

इसका अर्थ है
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Ind As 108
Operating Segments

It is a Component of an entity which can be sold or rendered as its business or economic activity.

provided it fulfills 3 conditions

it generates or may generate revenue & incur expenses

it is regularly reviewed by

CODM

discrete to operational & financial information is available.

Chief operating Decision
maker

he can be person / group of persons
whose functions are

allocate
resources

Assess
Performance

Responsible
for performance

Review performance
Regularly

What is Reportable Segments?

It is an operating segment as per above
definition

or

it is an operating segment as per aggregation
criteria.

☞ one or more segments within entity clubbed to form a single segment.



provided if any of following criteria/conditions is fulfilled.

- ↳ Production line
 - ↳ Class of customer
 - ↳ method of distribution
 - ↳ Regulatory environment
- is same.

☞ aggregation criteria.

Reportable segments are those which exceeds threshold quantitative limit given below

Limit 1 :-

Revenue $\geq 10\%$ of total segment Revenue (internal + external)

Limit 2 :-

Segment Assets $\geq 10\%$ of Total Assets

Limit 3 :- ~~***~~ (Refer eg 2 for understanding)

Segment Results $\geq 10\%$ of total segment result



(Profit or loss)

(PAT)

Note 1 :- Revenue of total Reportable Segments should be $\geq 75\%$ of total external Revenue.

Note 2 :- if note 1) is not satisfied then mgmt should include any other segment of their choice in the report.

Note 3 :- Even if note 1) is satisfied, mgmt may include any other segment of their choice in the report!

Note A :- Any Segment which is part of reportable segments in c.y. by meeting aggregation criteria would be part of report for next year also.

What to Report ?

- 7 items.
- { Refer Q.2 of TYK }
 { Q.B Q.2 }
 { 5 }
- Segment Revenue
 - Segment Results
 - Segment Assets
 - Segment Liabilities
 - Segment Depreciation
 - Segment Capital expenditure during year
 - Segment non-cash items.

eg 1

	External	internal	Total Revenue.	$\left(\frac{E+I}{\text{Total}} \times 100 \right)$ % of total
A	100000	—	100000	43.10%
B	20000	—	20000	8.62%
C	60000	25000	85000	36.63%
D	12000	10000	22000	9.48%

F	5000	-	5000	2.16%
	197000	35000	232000	

Reportable segments as per Limit 1 prescribed are :- Revenue $\geq 10\%$ of total Revenue.

hence Segment A & C are reportable.

Revenue of segment A & C \Rightarrow ₹ 185000

75% of total external Revenue
 $\Rightarrow 75\% \times 197000$
 $\Rightarrow 147750$

\therefore Also revenue of seg. A & C i.e. ₹ 185000 > 75% of total external Revenue i.e. 147750

eg 2 :-	PAT		% of PAT = $\frac{PAT}{45000} \times 100$
A	10000	}	22.22%
B	10000		22.22%
C	1000		2.22%
D	(20000)	}	44.44%
		$\rightarrow 21000$ $\rightarrow 45000$	whichever is higher.

E (25000) J

55.55%

∴ Segment Results $\geq 10\%$ of total seg. Results

hence Segment A, B, D & E are reportable segments.

Illustration 8

X Ltd. has identified the following business components.

Segment	Revenue (₹)		Profit (₹)	Assets (₹)
	External	Internal		
Pharma	97,00,000	Nil	20,00,000	55,00,000
FMCG	Nil	4,00,000	2,50,000	25,00,000
Ayurveda	3,00,000	Nil	2,00,000	4,00,000
Others	8,00,000	41,00,000	5,50,000	6,00,000
Total for the entity	1,08,00,000	45,00,000	30,00,000	90,00,000

Which of the segments would be reportable as per the criteria prescribed in Ind AS108?

Solⁿ:-

Segments	Total Revenue	%	profits	%	Assets	%
Pharma	9700000	63.4%	2000000	66.66%	55	61.11%
FMCG	400000	2.61%	250000	8.33%	25	27.78%
Ayurveda	300000	1.96%	200000	6.67%	4	4.4%
Others	4900000	32%	550000	18.33%	6	6.6%
	<u>15300000</u>		<u>3000000</u>		<u>90</u>	

a) Reportable segments as per threshold limits are Pharma, FMCG & Others.

Reportable segments	Total Rev.	External
Pharma	97	97
FMCG	4	—
Others	49	8
	<u>150</u>	<u>105</u>

$$105 \text{ Lacs} \times 75\% \Rightarrow 78.75 \text{ Lacs.}$$

\therefore Revenue of total Reportable segments i.e. ₹ 150 Lacs $>$ 75% of external revenue i.e. ₹ 78.75 Lacs.

hence Pharma, FMCG & Others should be reported as per Ind AS 108.

QUESTION 05

A Limited operates in coating industry. Its business segments comprise Coating (consisting of decorative, automotive, industrial paints and related activities) and Others (consisting of chemicals, polymers and related activities).

Certain information for financial year 2022-2023 is given below:

All amounts in Rs. lakhs						
Segments	External revenue (including GST)	GST	Other operating income	Result	Assets	Liabilities
Coating	1,20,000	3,000	24,000	6,000	30,000	18,000
Others	42,000	1,800	9,000	2,400	18,000	6,000

Additional Information:

Unallocated income net of expenses is Rs. 18,00,00,000

Interest and bank charges is Rs. 12,00,00,000

Income tax expenses is Rs. 12,00,00,000 (current tax Rs. 11,70,00,000 and deferred tax Rs. 30,00,000)

Unallocated Investments are Rs. 60,00,00,000 and other assets are Rs. 60,00,00,000.

Unallocated liabilities, Reserve & Surplus and Share Capital are Rs. 1,20,00,00,000,

Rs. 1,80,00,00,000 & Rs. 60,00,00,000 respectively.

vi. Depreciation amounts for coating & others are Rs. 6,00,00,000 and Rs. 1,80,00,000 respectively.

vii. Capital expenditure for coating and others are Rs. 30,00,00,000 and Rs. 12,00,00,000 respectively.

viii. Revenue from outside India is Rs. 3,72,00,00,000 and segment asset outside India Rs. 60,00,00,000.

Based on the above information, how A Limited would disclose information about reportable segment, revenue, profit or loss, assets and liabilities for financial year 2022-2023. Ignore corresponding figures for the previous year. Give figures in Rs. lakhs. (16Marks)(MAY 23)

Similar to TYK Q.2.
o/s m.

Solⁿ :-

₹ in lac.

Segment Revenues.

Coating others Total

v

i) External Sales	120000	42000	162000
- GST	<u>(3000)</u>	<u>(1800)</u>	<u>(4800)</u>
	117000	40200	157200
+ op. income	<u>24000</u>	<u>9000</u>	<u>33000</u>
	<u>141000</u>	<u>49200</u>	<u>190200</u>

Segment Results.

+ unallocated income	6000	2400	8400
- int's bank			<u>1800</u>
PBT			<u>(1200)</u>
- Tax			<u>9000</u>
Current tax			(1170)
Def. Tax			<u>(30)</u>
<u>PAT</u>			<u>7800</u>

Segment Assets

+ investments	30000	18000	48000
+ Assets (other)			<u>6000</u>
			<u>6000</u>
			<u>60000</u>

Segment Liability

	18000	6000	24000
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+ Liability 12000
 + R.S.S. 18000
 + S.C. 6000
60000

Segment Capital expenditure
 3000 12000 42000

Segment Depreciation 600 1800 7800

Geographical information

	India	Outside India	Total.
Revenue	153000 (C.B.F.)	372000	190200
Segment Assets	54000 (C.B.F.)	6000	60000

Q.5

(b) Haymond Limited has three segments H, M & D. The following information is provided for the year ending 31st March, 2023: All amounts are in ₹ Lakhs

Nov 23

Particulars	Segments			Head Office
	H	M	D	
Sales to M X	500	-	-	
Sales to D X	-	5	-	
Other Sales (Domestic)	10	-	-	
Sales (Export)	680	170	40	
Operating Profit/(Loss) before tax	30	5	(8)	

Reallocated cost from Head Office	4	2	2	
Interest cost	2	3	1	
Fixed Assets*	20	4	12	5
Net Current Assets	12	4	9	3
Long Term Liabilities	2	1	12	2

Other Information:

- (i) Share Capital amounts to ₹ 40,00,000
(ii) Reserve & Surplus amounts to ₹ 12,00,000

Prepare segment information as per Ind AS 108.

(8 Marks)

Disclose info.

Q. was asked from past papers when Ind AS was not in existence.

(A) Information about operating segment

- (1) The company's operating segment comprise: H, M & D
(2) Segment revenue, results and other information

Haymond Ltd.
Segment Information / Report

(All amounts are ₹ in lakhs)

Particulars	Reportable Segments			Head Office/ Unallocated items	Total
	H	M	D		
1. Segment Revenue					
Sales:					
Domestic	10	—	—	—	10
Export	680	170	40	—	890
External Sales	690	170	40	—	900
Inter-segment sales	500	5	—	—	505
Total Sales	1,190	175	40	—	1,405
Less: Inter-segment sales	(500)	(5)	—	—	(505)
Total Sales / Revenue	690	170	40	—	900
2. Results					
Segment result	30	5	(8)	—	27
Reallocated cost	(4)	(2)	(2)	—	(8)
Profit from operation before interest, taxation and Exceptional items	26	3	(10)	—	19
Finance cost (Interest expense)	(2)	(3)	(1)	—	(6)
Profit before tax and exceptional items	24	0	(11)	—	13
3. Information in relation to assets and liabilities					
Reportable segment non-current assets	20	4	12	5	41
Reportable segment net current assets	12	4	9	3	28

External sales
Total sales.

Prof. Haymond

PAT

Total Assets	<u>32</u>	<u>8</u>	<u>21</u>	<u>8</u>	<u>69</u>
Non-current liabilities	2	1	12	2	17

B. Geographical Information

	<i>Domestic Sales</i>	<i>Export Sales</i>	₹ in lakhs <i>Total</i>
External sales	10	890	900

(B/P)

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