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**ASSIGNMENT TITLE: SEGMENT REPORTING**

The usefulness of consolidated financial statement diminishes as companies widen their broad or change their line of business. Different businesses and different countries have different risks and growth potential associated with them.

Several groups required that consolidated amounts must be disclosed in order to facilitate the analysis and evaluation of financial statements in the year 1960. In 1965 required line of business were introduced in the United Kingdom and also introduced in the United State in the year 1969. IAS 14 also requires geographic disclosures as well as line of business. It was introduced in 1981.

**Operating Segments-The Management Approach:**

The disaggregated components of an enterprise for making operation decisions is referred to as the operation segment. An operating segment is a component of an enterprise if: it engages in business activities from which it earns revenues and incurs expenses, If its operating results are regularly reviewed by the chief operating decision maker to assess performance and make resource allocation decisions. , discrete financial information is available for it.

Even if all of an organizational unit’s revenue and expense are derived from transactions with other segments it still can be an operating segment. After determining whether any segments are to be aggregated, management next must determine which of its operating segments are significant enough to justify separate disclosure.

If segment revenues, both external and intersegment, are 10 per cent or more of the combined revenue, internal and external, of all reported operating segments, segment profit or loss is 10 per cent or more of the higher of the combined reported profit of all profitable segments or the combined reported loss of all segments incurring a loss, segment assets are 10 per cent or more of the combined assets of all operating segments then they are said to be significant.

The type of products and services from which each reportable segment generates its revenue along with factors that have been used by management to identify its reportable segments and a measure of profit or loss and total assets should be disclosed for each reportable segment should be reported.