

SREERAM COACHING POINT

AS 17
Segment Reporting

www.sreeramcoachingpoint.com

044 2814 2616 / 3296 4602

SREERAM COACHING POINT

What is the main objective of AS 17

To establish principles for reporting financial information about

- a. The different types of products and services produced/rendered by an enterprise**
- b. The different geographical areas in which it operates**

SREERAM COACHING POINT

Define business segment

A business segment is a distinguishable component of an enterprise:

- That is engaged in providing an individual product or service or a group of related products or services, and**
- That is subject to risks and returns that are different from those of other business segments.**

Define geographical segment

www.sreeramcoachingpoint.com

044 2814 2616 / 3296 4602

SREERAM COACHING POINT

A distinguishable component of a enterprise:

- **That is engaged in providing products or services within a particular economic environment and,**

- **That is subject to risks and returns that are different from those of components operating in other economic environments.**

SREERAM COACHING POINT

Define reportable segment

- **Reportable segment is a business segment or a geographical segment**
- **For which segment information is required to be disclosed by this statement.**

What is enterprise revenue?

Revenue from sales to external customers as reported in the statement of profit or loss

SREERAM COACHING POINT

What is segment revenue

- a. A portion of enterprise revenue that is directly attributable to a segment**
- b. relevant portion of enterprise revenue that can be allocated on a reasonable basis to a segment**
- c. revenue from transactions with other segments of the enterprise**

SREERAM COACHING POINT

What are the items to be excluded from segment revenue?

- a. Extraordinary items as defined in AS5, net profit or loss for the period, prior period items and changes in accounting policies**
- b. interest or dividend income**
- c. gains on sale of investments**

SREERAM COACHING POINT

What is segment expense?

- a. Expense relating to transactions with other segments of the enterprise**
- b. The expense resulting from operating activities of a segment that is directly attributable to the segment**
- c. The relevant portion of the enterprise expense that can be allocated on a reasonable basis to the segment**

SREERAM COACHING POINT

What are the items to be excluded from segment expenses?

a. Income tax expense

b. General administrative expense, HO expenses and other expenses that arise at the enterprise level and relate to the enterprise as a whole

Which of the following is not included in segment assets?

Income tax assets

SREERAM COACHING POINT

How the predominant source and nature of risks and differing rates of return to be identified are based?

- a. Internal organization and management structure of an enterprise**
- b. The system of internal reporting to the BOD and the chief executive officer**

SREERAM COACHING POINT

What are the exceptions to the general classification of segments as primary and secondary segment reporting format?

- a. If risks and returns are strongly affected both by differences in the products and services and by the differences in the geographical areas, the enterprise should use business segment as its primary segment reporting format and geographical segments as its secondary reporting format**
- b. If the internal organizational and management structure of an enterprise and its system of internal financial reporting to the BOD and the chief executive officer are based neither on products or services nor on geographical areas, the directors and the management should determine whether the risks are related more to the products and services or to the geographical areas and should accordingly choose business segment or geographical segment as the primary reporting format with the other as the secondary reporting format**

SREERAM COACHING POINT

When does a business segment or geographical segment become a reportable segment?

- a. Its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, internal and external, of all segments**
- b. The segment result, whether profit or loss is 10% or more the combined results of all segments in profit or the combined results of all segments in loss whichever is greater in absolute amounts**
- c. The segment assets are 10% or more of the total assets of all segments**