AS 17
Segment Reporting

Types

- Business Segment
  - Based on Products
- Geographical Segment
  - Based on Area

Segment Identification

Done by Management based on Organizational & management structure and internal reporting system in entity

Dominant Risk	Primary	Secondary
Product	Bus.	Geog.
Area	Geog.	Bus.
Both	Bus./Geog.	-
None	Bus.	Geog.

Identification of Reportable Segment

- Limits Method (Materiality Test)
- Comparitive Method
  - (Qualify Limit Last year)
- Choice Method
  - (Management)

ANY

- Segment Revenue
  - ≥ 10% of Total Segment Revenue
- Segment Result
  - ≥ 10% of Total Segment P/L ↑
  - (In Absolute terms)
- Segment Assets
  - ≥ 10% of Total Segment Assets

NOTE: Selected Reportable segments should represent 75% of external sales. If limit not attained then select further segments. (Overall Test)

Business Segment: Distinguishable component of business having separate risks & rewards in comparison to other segments. Such segments are broadly based on products.

Basis:	Example
1) Products	: Silk, cotton, wool, etc.
2) Production Process	: Handmade silk, Machine made silk, etc.
3) Distribution Process	: Retailers, wholesalers, Direct to home, etc.
4) Customers	: Industrial, Domestic (End consumers), etc.

Geographical Segment: Distinguishable component of business having separate risks & rewards in comparison to other segments. Such segments are broadly based on Area.

Basis:	Example
1) Area	: North, South, East, West, etc.
2) Economic Environment	: Asia, Europe, USA, etc.
3) Currency	: Rupees, Dollars, Pounds, etc.
4) Political Boundaries	: India, Pakistan, Sri Lanka, etc.

Segment Report

Primary
1) Segment Revenue
2) Segment Result
3) Segment Assets
4) Segment Liabilities
5) Segment Fixed Assets acquired during period
6) Depreciation & Amortization
7) Non cash expense other than Depreciation & Amortization

Secondary
1) Segment Revenue
2) Segment Assets
3) Segment Fixed Assets acquired during period

(Reporting of only those segments which fulfill 10% criterion)

Reportable Segment
(Limits)

1) Revenue Based
(Seg. Rev. ≥ 10% of Total Seg. Rev.)

S.No.	Revenue	Reportable
A	600	
B	500	
C	200	
D	120	
E	80	

2) Result Based i.e. Profit/(Loss)
(Seg. Result ≥ 10% of Total Seg. Profit/Loss w.e. is ↑)

S.No.	Result	Reportable
A	550	
B	450	
C	(95)	
D	100	
E	(135)	

3) Assets Based
(Seg. Assets ≥ 10% of Total Seg. Assets)

S.No.	Assets	Reportable
A	700	
B	800	
C	100	
D	150	
E	250	

Segment Revenue

Segment External Sales	xx
+ Apportioned Sales	xx
+ Inter Segment Sales	xx
	xx

Does not Include

* Extraordinary Item
* Interest / Dividend Income
* Gain on Sale of Investment

Segment Expense

Segment Direct Expenses	xx
+ Apportioned Expenses	xx
+ Inter Segment Expense	xx
	xx

Does not Include

* Extraordinary Item
* Interest Expense
* Income Tax Expense
* Administrative & HO Expenses

Segment Assets

Segment Fixed Assets
+ Segment Current Assets
(Directly Attributable + Allocated)

Does not Include

* Income Tax Assets
* Assets used for HO purpose

Segment Liabilities

Segment Operating Liabilities
(Directly Attributable + Allocated)

Does not Include

* Income Tax Liabilities
* Borrowings & other Liabilities for financing

NOTE: Segment Result = Segment Revenue - Segment Expenses

Disclosure : Inter segment transfers should be measured on the basis that enterprise actually used to price those transfers. Basis of pricing inter segment transfers & any change therein should be disclosed in the financial statements.

Segment Report (Format)

Particulars	S1	S2	S3	Pending Segments	Total
1) Segment Revenue	xx	xx	xx	xx	xx
− Inter segment sales					(xx)
					xx
2) Segment Result	xx	xx	xx	xx	xx
± Unallocated Items					xx
Profit / (Loss)					xx
3) Segment Assets	xx	xx	xx	xx	xx
+ unallocated Assets					xx
					xx
4) Segment Fixed Assets Acquired	xx	xx	xx	xx	xx
5) Segment Liabilities	xx	xx	xx	xx	xx
+ Unallocated Liabilities					xx
					xx
6) Depreciation & Amortization	xx	xx	xx	xx	xx
7) Non cash expenses	xx	xx	xx	xx	xx