

The Ludicrous logic of IFRS 8

Published: January 15, 2026, 7:54 am

IFRS 8 is the IASB standard on segment reporting on which I have been campaigning for longer than I now care to remember.

IFRS 8 is only the standard it is because the IASB insisted on adopting the 1997 US standard known as SFAS 131 on segment reporting, altering just a couple of words in the process. It claimed that this was to help the convergence programme with US GAAP even though patently it did not as segment reporting is not a necessary part of that process.

Now [FASB has announced](#) that it's going to reform SFAS 131. It's not moving entirely in the way I want, but I suspect it will do so by the time the consultation process is over. What it is doing is making it clear it recognises there are abundant weaknesses in IFRS 8. Which blows the convergence argument, which appears to be the sole reason that can be presented to the EU for them to put aside their doubts on the merits of this standard, right out of the water.

It's time for the IASB, the UK's ASB and everyone else who is arguing for IFRS 8 to draw a deep breath, admit they got this one wrong, and say we'll move on, start a proper consultation process (jointly with the US FASB if need be) and create a standard worth having. That will feature a lot of geography. As a lot of evidence that is emerging (and which will be released soon) shows, there's an alliance in demanding this. That alliance is between shareholders and stakeholders. Funnily, it appears to be opposed by those who prepare accounts, audit them and set the standards for them.

What this suggests is there's something bigger going on here. When the users of financial statements, whatever their interest, begin to align to say what they're getting is not good enough for their needs it says there's something seriously wrong with the way the whole accounting and standard setting process. And there is. What users want is valuable information. What company management want to give is PR prepared in accordance with a 'tick the box' standard setting process (which is what the strong US contingent on the IASB is bringing across the pond).

This issue is much bigger than IFRS 8. I think it's going to run, and run.