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AS-17

Segment Reporting

Prodⁿ line
group of product
Service line
group of services.

#1 Definition :- It is a **Component** of an entity which can be said or rendered as its business or economic activity.

#2 Types of segments.

↓
geographical

↓
Business

↓
factors which would be considered in determining whether products are related or not.

→ nature of products.



- Nature of production
- Types of customer
- method of distribution
- Regulatory environment

#3 Reporting

A, B, C, D, E
F, G, H.

Limits.

&

Mgmt.

i) Segment Revenue $\geq 10\%$ of total Revenue.
(Internal + External)

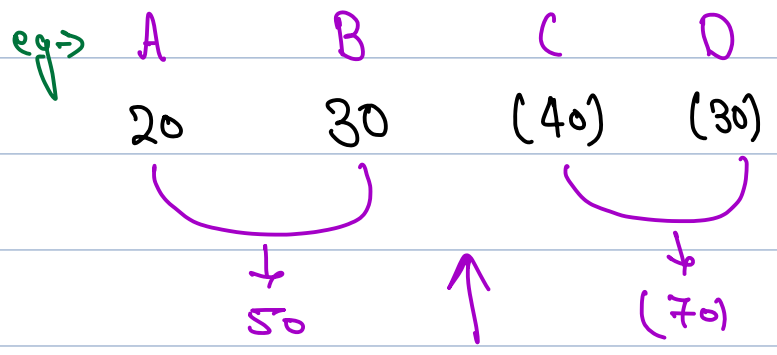
OR

ii) Segments Assets $\geq 10\%$ of total Assets.

OR

iii) Segments Results $\geq 10\%$ of total profits/losses of all segments.
↓
PAT

which ever is higher

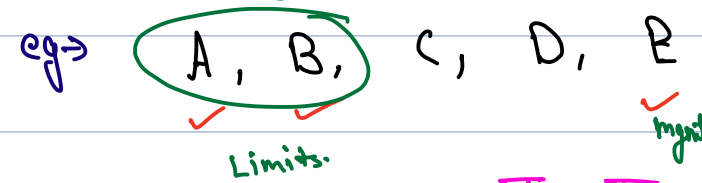


1) Mgmt. can include any segments in segment rep. out of its choice.

(apart from those which have crossed limits)

2) External Revenue of total Reportable segments $\geq 75\%$

of total revenue of all segments. else mgmt has to increase Reportable Segments.



$A + B + E \geq E. Revenue. = 750$ | I 600



$\therefore 10\% \text{ of } 70$

$\Rightarrow 7.$

$A + B + C + D + E \Rightarrow \text{total Rev.} = 1000$ | 1000
CSD

Any segment whose PAT is ≥ 7
is a reportable segment.



#4 What to Report:

- i) Segment Revenue
- ii) " Assets.
- iii) " Liabilities
- iv) " Results.
- v) " Dep.
- vi) " Capital exp. during the year.
- vii) " Non cash items.

QUESTION: 1 CA Final F.R. MAY 2006 (4M) (Similar to Nov 19) [CA FINAL PM]

The Chief Accountant of Sports Ltd. gives the following data regarding its six segments:

₹ in lakhs

Particulars	M ✓	N	O	P	Q	R	Total
Segment Assets	40 ✓	80 ✓	30 ✓	20 ✓	20 ✓	10	200
Segment Results	50 ✓	(190) ✓	10 ✓	10 ✓	(10)	30 ✓	(100)
Segment Revenue	300 ✓	620 ✓	80	60	80	60	1,200

The Chief accountant is of the opinion that segments "M" and "N" alone should be reported. Is he justified in his view? Discuss.

Solⁿ :- As per AS-17 "Segment Reporting"



Criteria I :- Segment Revenue (Internal as well as external) should $\geq 10\%$ of all Total Revenue.



\therefore Total Revenue = ₹1200 lacs.

\therefore 1200 Lakhs $\times 10\%$ = ₹120 lacs.

So segments having ≥ 120 lacs. Revenue should be reported.

\therefore Segment M & N are reportable.

Criteria II :- Segments Assets $\geq 10\%$ of total Assets.

\therefore total Assets = 200 lacs.

\therefore 10% of 200 lacs = 20 lac.

\therefore Segments having assets ≥ 20 lac. are reportable segments.

\therefore Segment M, N, O, P, Q are Rep. seg.

Criteria III :- Segments Results $\geq 10\%$ of total Results of entity.

For purpose of considering results we will take absolute fig. which can be higher of profit/losses.

\therefore losses = 200 lacs. and profits = 100 lacs.



\therefore we will take 10% of 200 lac.

$$So = 200 \text{ lac} \times 10\% = 20 \text{ lac.}$$

\therefore Seg. M, N & R are Rep. seg.



Conclusion :- The contention of chief accountant is wrong as all segments i.e. segment M, N, O, P, Q & R are Rep. seg.

Refer all Qs. from HD
textbook