

Accounting Standard (AS) 17

Segment Reporting

*(This Accounting Standard includes paragraphs set in **bold italic** type and plain type, which have equal authority. Paragraphs in bold italic type indicate the main principles. This Accounting Standard should be read in the context of its objective and the General Instructions contained in Part A of the Annexure to the Notification)*

This Accounting Standard is not mandatory for Small and Medium Sized Companies, as defined in the Notification. Such companies are however encouraged to comply with the Standard.

Objective

The objective of this Standard is to establish principles for reporting financial information, about the different types of products and services an enterprise produces and the different geographical areas in which it operates. Such information helps users of financial statements:

- (a) better understand the performance of the enterprise;
- (b) better assess the risks and returns of the enterprise; and
- (c) make more informed judgements about the enterprise as a whole.

Many enterprises provide groups of products and services or operate in geographical areas that are subject to differing rates of profitability, opportunities for growth, future prospects, and risks. Information about different types of products and services of an enterprise and its operations in different geographical areas - often called segment information - is relevant to assessing the risks and returns of a diversified or multi-locational enterprise but may not be determinable from the aggregated data. Therefore, reporting of segment information is widely regarded as necessary for meeting the needs of users of financial statements.

Scope

1. This Standard should be applied in presenting general purpose financial statements.

2. The requirements of this Standard are also applicable in case of consolidated financial statements.

3. An enterprise should comply with the requirements of this Standard fully and not selectively.