national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

GRAP 18 – Segment Reporting

Effective 1 April 2021

DEFINITION

A **segment** is an activity of an entity:
- That generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity)
- Whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance, and
- For which separate financial information is available

IDENTIFYING REPORTABLE SEGMENTS

Based on the definition of a segment, existence of information and managers responsible for such activities

AGGREGATION OF SEGMENTS (THE CRITERIA)

Two or more segments may be aggregated if the segments have similar economic characteristics **and** share a majority of the aggregation criteria below:
- The nature of the goods and/or services delivered
- The type or class of customer or consumer to which goods and services are delivered
- The method used to distribute the goods or provide the services, or
- If applicable, the nature of the regulatory environment that applies to the segment

OR

If the segments are individually insignificant and a practical limit (i.e. number of reportable segments) has been reached. The practical limit is determined by the entity, however more than 10 reportable segments may be regarded as less useful and relevant

MEASUREMENT

- The amount of each segment item reported is the measure reported to management for decision making purposes
- Assets, liabilities, revenue and expenses allocated to reportable segments are done on a reasonable basis
- The segment information disclosed is thus not necessarily GRAP compliant information, as it is based on amounts reported internally
- Segment information disclosed must be reconciled back to the GRAP amounts disclosed in the financial statements
- Adjustments and eliminations made in preparing the entity's financial statements are considered in preparing the reportable segments only if they are included in the measure of the segment's surplus / deficit used by management

GEOGRAPHICAL AREAS

- An entity discloses the geographical areas in which it operates that are relevant for decision making purposes and is based on the information used to produce the annual financial statements
- Relevant information is disclosed, provided that such information is available and the cost to provide such information is not excessive