

Article

Improving the Methodology for Assessing the Quality of Segment Reporting Information

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Abstract: This article examines the theoretical and methodological foundations for assessing the quality of segment reporting information and provides a systematic analysis of the distinctive features, advantages, and limitations of existing assessment approaches. Particular attention is given to the role of high-quality segment information in enhancing the transparency, relevance, and analytical usefulness of financial reporting for investors, creditors, management, and other stakeholders. Based on the requirements and disclosure principles of IFRS 8, the key dimensions for assessing the quality of segment information are identified and systematized. These dimensions include the quantity and completeness of disclosed information, the level of disaggregation, economic differentiation across operating segments, consistency and comparability of segment data, reconciliation and reliability, materiality and information coverage, as well as overall compliance with the disclosure requirements of the standard. The study argues that evaluating these dimensions separately does not provide a sufficiently comprehensive representation of segment reporting quality. Therefore, by integrating the identified criteria into a unified assessment framework, the application of the SR-Qlty composite quality index is proposed. The proposed index enables the multidimensional characteristics of segment reporting quality to be transformed into a quantitative measure, facilitates comparisons across reporting periods and entities, and provides a methodological basis for identifying weaknesses in segment disclosures. The SR-Qlty index may therefore serve as an analytical tool for assessing the overall quality, transparency, comparability, and decision-usefulness of segment reporting information.

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1. Introduction

The formation of segments in public interest entities is not a random process; rather, it is influenced by a set of interrelated organizational and economic factors, including the entity's business model, management structure, types of activities, composition of products and services, geographical scope of operations, customer groups, sources of revenue, resource allocation mechanisms, and activity-specific risks. In this context, particular importance is attached to the manner in which the entity's management evaluates operating results across different components of the business and allocates resources among them. From this perspective, systematizing the organizational and economic factors that shape segments in public interest entities, determining their impact on the composition and boundaries of segments, and substantiating the interrelationship between the internal management system and external financial reporting constitute

important areas of research aimed at improving the methodology of segment accounting and reporting.

In accordance with the requirements of International Financial Reporting Standard 8 (IFRS 8), *Operating Segments*, a particular component of an entity's activities is not automatically recognized as a segment. For a component of an entity to be identified as an operating segment, three principal conditions must be satisfied simultaneously: first, the component must engage in business activities from which it may earn revenues and incur expenses; second, its operating results must be regularly reviewed by the entity's chief operating decision maker for the purposes of making decisions about the allocation of resources and assessing performance; and third, discrete financial information must be available for that component. Thus, the decisive criterion for identifying a segment is not whether it constitutes a separate organizational unit, but whether it functions as a distinct information object in the management decision-making process. Accordingly, not every workshop, branch, product line, or geographical area of an entity automatically constitutes an operating segment; it is recognized as an operating segment for the purposes of IFRS 8 only when all three of the above conditions are satisfied.

Literature Review

The issue of assessing the quality of segment reporting information has been widely examined in the international academic literature from the perspectives of completeness, faithful representation, comparability, level of detail, disaggregation, reconciliation, usefulness for users' decision-making, and predictive value. Since IFRS 8 is based on the management approach, the quality of segment reporting is determined not merely by the number of indicators disclosed, but also by the extent to which such information reflects the actual economic structure, performance differences, and risk characteristics of an entity's operating segments.

Nichols, Street, and Cereola examined the implementation of IFRS 8 using a sample of large European companies and found that the adoption of the standard increased the number of operating segments reported, while the amount of information disclosed for certain segment indicators decreased [1]. The authors demonstrated that differences in the methods used to calculate segment profit and the use of certain non-IFRS measures may reduce comparability across entities. This study indicates that segment reporting quality should be assessed not only through disclosure volume but also through comparability and reconciliation with entity-wide financial statements.

Nichols, Street, and Tarca synthesized the existing academic literature on segment reporting and systematically analyzed the consequences of applying the management approach under IFRS 8 and SFAS 131 [2]. The authors identified the number of reported segments, disclosed financial indicators, geographical information, segment reconciliations, and the decision usefulness of information as important dimensions of segment reporting quality. Their findings provide a theoretical basis for applying a multi-criteria framework rather than relying on a single disclosure indicator.

Kang and Gray examined segment reporting practices among Australian companies following the introduction of IFRS 8 and found an increase in both the number of reportable segments and the volume of disclosed segment information [3]. However, they observed no substantial changes in segment identification practices. This result suggests that a quantitative increase in disclosed information does not necessarily imply a corresponding improvement in information quality. Therefore, the substantive usefulness and economic representativeness of segment information should be considered separately from disclosure quantity.

Bugeja, Czernekowski, and Moran investigated the impact of the management approach on segment reporting and found that, although IFRS 8 increased the number of reportable segments, the number of certain financial indicators disclosed at the segment level decreased [4]. The authors also demonstrated that proprietary considerations

influence management's disclosure decisions, particularly where highly profitable segments are involved. Their findings suggest that completeness and level of detail should be treated as distinct dimensions when assessing segment reporting quality.

Leung and Verriest examined geographical segment information disclosed by European companies and found that the implementation of IFRS 8 increased geographical disaggregation, while the number of financial indicators presented for individual segments and the likelihood of disclosing segment profit declined [5]. This finding demonstrates that geographical disaggregation, disclosure completeness, and the level of detail are closely related but conceptually distinct characteristics of segment reporting quality.

André, Filip, and Moldovan made an important methodological contribution by distinguishing between the "quantity" and "quality" of segment reporting information [6]. They associated disclosure quantity with the number of indicators reported at the segment level, whereas quality was linked to the extent to which differences in segment profitability faithfully reflect the underlying economic conditions of an entity. The authors further demonstrated that higher-quality segment information improves the information available to financial analysts and contributes to more accurate earnings forecasts. This approach provides an important theoretical foundation for integrating quantitative disclosure measures with substantive quality characteristics.

Aboud and Roberts investigated management choices concerning segment disclosures under IFRS 8 using evidence from European companies [7]. Their findings showed that proprietary considerations and agency-related factors significantly influence managers' segment disclosure decisions. In particular, commercially sensitive information may lead managers to limit the extent or detail of segment disclosures. Consequently, the assessment of segment reporting quality should incorporate not only formal compliance and disclosure volume but also the economic substance of information and the effects of managerial discretion.

Mardini and Ammar analyzed segment reporting by FTSE 100 companies for the period 2013–2016 using disclosure indices and content analysis [8]. Their methodology enabled segment reporting to be assessed in terms of both quality and quantity and incorporated the identification of the chief operating decision maker as an important element of the management approach. This methodology is particularly relevant to the development of an integrated quality index because it demonstrates the possibility of assigning scores to individual disclosure criteria and aggregating them into a comprehensive assessment measure.

Lenormand and Touchais investigated the influence of segment information disclosed under IFRS 8 on firms' information environments using data from Euronext Paris companies [9]. Their analysis linked segment reporting quality with financial analysts' forecast accuracy and firms' cost of capital. The findings indicate that segment information can contribute to improving the external information environment, although the effects of IFRS 8 are not uniform across all dimensions. This study therefore supports the inclusion of predictive usefulness and decision usefulness among the criteria for evaluating segment reporting quality.

Cereola and Dynowska examined companies listed on the Polish Stock Exchange and evaluated changes in segment disclosure practices following the implementation of IFRS 8 [10]. Their findings revealed improvements in certain aspects of segment information, while weaknesses remained in the reconciliation of segment data with entity-wide financial information and in geographical disclosures. These results support the inclusion of completeness, reconciliation, geographical disaggregation, and compliance with IFRS 8 requirements as separate components of segment reporting quality assessment.

Blanco, Garcia Lara, and Tribo examined the relationship between segment disclosure and the cost of capital and demonstrated that more informative segment disclosures can reduce information asymmetry between an entity and capital market participants [11]. Their results indicate that segment reporting quality has economic consequences extending beyond formal compliance with disclosure requirements. Accordingly, the usefulness of segment information for investors and its contribution to reducing information uncertainty should be considered in quality assessment.

Cereola, Nichols, and Street investigated geographical segment disclosures under IFRS 8 and identified significant changes in the materiality and fineness of geographical information disclosed by European, Australian, and New Zealand companies [12]. Their findings highlight the importance of evaluating not only whether geographical information is disclosed but also the degree to which such information is sufficiently disaggregated to reveal economically meaningful differences between markets and regions.

In a subsequent study, Cereola, Nichols, and Street analyzed the predictive ability of entity-wide geographical sales disclosures under IAS 14R and IFRS 8 [13]. The authors demonstrated that geographical information can provide users with additional predictive information concerning an entity's future performance. This finding supports the inclusion of predictive value and information coverage within a comprehensive framework for assessing segment reporting quality.

Earlier evidence from Berger and Hann on the implementation of SFAS 131 demonstrated that the management approach increased segment disaggregation and improved the ability of external users to identify differences in segment performance [14]. Their findings are particularly important because SFAS 131 provided a conceptual foundation for the management approach subsequently incorporated into IFRS 8. Thus, greater segment disaggregation may be interpreted as an important quality characteristic when it reveals economically meaningful differences within a diversified entity.

Berger and Hann subsequently examined the relationship between segment profitability and the proprietary and agency costs of disclosure [15]. They found that management may strategically aggregate or withhold segment information when disclosure could impose competitive costs or reveal sensitive profitability information. Their findings demonstrate that the economic differentiation of segments and the degree to which reported segment structures faithfully represent internal economic realities constitute important dimensions of segment reporting quality.

Bens, Berger, and Monahan compared internally available firm information with externally reported segment information and provided evidence of managerial discretion in segment disclosure decisions [16]. Their study demonstrates that differences may arise between the economic structure observed internally by management and the segment structure communicated to external users. This reinforces the importance of consistency, faithful representation, and correspondence between internal management reporting and external segment disclosures when assessing information quality.

Finally, Gotti emphasized the methodological importance of distinguishing between segment disclosure quantity and quality when evaluating the consequences of IFRS 8 [17]. The discussion highlights that an increase in the number of disclosed indicators cannot by itself demonstrate an improvement in reporting quality. Instead, quality assessment should consider whether segment disclosures faithfully represent economic differences among segments and enhance the predictive and decision-making capabilities of financial statement users.

Overall, the analysis of the academic literature demonstrates that a single, generally accepted integrated methodology for assessing the quality of segment reporting information has not yet been established. Some studies assess quality based on the number of disclosed indicators, while others focus on segment disaggregation, differences in

profitability, the accuracy of analysts' forecasts, or compliance with IFRS 8 requirements [2; 6; 8; 10]. Therefore, it is appropriate to develop a methodology for assessing the quality of segment reporting information based on an integrated indicator combining such criteria as completeness, reliability, comparability, timeliness, understandability, disaggregation, reconciliation, and usefulness for management decision-making. Such an approach enables the integration of individual quality indicators identified in previous studies into a unified assessment framework.

2. Materials and Method

The study employed systematic, comparative, and multi-criteria analysis methods to assess the quality of segment reporting information. Based on the requirements of IFRS 8 and academic approaches to segment reporting quality, assessment criteria were developed covering the quantity of information, disaggregation, economic differentiation, consistency, comparability, reconciliation and reliability, materiality and coverage, and compliance with the requirements of the standard. These criteria were normalized on a scale from 0 to 1, and the SR-Qlty composite quality index was developed by aggregating their weighted values. The proposed methodology enables the quantitative assessment of segment reporting information quality, comparison across reporting periods and entities, and identification of the factors affecting the overall level of information quality.

3. Results and Discussion

One of the initial and most important stages in preparing segment reporting in public interest entities is the division of an entity's activities into economically justified operating segments. Under IFRS 8 *Operating Segments*, the identification of segments is based on the management approach and is closely linked to the entity's internal organizational and management structure, as well as to the information provided to the body responsible for making operating decisions. In particular, the principal conditions for identifying an operating segment include the component's engagement in business activities, the regular review of its operating results by management for the purposes of resource allocation and performance assessment, and the availability of discrete financial information for that component. At the same time, an entity's management model may be based on products and services, geographical areas, regulatory environments, or a combination of these factors. Based on this approach, the organizational and economic criteria that may be applied in segmenting an entity's activities are systematized in the following table.

As can be seen from the data presented in the table below, the division of an entity's activities into operating segments is not limited to a single criterion, such as geography or product type. Rather, depending on the entity's business model and management system, segmentation may be based on one or a combination of several factors. In this context, the nature of products and services, lines of business activities, geographical areas, production processes, categories of customers, methods of product distribution or service delivery, regulatory environment, and organizational management structure constitute the economic basis for segmentation.

Table 1. Organizational and Economic Criteria for Segmenting an Entity's Activities into Operating Segments Based on IFRS 8

No.	Segmentation Criterion	Description	Example of Segment Formation
1	By products	Different products or product groups are managed separately, and their financial performance is assessed independently.	Food products, household appliances, clothing

2	By services	Operating results and resources are managed separately by type of service.	Insurance, leasing, consulting, transportation services
3	By lines of business	Business activities with different economic characteristics are managed separately.	Retail trade, wholesale trade, e-commerce
4	By geographical areas	Activities are managed across different countries or geographical areas, and their results are monitored separately.	Uzbekistan, Central Asia, European market
5	By production processes	Activities with different production characteristics and technological processes are managed separately.	Extraction, processing, production of finished goods
6	By customer type or category	Business activities serving different groups of customers are managed separately.	Individuals, corporate customers, government organizations
7	By methods of product distribution or service delivery	Sales and service delivery channels differ in their economic characteristics.	Traditional retail, online sales, distribution
8	By regulatory environment	Different lines of business are subject to different regulatory requirements.	Banking, insurance, utility services
9	By organizational and management structure	Management separately reviews the performance of a particular division or line of business.	Branches, business units, divisions
10	By a combination of factors	Segments are formed based on a combination of several criteria rather than a single criterion.	"Retail Trade – Uzbekistan", "Online Sales – International Market"

In particular, IFRS 8 identifies the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute products or provide services, and the nature of the regulatory environment as criteria to be considered when aggregating operating segments with similar economic characteristics. Therefore, the selection of a particular segmentation criterion should reflect the entity's actual management practices, be consistent with the information used in the operating decision-making process, and enable an objective assessment of the economic performance of individual segments. Such an approach enhances the extent to which segment reporting reflects the entity's actual business structure and economic activities.

An objective assessment of segment reporting quality should not be limited solely to determining the volume of information disclosed; rather, it requires a comprehensive examination of the degree of information disaggregation, economic differentiation across segments, consistency and comparability across reporting periods, reconciliation with financial statement indicators, coverage of material information, and compliance with the requirements of IFRS 8. The standard requires disclosure of the factors used to identify

reportable segments and management judgments applied in aggregating segments, thereby providing an important basis for assessing the transparency of segment information. From this perspective, it is appropriate to apply a multi-criteria approach that integrates quantitative and qualitative indicators when assessing the quality of segment reporting. Accordingly, an improved system of indicators enabling a comprehensive assessment of the quality of segment reporting information was developed and is presented in the following table.

Table 2. Key Dimensions and Indicators for Assessing the Quality of Segment Reporting Information

Assessment Indicators	Definition and Measurement Content	Designation
Quantity of Information		
Segment information disclosure index	Ratio of the information items actually disclosed in the segment notes to the total number of items specified in the assessment criteria	Qnty
Completeness of financial indicators	Assesses the extent to which revenue, profit/loss, assets, liabilities, and other financial indicators are fully disclosed	Fin-Compl
Completeness of non-financial information	Covers information such as segment descriptions, products and services, geographical operations, and the basis for identifying segments	NonFin-Compl
Disaggregation		
Overall disaggregation index	Measures the extent to which segment information is presented by individual economic components rather than in an aggregated form	Disagg
Geographical disaggregation	Measures the extent to which revenue and related indicators are disaggregated by country or geographical area	G-Disagg
Business-line disaggregation	Assesses the concentration/dispersion of revenues across individual business segments based on the Herfindahl approach	B-Disagg
Product and service disaggregation	Measures the extent to which external revenues are disclosed by types or groups of products and services	P-Disagg
Economic Differentiation Across Segments		
Standard deviation of profitability	Standard deviation of return on assets (ROA) across segments	Variab
Variability in revenue growth	Reflects the degree of variation in revenue growth rates across segments	Rev-Var
Profit margin differentiation	Assesses economic differences in profit margins across segments	Margin-Var
Consistency		
Structural consistency	Assesses the extent to which the composition of segments and the reporting structure are maintained across reporting periods	Consst

Consistency of measurement methods	Reflects the stability of the methods used to measure segment profit, assets, and other indicators across reporting periods	Meas-Cons
Comparability		
Inter-period comparability	Assesses the extent to which segment indicators for the current and prior periods can be directly compared	T-Comp
Restated comparative information	Assesses whether prior-period information has been restated in accordance with the new structure when the composition of segments changes	Restate
Reconciliation and Reliability		
Revenue reconciliation	Assesses the existence and completeness of the reconciliation between total segment revenues and the entity's total revenue	Rev-Rec
Profit or loss reconciliation	Reflects the relationship between total segment profit/loss and the corresponding overall financial result of the entity	Profit-Rec
Assets and liabilities reconciliation	Assesses the reconciliation of disclosed segment assets and liabilities with the corresponding entity-level amounts	BS-Rec
Materiality and Information Coverage		
Revenue coverage of reportable segments	Share of external revenue attributable to reportable segments in the entity's total external revenue	Cov-75
Major customer concentration	Assesses the disclosure of required information concerning major customers that account for 10 percent or more of the entity's total revenue	Cust-10
Compliance with IFRS 8 Requirements		
Transparency of segment identification	Measures the extent to which the factors and organizational bases used to identify reportable segments are explained	Seg-Trans
Transparency of segment aggregation	Assesses the justification of management judgments and economic similarities used in aggregating operating segments	Agg-Trans
Disclosure of measurement bases	Assesses the transparency of the bases used to measure segment profit/loss, assets and liabilities, and to account for intersegment transactions	Meas-Disc
Composite Quality Index	Assesses the overall quality of segment reporting by aggregating the above normalized indicators using their respective weights	SR-Qlty

The system of indicators proposed in the table enables the quality of segment reporting to be assessed across eight key and interrelated measurement dimensions. The first dimension, quantity of information, reflects the completeness of financial and non-financial information relating to segments; the second dimension, disaggregation, measures the extent to which information is presented in detail by geographical areas, lines of business, products, and services; the third dimension, economic differentiation across

segments, captures differences in segment profitability, revenue growth, and profit margins; while the fourth and fifth dimensions characterize the consistency and comparability of information. This approach is consistent with the requirements of IFRS 8 regarding the disclosure of revenues by products and services and the presentation of relevant information by geographical areas.

At the same time, the inclusion of indicators relating to structural consistency and restatement makes it possible to assess the comparability of information across reporting periods even when the composition of segments changes. The standard also requires prior-period segment information to be restated, subject to the relevant conditions, when changes in the entity's internal structure result in changes in the composition of its reportable segments. An important feature of the proposed system is that, in addition to the volume and composition of segment information, its reliability, reconciliation, materiality, and compliance with IFRS 8 requirements are also treated as objects of assessment. In particular, the Rev-Rec, Profit-Rec, and BS-Rec indicators, which are based on reconciling segment revenues, profit or loss, assets, and liabilities with the corresponding entity-level financial indicators, make it possible to assess the consistency of segment information with the overall financial statements. IFRS 8 likewise requires the relevant reconciliations to be performed and material reconciling items to be explained.

The Cov-75 and Cust-10 indicators characterize the materiality and coverage of segment information, since IFRS 8 requires the total external revenue reported by reportable segments to account for at least 75 percent of the entity's external revenue and requires relevant information to be disclosed when revenue from a single external customer amounts to 10 percent or more of the entity's total revenue. Consequently, aggregating these indicators within a single SR-Qlty composite segment reporting quality index makes it possible to assess, compare, and rank the segment reports of public interest entities using a unified methodological approach, as well as to identify changes in the quality of segment information over time.

Furthermore, in our research, the methodological risks that may arise in the accounting process were integrated into a diagnostic matrix (see Table 3).

Table 3. Diagnostic Matrix for Segment Accounting

No.	Methodological Risk	Object of Examination	Proposed Solution
1	Inconsistency of codes	Product and branch names	Unified S–H classification system
2	Loss of traceability to the source	Flow from source document to report	Transaction identifier
3	Unjustified allocation of expenses	Common allocation bases and drivers	Differentiated allocation
4	Incorrect attribution of liabilities	Contract, portfolio, and segment	Group linkage table
5	Duplication of internal transactions	Double-sided entries	Counter-segment identification and elimination
6	Unexplained differences between internal and external reporting	Transformation adjustments	Reconciliation statement
7	Subjective assessment of quality	Criteria, scores, and supporting evidence	SR-Qlty control card

Source: Author's elaboration.

The cases presented in the matrix do not constitute a list of violations confirmed through an audit of the company. Rather, they represent potential risks and corresponding control questions to be examined when assessing the existing system. For example, before concluding that “a unified code does not exist,” it is necessary to examine the interrelationships among contract data, the branch classification system, and reporting registers. The verification procedure is conducted in two directions: from transaction to report and from report to transaction. The first direction is intended to assess the completeness of data recorded in the reporting system, while the second is aimed at determining whether the amounts reported are adequately supported by source documentation. Identified differences are classified according to their causes, including classification errors, measurement differences, timing differences, or technical duplication.

In this study, the **SR-Qlty composite index** is proposed for assessing the quality of segment reporting. The index is based on the weighted aggregation of normalized scores across eight dimensions. For each criterion, a list of supporting evidence was developed, compliance with the relevant requirement was assessed, and the resulting score was normalized on a scale from 0 to 1.

$$\text{SR-Qlty} = \sum w_i z_i$$

$$\sum w_i = 1, \quad 0 \leq z_i \leq 1.$$

where w_i represents the weight assigned to criterion i , and z_i represents the score for criterion i .

Where a criterion consists of several verification questions, its score is calculated as the ratio of the total number of requirements satisfied to the total number of applicable requirements. The reasons for classifying particular requirements as not applicable must be documented, and unjustified exclusion of such requirements for the purpose of increasing the index value is not permitted.

According to the calculations presented in Table 4, the baseline index is 0.6390, while under the improved hypothetical scenario it reaches 0.9301. This represents an increase of 0.2911 index points, or 29.11 percentage points. This difference should not be interpreted as the actual effect of implementation; rather, it represents the outcome of a hypothetical scenario calculated on the basis of the assigned scores and weights.

The proposed assessment scale is as follows:

$$0 \leq I < 0.55 \text{ — low quality;}$$

$$0.55 \leq I < 0.70 \text{ — medium quality;}$$

$$0.70 \leq I < 0.85 \text{ — sufficient quality;}$$

$$0.85 \leq I \leq 1 \text{ — high quality.}$$

Table 4. Calculation of the SR-Qlty Index

No.	Quality Criterion	Weight	Baseline Score	Weighted Baseline	New Score	Weighted New Score
1	Quantity of information	0.10	0.70	0.0700	0.95	0.0950
2	Disaggregation	0.12	0.60	0.0720	0.90	0.1080
3	Economic differentiation	0.10	0.55	0.0550	0.90	0.0900
4	Consistency	0.10	0.75	0.0750	0.95	0.0950
5	Comparability	0.10	0.70	0.0700	0.90	0.0900
6	Reconciliation and reliability	0.15	0.55	0.0825	0.95	0.1425

7	Materiality and coverage	0.13	0.65	0.0845	0.92	0.1196
8	Compliance with IFRS 8	0.20	0.65	0.1300	0.95	0.1900
9	Total	1.00	—	0.6390	—	0.9301

The thresholds and weights represent our author-developed methodological proposal, which we substantiated through expert assessment and sensitivity analysis. A high index value does not justify non-compliance with a material requirement of the standard; therefore, such cases should be identified and reported separately.

The dynamics of changes in the SR-Qlty index under hypothetical scenarios are presented in Figure 1. To interpret the hypothetical changes shown in the figure correctly, it is necessary to identify which components of the index have improved. An increase in reconciliation and reliability reflects stronger traceability between reported figures and their underlying sources, while an increase in disaggregation indicates greater disclosure of material differences across segments.

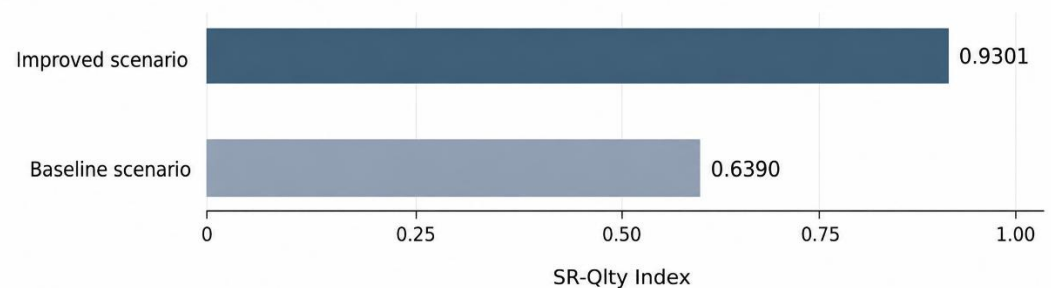


Figure 1. Changes in the SR-Qlty Index under Hypothetical Scenarios

Assessing the quality of segment information is of considerable importance in determining the transparency of an entity's financial reporting, the usefulness of information to users, and the extent to which the economic performance of individual lines of business is objectively represented. According to the core principle of International Financial Reporting Standard 8 (IFRS 8), *Operating Segments*, an entity is required to disclose information that enables users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. Therefore, the assessment of segment information quality should not be limited to the mere availability or quantity of disclosed information; rather, it should comprehensively examine its completeness, degree of disaggregation, materiality, consistency, comparability, ability to reflect economic differences across segments, reconciliation with the overall financial statement figures, and compliance with the requirements of the standard. Such a multi-criteria assessment provides a methodological basis for evaluating the informational capacity of segment reporting from both quantitative and qualitative perspectives, conducting comparative analyses across entities and reporting periods, and ultimately developing a composite measure of segment information quality.

4. Conclusion

The findings of the study demonstrate that assessing the quality of segment reporting information solely on the basis of the quantity of disclosed information is insufficient. The quality of segment information should be comprehensively characterized by its completeness, degree of disaggregation, ability to reflect economic differences across

segments, consistency, comparability, reconciliation with the overall financial statement figures, coverage of material information, and compliance with the requirements of IFRS 8. In this regard, assessing segment reporting quality across eight dimensions and integrating them into a single composite measure provides a methodological basis for objectively evaluating the informational capacity of segment reporting.

First, it is proposed to introduce an eight-dimensional system of criteria for assessing the quality of segment reporting information, comprising the quantity of information, disaggregation, economic differentiation, consistency, comparability, reconciliation and reliability, materiality and coverage, and compliance with IFRS 8. This approach makes it possible to assess segment reporting quality not through isolated indicators but through a set of interrelated criteria.

Second, for the quantitative assessment of the quality of segment reporting information in public interest entities, it is proposed to apply the SR-Qlty composite quality index, which aggregates the normalized scores of the criteria and their respective weights. By expressing the index on a scale from 0 to 1, values from 0 to 0.55 may be classified as low quality, 0.55 to 0.70 as medium quality, 0.70 to 0.85 as sufficient quality, and 0.85 to 1.00 as high quality. This classification enables segment reports to be compared across entities and reporting periods.

Third, it is proposed to use the SR-Qlty control card and a diagnostic matrix for monitoring the quality of segment reporting. These tools should facilitate the systematic examination of code inconsistencies, breaks in traceability to primary source documents, unjustified allocation of expenses, incorrect attribution of liabilities to segments, duplication of internal transactions, and discrepancies between internal and external reporting. As a result, the assessment of segment reporting quality is transformed from a tool focused solely on reviewing the final report into a management and control mechanism designed to identify and prevent methodological risks arising during the process of generating segment accounting information.

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