this standard. However, based on the requirements of IAS 1.38, the fund presents prior-year numbers for all quantitative disclosures except when IFRSs permit or require otherwise. Therefore, the fund needs to present prior-year numbers even though it has been excluded from the scope of IAS 14.

4.8 Segment information for prior years is restated unless the necessary information is not available and the cost to develop it would be excessive. Is a fund required to present prior-year numbers if it did not present segment reporting in prior years because there was only one business segment determined?

Yes. The fund in general was in the scope of IAS 14. However, because the fund had only one reportable segment, no disclosure was required under IAS 14. The transition requirements of IFRS 8.36 require restatement of prior-year numbers unless the information is not available and the cost to develop it would be excessive.

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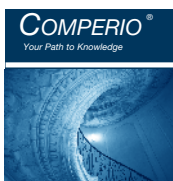


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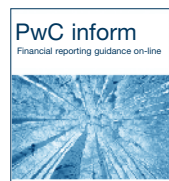
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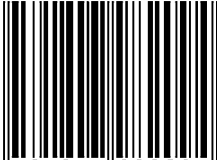
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