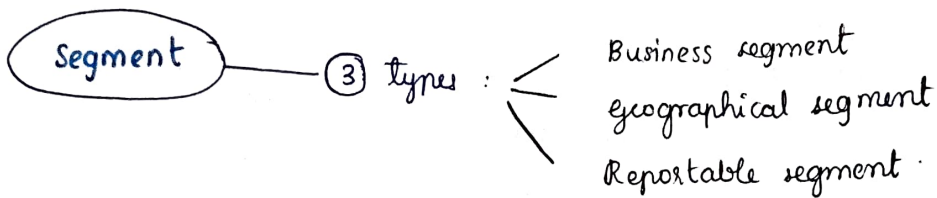


AS - 17

Segment Reporting



I. Business segment (product basis)

- ★ Engaged in providing an individual product / services / group of related products / services.
- ★ Factors considered:
 - Nature of P/S
 - Nature of Production processes.
 - Type of customers for P/S
 - Distribution method for P/S
 - If applicable, nature of regulatory environment.

II. geographical segment (Area basis)

- ★ Engaged in providing P/S within a particular economic environment.
- ★ Factors considered:
 - Similarity of economic & political conditions.
 - Exchange control regulations
 - Underlying currency risk
 - Special risks associated with operations in particular area
 - Relationship between operations in different geographical areas
 - Proximity of operations.

III Reportable segment

* business segment / geographical segment

Segment Revenue :

[1] Agg. of :

Segment external sales	xx
(+) Apporioned sales	xx
(+) Inter segment sale	xx
	<u>xx</u>

[2] ~~X~~ include:

- * Extra ordinary Income
- * Interest / Dividend Income
- * Gain on sale of Investment.

Segment Expenses :

[1] Agg. of :

Segment direct expenses	xx
(+) Apporioned expenses	xx
(+) Inter segment expenses	xx
	<u>xx</u>

[2] ~~X~~ include:

- * Extraordinary expense
- * Interest expense
- * Income tax expense
- * Administration and HO expenses.
- * Losses on sales of Investment

Segment Assets

- 1 segment operating assets
[Directly attributable / Allocated on reasonable basis]
- 2 ✗ include :
 - ★ Income tax assets
 - ★ Assets used for general enterprise / HO purposes.

Segment Liabilities

- 1 segment operating Liabilities
[directly attributable / allocated on reasonable basis]
- 2 ✗ include :
 - ★ Income tax liabilities
 - ★ Borrowing or other liabilities for financing.

segment Results

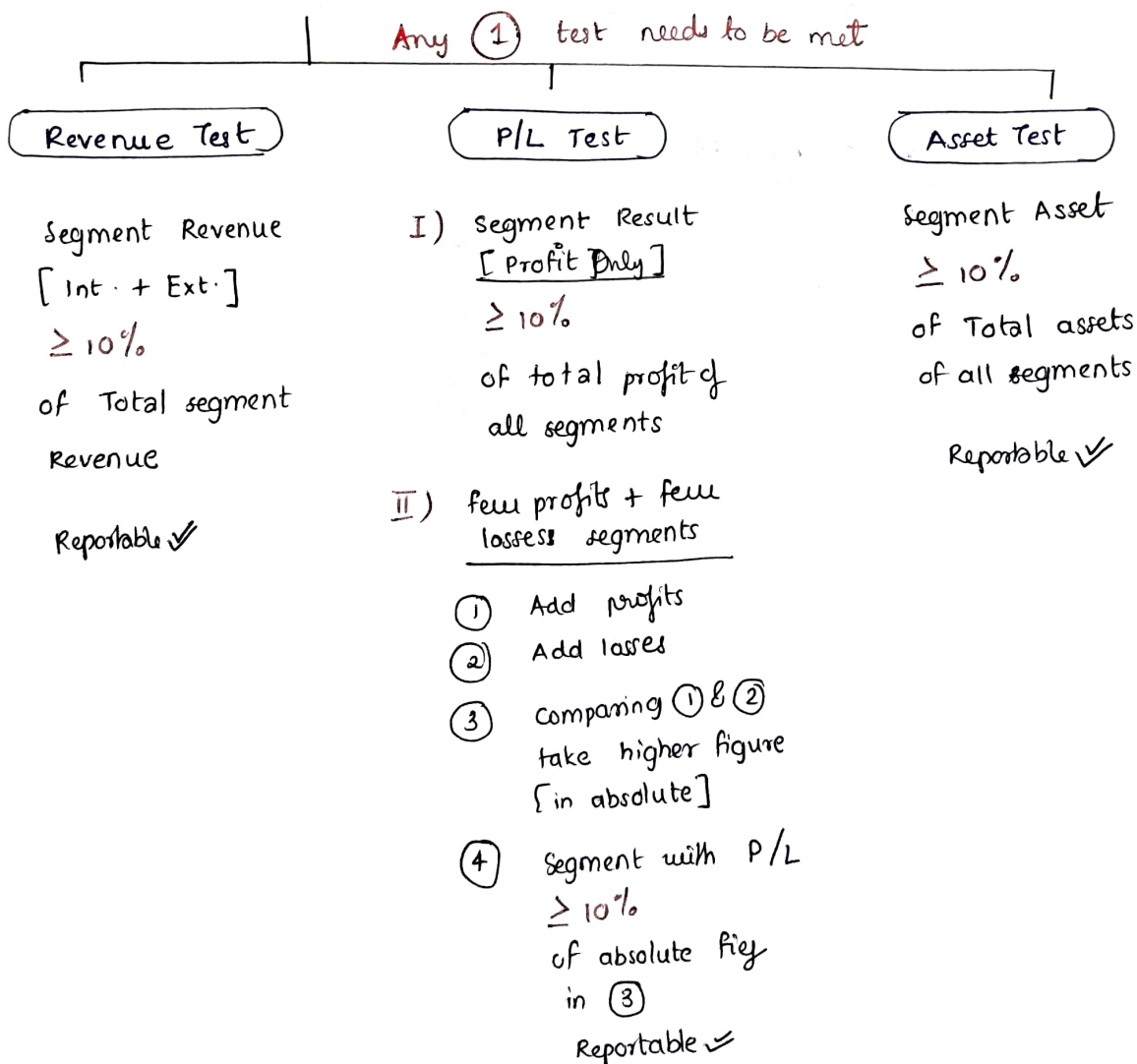
segment Revenue	xx
(-) segment Expenses	(xx)
	xx

Primary & secondary segment reporting formats :

Dominant Risk & Return	Primary	Secondary
1. Differences in product / services	Business segment	Geographical segment
2. Difference in operating countries / geographical areas	Geographical segment	Business segment

Identification of Reportable segments

Step ① : 10% Test



step ② : Overall Test **75% test**

Total external Revenue of Reportable segment } at least constitute 75% of total enterprise revenue.

if not attained limit,
additional segments should be identified as Reportable segment even if they do not meet 10% of threshold.

Note

- ✓ segment reported - in immediately preceding period continue to be reportable for current period irrespective of criteria of 10% threshold.

Primary Reporting Format — ⑦ disclosures

- [1] segment Revenue — from sales to external customers transactions with other segments.
- [2] segment Result.
- [3] segment Asset [Total carrying amount]
- [4] segment Liabilities.
- [5] Total cost incurred → to acq. segment assets [expected to be used during > 1 period]
[Tangible (+) Intangible]
- [6] Total amount of expenses included in segment result for depreciation & amortisation.
- [7] Total amount of non-cash expenses, other than depreciation & amortisation, included in segment expenses.

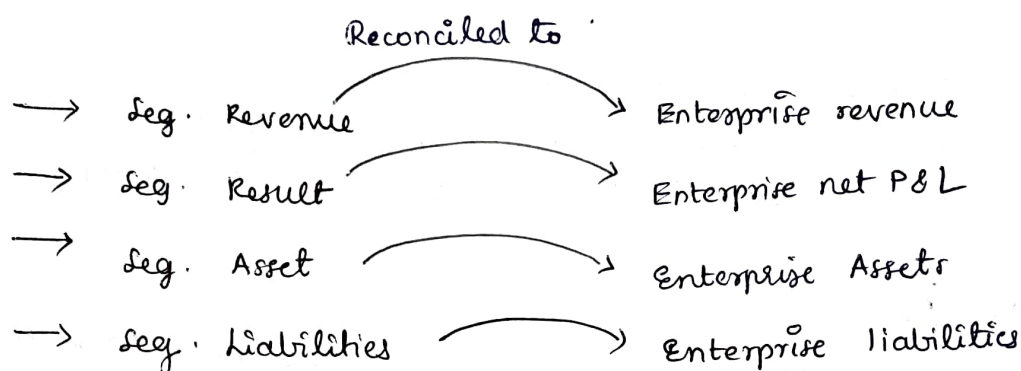
Note

Enterprise reporting CFs arising from

- operating
- investing &
- financing activities of a segment

need not disclose depreciation, amortisation & non-cash expns.

- * An enterprise should present reconciliation between the information disclosed for Reportable segments & aggregated information in the enterprise financial statements.



Secondary Segment Information — (3) disclosures

If primary format of an enterprise $\Rightarrow$ business segments then also report following:

- [1] Segment revenue from external customers by geographical area based on geographical location of customer.

$\left[\begin{array}{l} \text{if Revenue from} \\ \text{sales to ext.} \\ \text{customer} \end{array} \geq 10\% \text{ of enterprise revenue} \right]$

- [2] Total C.A of segment assets by geographical location of assets

$\left[\text{if segment assets} \geq 10\% \text{ of total assets of all geo. seg.} \right]$

- [3] Total cost incurred during the period to acquire segment asset (expected to used > 1 period (tan./intan.))

$\left[\text{if seg. assets} \geq 10\% \text{ of total assets of all geo. seg.} \right]$

& viceversa in case of primary format $\Rightarrow$ Geographical segments.

AS 17 : Segment Reporting

Illustrations

- 1
- ★ 2 — Repeatedly asked Q
- ★ 3
- ★ 4
- 5

Practical Questions

- 6 — same as illustration ③
- ★ 7
- 8
- 9 } similar Questions
- 10 }
- ★ 11
- ★ 12