CHAPTER VII

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS
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RECOMMENDATIONS

7.1 INTRODUCTION

This chapter has summarized the entire content of the study to reconfirm its contribution and significance. The main objective of the study is to assess the impact of global convergence of accounting standards on segment reporting practices in India. The objective has been addressed in different chapters through clustering into several specific issues. Now the study has been over and we proceed to conclude the findings of the study. But before concluding the study it would be logical to highlight the abstract of all the earlier chapters. So the remainder of this chapter has been organized in the following manner.

Next section deals with chapter-wise brief overview of the whole study. Third section highlights the major observation of the work. Section four has explored the conclusion drawn into various earlier chapters. Fifth section reached at the final conclusion about the impact of global convergence of accounting standards on segment reporting practices in India. Successive section has forwarded some fruitful suggestions for further improvement of the scenario. Section seven has identified the existing limitations of the study and the last section offered number of avenues for further research on this topic.

7.2 SUMMARY OF THE WORK

The study began with chapter I, in which the theme of the study has been introduced, an extensive review of literature also been made to note the remarkable research works in this field, the objective of the study has been determined, the
methodology adopted for this study has been specified and finally plan of this study has been fixed up.

Chapter II has explored the theoretical fundamental of segment reporting such as concept, need, benefits, costs, process and problems of segment reporting, bases of segmentation along with the justification of whether segment reporting is a necessary part of financial statement or not.

Chapter III has explained the primary concepts of accounting standards and their purposes in general. Thereafter, it has highlighted the need for various disclosure standards more particularly standards on segment reporting globally. Next part of this chapter has made a closer comparison of these standards on segment reporting to explore the diversity in the requirements of the existing standards. Finally, an attempt has been made to highlight why and how the convergence process comes into the reality and its result that is IFRS 8 has been explained in detail along with its evaluation.

Chapter IV has explained the needs for the convergence, benefits and problems of the convergence particularly in Indian perspective. Also, this has examined India’s initiatives and strategy to follow IFRSs. Finally, it has explored Ind AS 108 ‘Operating Segments’ (i.e. the converged accounting standard on segment reporting in India) along with its evaluation through comparison with existing standards; and an assessment of prospective impact on reporting has also been made to judge the potentiality to meet the modern needs of stakeholders.

Chapter V has highlighted the regulatory framework of financial accounting and reporting in India along with the specific statutory regulation for segment reporting in India. To address the basic issue, it has explained the need for regulation in accounting along with the brief history of regulatory initiatives in India. It has also thrown a light on the present regulatory framework in India with a specific discussion on the legal
requirements of the segment reporting in India. Subsequently it has also offered an account on evaluation of the existing regulatory system.

Chapter VI has examined the current segment reporting practices of selected Indian listed companies and assess the impact of convergence of accounting standards thereupon. First of all, 50 Nifty companies were selected, but it is found that all of these companies are not following the IFRSs. That’s why only IFRSs compliance companies (denoted as Group A) have purposively selected for exploring the segment reporting practice under the new regime. These IFRSs compilers required to prepare two sets of financial statements one under IFRSs and another under Indian GAAP, which have been denoted as Set A and Set B respectively for the purpose of analysis. For the horizontal comparison another group of 5 Non-IFRSs complier companies (denoted as Group B) have also been selected from remaining 45 companies of the 50 Nifty companies particularly from the related industries. These non-IFRSs compliers have to prepare only one set of financial statements under Indian GAAP which has been denoted as Set C. This chapter has two parts; part one explored the current segment reporting practices of 5 selected IFRSs compliance companies and to judge the impact of IFRS 8 part two initially made a descriptive comparison among the three sets of financial statements of selected companies and finally some relevant hypotheses have also been tested to highlight the exact impact on some selected parameters such as number of reported segments and number of items disclosed for each reported segment.

7.3 SUMMARY OF MAJOR FINDINGS

This study has both theoretical and empirical parts, the theoretical parts have been developed from the existing literature which have particularly been presented in chapter II, III, IV and V and the empirical analyses have been presented in chapter VI.
Based on the previous analysis made in earlier chapters, some of the important observations have been extended hereunder:

### 7.3.1 Summery of Theoretical Findings

Due to the robust diversification and globalization of the entity, the consolidated financial statement alone is not enough to serve the purpose of stakeholders for taking any economic decision. Segment reporting comes into reality by the obvious regulatory requirements of the society. Although initially many fingers were raised against this detailed reporting, but by the time, all such arguments have been refuted that very rightly reflected when a number of standards have already been issued by several national and international standard setters. Like other area of accounting, segment reporting has also become as an important part of the financial reporting. Despite some technical difficulties, segment reporting is definitely a right step in the right direction towards improving the quality of financial statements. Gradually these problems should be disappeared by continuous practice and it would serve the purpose for which it is advocated.

The prevailing accounting standards on segment reporting do not pave out any specific way of allocation of common cost or assets and are also silent about any specific method of transfer pricing. Almost all the accounting standards are only concerned with the identification of reportable segment and items to be disclosed. Some international standards claim to disclose the method of transfer pricing and some suggest to use the same basis for distribution of joint cost and assets which has been used by internal decision makers. Very recently developed international accounting standards IFRSs allow management wide latitude in the choice of accounting; management faces discretionary accounting decisions which are heavily oriented to a judgment process of determining amounts, rates and timing. This situation enables
management to influence the figures to be disclosed. It is unfortunate to note that even after four decades of development of segment reporting, accounting standards failed to standardize the various accounting policies and practices. As an obvious result, it fails to maintain two basic qualitative characteristics, comparability and consistency of financial statements.

With the vigorous globalization, the numbers of multinational entities are increasing as a result, convergence with IFRSs gains momentum and India has rightly decided to converge in the near future. Looking at the present world reporting landscape, convergence with IFRSs is strongly recommended in contrast to the adoption as it gives some time to prepare for implementation. The transition to Ind ASs (i.e. Converged standards) will not only change the reporting process and its contents, but also the entity wide implications of people, places and system. First time adoption may take some extra time and efforts, but a structural approach can significantly reduce these extra efforts. Transition process to IFRSs in India is going to be very challenging, but at the same time could also be rewarding. Looking at the risk of convergence, it could not escape from the process of convergence as it is an acute need of the hour to keep steady growth of the economy. It may be hoped that, uncertainty about the implementation of Ind ASs in every sector will be over early and the entity should avail this facility in the right spirit.

The converged accounting standard on segment reporting in India, Ind AS 108 focuses on information that management believe are important and should therefore provide more meaningful segment information. The analytical value of segment information will be greater as it is consistent with internal management report of the entity. Segment disclosure following the management approach in financial reports does not result in significant extra efforts, time and cost as it has already been used in
the internal reports. The observation of segment information through the eye of management will be useful to investors, creditors and other users of financial statements, as it will highlight the risk and opportunity measures in a timely basis. The management approach provides an additional insight about the company to financial statements users. However, it hampers the comparability criteria of financial statements among the entity to some extent, but it insists the unique and creative reporting. Like any other new things, although management may have to spend some extra efforts for implementing this new approach in segment reporting but it ensures a series of promising prospects.

The existing statutory regulation is not sufficient to look after all concerned interest of the stakeholders even in this viciously wild environment. The prime regulatory element of the regulatory system Companies Act only advocates the legal minimum. Most of the pronouncements of the professionals are not backed by any government’s enactments or Companies Act, as a result these have also very less impact upon the financial reporting practices in India. Moreover, the conventional financial accounting based upon historical cost system is insufficient to the users particularly for making any economic decision. That means users are not getting any such relevant information form financial statements mainly relating to the future trend of prospects of the firm. In spite of the restless efforts from every concerned authoritative bodies to develop a robust regulatory system, still there are some lacunas which have decayed the reporting practices in a greater manner.

In case of segment reporting, there was also a specific accounting standard namely AS 17 ‘Segment Reporting’. But in this transition period, when ICAI has issued Ind AS 108 ‘Operating Segments’ in the line of IFRS 8 ‘Operating Segments’ of IASB for governing the segment reporting practices in India, perhaps preparers have become
confused regarding the compliance of accounting standards. This confusion mainly arises from the numbers of prevailing accounting standards on segment reporting – what standard they should implement (i.e. whether AS 17 or Ind AS 108) for preparing their segment report. As per the convergence road map some of the specified group of entity should start to follow Ind AS 108 (converged standard) whereas the remaining entities still have to follow the old accounting standard AS 17. In this regard, it is important to note that unless and until Ind AS 108 has been implemented for all types of entities, AS 17 will govern the segment reporting practices in India to some extent. Last of all, in this information age, to create the positive value in the mind of investors, entity may voluntarily disclose information in their segment report as per Ind AS 108. The inquisitive minds of prepares have also provided some extra segmental information in addition to the statutorily required segmental items – which again create confusion to the users of financial statements.

7.3.2 Summary of Empirical Findings

As mentioned earlier, the analytical part of this study has been divided into three broad areas to assess the impact of global convergence of accounting standards on segment reporting practices in India. Major findings of these three areas are given below:

- **Segment Reporting Practices of IFRSs Compliers in Transition Period**
  - Almost all the multinational companies particularly those are enlisted in any New York stock exchange have started to follow IFRSs just after the SEC’s announced financial period only to enjoy the relaxation from the preparation of financial statements under US GAAP or reconciliation thereof. Whereas other companies have not shown any such interest to adopt IFRSs voluntarily.
• CODM has duly identified and disclosed into segment report and it varies from chief executive officer to chairman of the company.

• Although management approach has been introduced by IFRS 8 to identify the operating segment but still the practice under AS 17 remained continue. That means either the reported segments have identified on the basis of products or services (i.e. business) or on the basis of geographical locations. So particularly this management approach has no such impact upon the identification of reportable segments may due to the fact that either risk-reward approach is more scientific in comparison to the management approach or the practice has not been changed suddenly, it would take some time.

• One interesting fact is that all the sample companies have reported their business segments as operating segments and for entity-wide disclosures they have selected geographical segmentation. That means the way of segmentation or more particularly the structure of segment reporting has not yet been changed even under IFRS 8.

• Due to the difficult aggregation criteria perhaps no such aggregation of operating segments has been observed but Infosys Ltd. has aggregated its operating segments occasionally for its internal reconstruction.

• Interestingly the mode of the reported segments for entity-wide disclosures is more than that of the reported operating segments; although expectedly the average number of reported operating segments is higher. The number of reported segment for entity-wide disclosures is also comparatively consistent. That indicates the entity has not changed their business area frequently but can easily modify or change their
products/services (i.e. operation/business) particularly to address the changing needs of the society.

- Reported operating segments are not so diversified, as the largest reported operating segment has possessed at least 48% of the total assets, accumulated at least 50% of the total revenue and contributed at least 75% of the total result whereas the minimum threshold criteria is 10%. That indicates either the entity has concentrated on a particular operation or willfully clubbed the related operations to conceal the product/service specific detailed disaggregate information.

- Same thing has been observed in case of the reported segments for entity-wide disclosures – the largest segment has possessed at least 60% of the total assets, accumulated at least 48% of the total revenue and contributed at least 60% of the total result. It indicates either the reporting entity gives more concentration upon a particular important market segment or simply try to conceal the diversify market information through just clubbing various locations of the business into a broad geographical territory.

- Generally almost all the required segment information have been reported by the entities but no such additional information is disclosed voluntarily. That means they have reported the ‘legal minimum’ information only to meet up the legal requirement even though they have no such intention to disclosed disaggregated information at all.

- The average number of reported segment information for operating segments is more than that of the segments reported for entity-wide
disclosures. That indicates the practice of reporting more information for business segments has remained same as before in AS 17 regime.

- All the sample companies have used the same basis of measurement for segment information which has been used for their consolidated report (i.e. IFRSs). That means there is uniformity in accounting policy.

- All of the selected companies have only allocated the attributable portion of joint costs among the reported segments as a result no question has been raised for disclosing the basis of distribution of these joint cost. It has ensured the reliability of segment reporting.

- Some of the entities have allocated their joint assets among the reported segments without disclosing the basis of such allocation. As a result the transparency of the segment reporting has been threatened.

❖ **Descriptive Comparisons between IFRS and Non-IFRS Compliers**

- All of the sample companies have used the same way for identification of reportable segments regardless of the accounting standard under which they reported. It indicates the risk-return approach so scientific that even CODM has also used this basis for their internal decision making process. So naturally both reporting format and identification basis still remained unchanged even under IFRS 8 regime.

- Although IFRS 8’s management approach has allowed to aggregate the operating segments but practically no sample companies have aggregated their operating segments except Infosys Ltd. which has aggregated its operating segments only due to its internal reconstructions. It may be due to the difficult aggregation criteria. One important thing is that these aggregated segments have also been reported in the segment report under
AS 17. This indicates that the reporting practices not only depends on the underlying standards rather it also depends on the reporter’s desire. As AS 17 has not allowed to aggregate the reportable segments, so no non-IFRS complier companies have aggregated their operating segments.

- The average number of reported segment is more or less same in both the sets of IFRSs compliers group (i.e. Set A and Set B) but a significant difference has observed in Set C. It indicates that IFRS 8 has dominated AS 17 as a result IFRSs compliers group substantially reported high or same number of segments regardless of the standard under which they reported.

- The same thing has been observed that, IFRS 8 dominated AS 17 and appealed more number of reported geographical segments. But standard deviation of the number of reported geographical segments has revealed that the number of reported geographical segments is more consistent for IFRSs compliers in comparison to that of the Non-IFRS compliers.

- IFRS 8 demands more segment information than that of AS 17 as a result IFRSs compliers reported more segment information comparatively. Actually reporting practices mostly depend upon the reporting motive which has been mostly stimulated by the underlying accounting standards. Although the accounting standard has stimulated the reporting motive to some extent but it could not be able to change totally in very short course of time.

- Non-IFRSs compliers have disclosed more segment information, particularly for geographic segment in comparison to the IFRSs compliers. It may be due to the fact that IFRS 8 does not ask to report
geographical segment specifically rather it asks to provide some entity-wide disclosures. From the ranking it has been clear that IFRS 8 has more stimulating power over the reporting motive in comparison to that of AS 17.

- It has been observed that the accounting policy for segment reporting is consistent with that of the consolidated financial statements; that means the basis of measurement of segment information is IFRS 8 for IFRSs compliers and AS 17 for non-IFRSs compliers.

- Some of the IFRSs compliers have allocated their joint assets among the reported segments without disclosing the basis of such allocation. But every non-IFRSs compliers distributed only that portion of joint assets which are directly attributable to the reported segments and remaining part has been shown as undistributed joint assets. As a result the segment report of non-IFRSs compliers is more transparent than that of the IFRSs compliers.

▶ Test of Hypotheses to Judge the Impact of Global Convergence

- It is clear that there is no such significant difference, particularly in terms of number of reported business segment, number of reported geographical segment, number of reported segment-information for each business segment and number of reported segment-information for each geographical segment between these two sets of reports of the IFRSs compliers.

- It has been observed that, when we compare the segment reporting under IFRS 8 with that of under AS 17 of other group of companies, there is a significant difference in both number of reported business segment as
well as number of reported geographical segment but no such difference is observed in the number of disclosed segment information. It assures that IFRS 8 has an impact on the number of reported segment but no such impact observed on other parameters. More precisely, it has been observed that the number of reported segment under IFRS 8 is higher in comparison to that of under AS 17. That means the IFRS 8 has a positive impact on the number of reported segment.

- It has been observed that, when we compare the segment reporting under AS 17 of IFRSs compliers with Non-IFRSs compliers, there is a significant difference in the number of reported business segment throughout the study period whereas this difference is observed in the number of reported geographical segment for two financial period 2010-11 and 2011-12 only. But no such difference has been observed in the number of disclosed segment information. It assures that IFRS 8 has an impact on the number of reported segment to some extent, but no such impact has been observed on other parameters. Moreover, the number of reported segment of IFRSs compliers is higher in comparison to that of non-IFRSs compliers. It indicates that IFRS 8 has dominated the segment reporting practices under AS 17.

### 7.4 CONCLUSIONS

After analyzing the important observations in various earlier chapters, now we proceed to conclude the findings of the study. The study has different sets of conclusions for reflecting the realistic fact – some of these conclusions are mentioned hereunder:
Like other area of accounting, segment reporting has also become as an important part of the financial reporting. It comes into reality by the obvious regulatory requirements of the society. Several national and international standard setters have properly refuted the arguments against this detailed reporting through timely issuance of accounting standards on segment reporting. Despite some technical difficulties, segment reporting is definitely a right step in the right direction towards improving the quality of the financial statements.

There is a great diversity in prevailing accounting standards on segment reporting. Very recently developed international accounting standards IFRSs allow management wide latitude in the choice of accounting; management faces discretionary accounting decisions which are heavily oriented to the personnel. This situation enables management to influence the figures to be disclosed. It is unfortunate to note that even after four decades of development of segment reporting, accounting standards failed to standardize the various accounting policies and practices. As an obvious result, it fails to maintain two basic qualitative characteristics comparability and consistency of financial statements.

Looking at the present world reporting landscape, it may be concluded that India has rightly decided to converge with IFRSs in contrast to the adoption - as it gives some time to prepare for implementation. Transition process to IFRSs in India is going to be very challenging, but at the same time could also be rewarding. Looking at the risk of convergence, it could not escape from the process of convergence as it is an acute need of the hour to keep steady growth of the economy. It may be hoped that entity should avail this facility in the right spirit.

In this age of convergence, the introduction of Ind AS 108 will be welcomed particularly for realizing a series of promising prospects. It has rightly allowed to use
the management approach for identification of reportable segments which not only
insists the creativity in accounting but also enables the users to view future prospects
of the operating segments through the eye of management. With this modern approach
this standard has ensured accurate, relevant and adequate disclosures of segment
information.

The regulation in accounting is not new – it was there from the inception of
accounting in India. Only a change has been observed in the authority of regulation –
‘self-regulation’ is replaced by ‘outsiders’ regulation’. Although initially India had set
up some bodies for issuing some legislation or rules for regulating the financial
reporting; but due to the globalized economy, the Indian financial reporting system has
now been heavily regulated by the international wings also. Thus, the regulating
authority continuously is being shifted from the entity to the national bodies and
professionals and gradually from the national wings to the international wings.

The prevailing statutory regulation is not sufficient to look after all concerned
interest of the stakeholders more particularly failed to provide relevant information
relating to future trend and prospects of the firm. In spite of restless efforts from every
concerned authoritative bodies, still there are some lacunas which have decayed the
reporting practices in a greater manner.

Segment report may misled the users of accounts particularly due to the
prevalence of multiple accounting standards in this transition period. Actually users of
accounts may have confused regarding which standard really been used for preparation
of this report.

Management approach has no such impact upon the identification of reportable
segments may be due to the fact that either risk-reward approach is more scientific in
comparison to the management approach or the practice cannot be changed suddenly.
Both reporting format and identification basis has still remained unchanged even under IFRS 8 regime.

Although the accounting policy for segment reporting is consistent with that of the consolidated financial statements but the segment report of non-IFRSs compliers is more transparent than that of the IFRSs compliers as they only have distributed attributable portion of joint assets.

Non-IFRSs compliers have disclosed more segment information, particularly for geographic segment in comparison to the IFRSs compliers. It may be due to the fact that IFRS 8 has not asked to report geographical segment specifically rather it has asked to provide some entity-wide disclosures.

The segment reporting have mainly been influenced by the preparers but not by the underlying accounting standards as no such significant difference has been observed between the two sets of report prepared by the IFRSs compliers.

IFRS 8 has a positive impact on the number of reported segment but no such significant impact observed on disclosures of segment information thereof.

IFRS 8 has dominated the AS 17 and as a result the segment report under AS 17 of IFRSs compliers reported more segments.

7.5 CONCLUDING COMMENTS AND RECOMMENDATIONS

Now the study has been over and at this end moment, to conclude the study has strongly claimed that the convergence of global accounting standards (results into IFRS 8) has a significant positive impact on segment reporting practices in India, particularly on the number of reported segments although no such impact has been observed on the disclosures of segment information. It has also confessed that, IFRS 8 has dominated the AS 17 as a result the IFRSs compliers reported more segments in comparison to that of the non-IFRSs compliers even under AS 17.
Based on the previous analysis in the earlier chapters, for betterment of the segment reporting practices in India some fruitful suggestions may be put forward hereunder specifically on some key issues such as:

❖ **Accounting Standards on Segment Reporting**

➢ The segmental reporting system should be supported by guidelines for allocation of joint costs to reporting segments and transfer pricing policy.

➢ The standard may suggest activity based costing system to allocate the joint variable cost among the various reportable segments, so that a cause-effect relationship can be maintained between activity consumption and cost incurrence. It will be helpful to both internal management as well as external stakeholders in taking better economic decisions.

➢ A contribution format may also suggest to stop the arbitrarily distribution of joint fixed cost so that it enables to calculate the exact contribution margin. And if the traceable fixed costs can be separated from the common fixed costs then segmental margin can also be ascertained.

➢ It will be preferable, if the standard guides to disclose the common assets separately in the balance sheet of the entity and asks to disclose this fact into the footnote - that these assets are used commonly by several segments.

➢ It is not practicable to suggest any specific transfer pricing mechanism as it is generally being used as a tool to maximize the value of enterprise as a whole. So it can be suggested that the manager should select the
best method of transfer pricing not to maximize the value of his/her segment, rather to maximize value of the enterprise as a whole. The basis of transfer pricing should be used consistently such that financial statement should be consistent enough. But the basis of transfer pricing and if any change therein should require to be disclosed properly.

- Accounting standard setting bodies must address and resolve all embedded problems properly, so that segment reporting should be more reliable and relevant to the stakeholders for making more informed judgment in their economic decisions.

- **Convergence Process in India**
  
  - Looking at the risk of convergence, India would not escape from the process of convergence as it is an acute need of the hour to keep steady growth of the economy. India must signal the market, she is not breaching out her commitment to converge, through urgent implementation of Ind ASs. Although the first time implementation of Ind ASs may take some extra time and efforts but a structural approach can significantly reduce these extra efforts.
  
  - Uncertainty about the implementation date of Ind ASs for every type of industries may have to be over early and the entity should avail this facility in the right spirit.
  
  - Worldwide regulatory authorities should get together and come to an agreement as to how the convergence is going to be enforced.
  
  - There is an urgency to build an adequate number of accounting professional who should be well-versed in Ind ASs and its implementation strategy. It can be possible through gathering of
knowledge and experience from other converged countries. In this regard the apex standard setting body ICAI may take this responsibility to train and upgrade the professionals.

- A high degree of mutual understanding about corporate objectives, reporting objectives and harmonization objective need to be achieved.
- Legislation should require to be passed that every Ind AS should be modified constantly in response to any change that takes place in corresponding IFRS.
- Continuous researches are needed to harmonize and converge with IFRSs through mutual international understanding.
- There is also need for convergence of auditing standards throughout the world.

**Indian Statutory Regulation for Financial Reporting**

- Companies Act, 2013 has prescribed the most awaiting format for Profit and Loss Statement which would, no doubt, improve the comparability characteristics of financial statements. But this format has only concentrated upon manufacturing unit, even though there are huge number of trading and service providing concerns. What would be the exact format of Profit and Loss Statement of these concerns that has not been addressed by this Act. So it can be recommended that specific format for specific concern would be the most appropriate in this regard.

- It would be better to set-up any independent body which have only the right to develop the accounting standards in India without any right to provide other related services. Thereby it would be possible to
overcome the existing conflict between the interest of professional body as a standard setter and as a protector to their clients. This body may consist of all interest groups along with the academicians and researchers.

- A quasi-judicial power may be assigned to the prevailing professional body ICAI which should have the only responsibility to look after whether the existing accounting standards are complied over properly or not. This body may also collect the fine from the violators and the collected fund may be used for the development of quality professionals at a concessional fees.

- Accounting standard setters should modify and update its existing standards in a continuous manner to promptly tuned-up with this ever changing business environment and to keep up the global trend.

- Alternative accounting treatments for the same financial events are required to be reduced, so that proper comparability should be attained.

- All regulatory body should be well connected so that change of any regulator’s pronouncement should automatically be incorporated into the related pronouncements of the others regulators.

- It is to be allowed to prepare financial statements by adjusting the effect of inflation so that it should reflect the current market price and price level changes, if any.

- Specific accounting standards needs to be developed particularly on some emerging topics of accounting like environmental accounting, human resource accounting, social cost reporting, brand accounting, inflation accounting, economic value added report etc.
- Certain significant non-financial information like market share, market potential, employer-employee relation, managerial efficiency etc. may have to be incorporated into the mandatory disclosures requirements.

**Indian Segment Reporting Practices in Transition Period**

- Uncertainty about the implementation date of Ind AS 108 for every type of industries may have to be over early and the entity should avail this facility in the right spirit.

- To allocate the joint variable cost among the various reportable segments, activity based costing system may be employed so that a cause-effect relationship can be demonstrated which will ensure better economic decisions.

- A contribution format can be used instead of disclosing the distribution basis of common fixed cost; because, it separates fixed costs from variable costs and it enables to calculate the contribution margin. In this case, traceable fixed costs are required to be separated from common fixed costs for determining the segmental margin.

- Entities also should disclose the basis upon which they have distributed their total assets among various reported segments. It will be preferable to disclose the common assets separately and this fact may be disclosed in footnote that these assets are used interchangeably by several segments.

- Reporting entity must have to disclose the method of transfer pricing, so that segment report should be more reliable and relevant to the stakeholders for making more informed judgment in their economic decisions.
➢ Entities should have to disclose non-cash expenses and capital expenditure for all reported operating segments as these are required by the statue.

➢ Entities should disclose the required detailed entity-wide disclosures instead of mere geographical information as per secondary reporting format.

➢ The auditor should report about the compliance of accounting standard for preparation of segment report.

➢ Along with the separate segment reporting statement, entity can report result of operating segments in profit and loss statement so that it should reflect the overall performance as well as segment-wise result in a snapshot manner. It would help the users to better understand the contribution of a particular segment towards the overall performance of the entity as a whole.

➢ Entities may have to disclose certain voluntary information like segment-wise cash flow statement, human recourses of reported segments, segment-wise research and development cost and certain forward looking information so that investor confidence should be enhanced.

➢ Entities those are not bound to adopt Ind AS 108, may follow it for their segment reporting voluntarily; so that they should be familiar with this new standard in advance and users may be able to enjoy the relevant information at international standard.
7.6 LIMITATIONS OF THE STUDY

Like any research work, it has also some limitations which can be explained hereunder:

- The sample consists of only the large and established companies. So it may not be taken for granted that the relatively smaller or less renowned companies also prepare their segment report in the same manner.
- Sampling error can occur because no sample is a perfect representation of a given population unless the sample size equals in size of the population.
- The period of the study is only five years, which is relatively short and could be expanded in order to bring about more statistical accuracy.

Despite these limitations, it has contributed a lot to the existing knowledge bank specifically it has explored the present segment reporting practices in India under the IFRSs regime. It is the first study of its kind in India during the transition period. It has also assessed the impact of new standard IFRS 8 upon segment reporting practices in India and finally recommended some valuable suggestions which would not only help the policy makers but also guide the preparers; and thereby promises to all stakeholders about the quality segment report. It may also provide a strong basis for further research in this field. Thus, it has its own significance.

7.7 SCOPE FOR FURTHER RESEARCH

Keeping in view the limitations of the study and experience gained during this research work, it has suggested some further grey areas of segment reporting practices where some new research work could be undertaken:

- The present study has only been restricted to India, but if two or more countries are taken together to make the comparison then it would give a
better insight about the international landscape of segment reporting practices.

- A comparative study can be undertaken to explore the variability of the impact of IFRSs on reporting practices of developed countries and developing countries.

- An empirical study can be undertaken to judge the impact of segment reporting under IFRSs regime on the stock market reaction and on the approaches of the analysts.

- An empirical study can be undertaken to assess the usefulness of the segment information reported under the IFRSs regime from the viewpoint of various stakeholders.