International Journal of Innovation, Creativity and Change. www.ijicc.net
Volume 13, Issue 5, 2020

The Impact of Applying the International Accounting Standards (IFRS / IAS) to the Appropriateness of Financial Reports on Investors' Decisions

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The primary task of financial reporting is represented by the process of communicating the accounting information to interested parties, where those parties have changing and increasing needs for that information. That is, the financial reporting process must include the provision of financial information that must be reliable and appropriate, as well as revealing the appropriate timing and achievement of the quality of financial reporting when the financial information matches with the needs of current and prospective investors, for the financial information should assist them in their decisions regarding whether to invest in that country or not. The adoption of the international financial reporting standards and international accounting Standards (IAS / IFRS) is the result of an international accounting consensus that allows the provision of reliable and internationally comparable financial information, to assist investors in making decisions in the international financial markets. These standards have been adopted in many countries of the world, to make accounting and financial information internationally comparable. Therefore, the research aims to indicate the impact of the application of international accounting standards on investors' decisions.

Key words: *International accounting standards, Financial reporting standards, Financial reports, Investor decisions.*

Introduction

The difference in accounting applications between the different countries of the world that result from the economic and social developments and the increase in international business movements, with the emergence of multinational companies and the growth of global financial markets may require the existence of measures that help to narrow the areas of the difference and diversity in the accounting treatments and methods of the used and helpful measurements to achieve a comparison between the financial reports of the local and international companies, which leads to an increase in investors' confidence in their credibility, and based on this, the need has emerged for the existence of unified accounting standards that can be applied at the international level. Therefore, local and international accounting organisations have focused on improving and coordinating the accounting systems, rules and procedures associated with preparing and presenting financial statements, as well as preparing and publishing the accounting standards that are used at the preparation of financial statements and lists in a way that achieves public interest with the work on the international acceptance of these standards and their application globally.

Although many countries have adopted the international financial reporting standards, or issued local standards that are consistent with them, according to the ability of the regulating bodies and capital markets in issuing binding instructions for their application, this does not guarantee the same results if those standards are applied among countries.

The studies have shown that the application of similar accounting standards is not a term for obtaining the same results. Therefore, the research aims in its parts to indicate the appropriateness of adopting the international financial reporting standards concerning the guide and drive of the accountant in performing his work. The adoption of these standards gives the financial statements more confidence and convenience, and makes them reflect economic events at a high degree, in a way that does not allow various users of these lists to have fundamental questions about their content, which helps them in making the investment decisions at the local and international levels, especially with regard to the banks and financial institutions, as they are considered one of the important investment sectors in the process of economic development, in addition to the dependence of other economic sectors on the banks and financial institutions.

Research Methodology

A. Research Problem

The international accounting and financial reporting standards refer to the principles and rules that are necessary for use when preparing financial statements. These standards have received international acceptance because they are objective and appropriate, in addition to their fair and honest disclosure of the company's financial position and the result of its activity from profit or loss.

These financial statements are reviewed by the users of the accounting information, including the investors. Thus, the research problem can be put in the following question: does the accounting information provided by the financial statements that are prepared according to the requirements of the international financial reporting standards affect the decisions of investors in the local environment?

B. Research Objective

The research objective is represented by the following:-
* Highlighting the nature and importance of the international accounting and financial reporting standards.
* Knowing the measurement and disclosure requirements for some international accounting and financial reporting standards.
* Discovering the impact's importance of the application of the international accounting and financial reporting standards on the investors' decisions in the local environment.

C. Research Importance

The research seeks to show the importance of the need for unified international accounting standards that are applicable in all countries of the world, for the purpose of obtaining consistent financial reports that help the investors in all countries of the world to take the right decisions at a defined time. The research also seeks to identify the ratios and financial indicators modified according to international standards and how they affect investor decisions by linking between these decisions and the transparency of accounting information, the extent of their availability and the ease of their understanding by investors. Moreover, it aims to study the changes that take place in the value of the assets if they are modified and measured according to those standards and their reflection on the performance indicators that are based on them.

D. Research Hypothesis

The research is based on a basic hypothesis that "the prepared financial reports in accordance with international financial reporting standards will have a clear impact on investor decisions."

E. Research Limits

* Spatial limits: local banks listed on the Iraqi Stock Exchange.
* Time limits: the financial reports of the National Bank of Iraq for the years 2012-2016.

The Concept of International Accounting and Financial Reporting Standards and Their Importance

Any profession must have the control or organisation that adds strength to it, in order to make it workable according to the studied and accurate laws, rules and procedures according to the economic, political and social environment of the countries that seek the leadership and progress in a way that achieves the well-being of society as a whole.

The accounting standards established by professional organisations, which are flexible, are considered the appropriate tools for the various international environments (Al-Jarfat, 2008: 19). The use of the term (accounting standards) has increased in the accounting literature and it is also the term which has been used in the publications of the International Accounting Standards Committee.

The accounting standards represent the applied guidelines for financial measurement, disclosure, and reporting to users of financial statements, which are based on accounting principles, moreover, they are one of the main components of the theoretical framework for financial accounting (Khalaf, 2013: 20). The International Accounting Standards Committee has defined the accounting standards as: the guided rules that professionals rely on to support their diligence and from which they inspire their professional judgment, but these rules do not nullify diligence or judgment, but rather a high-level professional description of the accepted professional practices generally, and aim to reduce the degree of the difference in the expression or practice in similar circumstances, moreover, they are used as a general framework to raise the quality and efficiency of artwork and to determine the nature and depth of professional responsibility (Al-Rawi, 1995: 45-46).

The importance of international accounting standards lies in the fact that it provides a comparison feature and reduces the costs of processing accounting data by unifying these treatments and achieves global compatibility and convergence with other standards, as it is issued by professional institutions characterised by impartiality and integrity (Al-Shahada and Al-Sulehat, 2015: 42-43).

The Requirements for the Transition towards International Accounting Standards

Achieving the reform of the accounting system and avoiding the problems resulting is one of the most important ways to promote efficiency, and the way to adopt and implement the international accounting standards requires the units to understand the impact of the international standards on financial statements, which can be on four levels (harmonisation, adaptation, convergence, dependence or adoption) and according to the means of harmonisation between local and international standards, which are both different standards, although there is an agreement to maintain harmony between them. As for the adaptation, it indicates that the local standard matches with the international standards, whereas, the convergence indicates that both local and international standards derived from a different starting point, but they lead to common standards that result in characteristics that all standards enjoy. While the dependence or adoption indicates that the international standards have become of use in preparing financial reports or forging ahead towards the full implementation of the international standards (Sair, 2015: 92).

To carry out the transformation process, there must be a set of requirements that represent what should be done in order to plan and prepare an appropriate environment to use a set of rules or standards that work on the use of a common accounting language, and remove the differences and disparities in the accounting systems in order to increase the quality of the accounting information, which is reflected in the decisions of users of the financial statements, and these requirements or considerations are represented in the following:-

A. Countries have a plan aimed at achieving consistency with the international standards or adopting a transformation process towards implementing the international standards (Al-Jarf, 2010: 12).
B. One of the important considerations is the need to ensure consistency in the regulatory framework and to provide clarity and the side that will be responsible in relation to other existing national laws, and to carry out the tasks necessary to ensure the coherence and clarity that will need significant resources and enough time (United Nations, 2008: 10).
C. The financial securities market committee obliges the units whose securities are registered in the market to implement the international accounting standards and set a final date for that (Abdullah and Othman, 2015: 174).
D. The development of the accounting education programs in the universities and specialised institutes, because they represent the entities that create the future accountant, and their outputs are the main tributary for the labour market from the auditors and accountants through several fields, including: reconsidering the curriculum and formulating it in accordance with the requirements of the labour market in order to keep pace with developments and environmental changes, as well as developing the capabilities of teachers and their qualifications, as they are the main pillar of accounting education programs and

providing the required supplies of books, training programs, modern teaching techniques, etc. (Yaqoub and Saad, 2010: 1036).
E. Legal systems directly or indirectly affect financial reporting, such as the development of corporate laws or accounting systems that define broad requirements for the measurement and disclosure of financial information and tax laws that influence the measurement and disclosure policies (Alkhtani, 2010: 15).
F. The need to establish the strong professional bodies or societies in order to compel the units to apply the standards with providing the government support (Hawass, 2008: 79).
G. Professional societies of all shapes and names set up specialised courses in order to learn how to apply the international accounting standards and in a manner that is consistent with the requirements of the local environment and adapts to it (Naji, 2012: 172).

Based on the foregoing, it is clear that the necessary requirements for the success of the transformation process are represented in the availability of an active financial market and the issuance of the legal legislations that are matched with the transformation process by issuing or amending effective laws relating to the taxes and companies' laws and other laws, as well as holding courses and workshops to define the international standards and how to deal with their requirements, accounting procedures and practices, and on the other hand, the attention to the accounting education standards in the universities and reviewing the curricula that are taught, to keep pace with developments in the local and international accounting environment.

The Impact of International Accounting Standards and Their Reflection on Investors' Decisions

There has become an urgent need to shift to the international accounting standards, with the increase in the volume of the economic activity and expansion in the size and number of joint-stock companies, as well as the spread of multinational companies in various countries of the world, because of the benefits they achieve for investors, which is reflected in the growth of trade movement, and the preservation of the efficiency of financial markets, and the attraction of the local and foreign investments by encouraging the local investors to invest inside the country on the one hand, the encouragement of the foreign investors to invest outside their countries, and in the same context, the contribution in preparing financial reports of a high and comparable quality, which is reflected in the increase of the investors' confidence, and the direct and indirect accounting effects of the shift to the international accounting standards on investors' decisions through:-

A. The international financial reporting standards contribute to improving the quality of financial reports to reflect the economic reality of the company, and provide shareholder information about losses, financial failures and inappropriate financial events with a high degree of accuracy and verifiability to allow investors to make smart decisions (Richow, 2013: 45).

B. The international financial reporting standards and international accounting standards (IFRS / IAS) contribute to limit opportunistic or expedient management behaviour by narrowing the areas of choice between the accounting alternatives, which can be exploited by management to manipulate profits, in order to provide the financial reports through which the rationalisation of the investors' decisions can be done (Al-Meliji, 2014).

C. The international financial reporting standards and international accounting standards (IFRS / IAS) are directed towards the use of fair value and in a significant way contribute to show the high quality transparency of the information contained in financial reports, which is reflected in the increase of the investors' confidence and in the case of not being applied it is reflected in the loss of investors' confidence in the financial reports.

D. The international financial reporting standards and international accounting standards (IFRS / IAS) affect investors' expectations and perceptions regarding their future vision for the survival and continuity of the company through its role in improving the transparency of the disclosure and reducing the mismatch of the information, which allows the investors a high degree of ability to see the future of the company in real terms.

E. The compliance with international accounting standards, including the disclosure of accounting policies, helps in achieving comparability, which enables the investors to identify the differences used in accounting policies in facilities for similar financial operations and other events from time to time.

F. The international financial reporting standards and international accounting standards enable improvement in the quality of the accounting performance by providing information with more qualitative characteristics with high explanatory power that enables investors to make good decisions and evaluate the company's performance.

G. The international financial reporting standards and international accounting standards (IFRS / IAS) provide investors with a unified reading of financial reports, which helps in adding credibility to the accounting information and relying on it when6 making decisions.

H. The international accounting standards affect the degree of accounting retention in the financial statements and increase of the immediate recognition of losses.

Field Study

The adoption of the international accounting standards contributes to reducing the information mismatch, on the one hand, and enhances the quality of the financial reports as well as it gives a positive signal to investors about the financial performance of the company on the other hand; for the prepared financial statements in accordance with these standards provide the required information for the decision-making process by investors. The research tries to analyse the financial reports of a sample of the listed companies on the Iraq market for the financial securities, in order to prove or deny its hypothesis that the financial information under the international accounting standards is more appropriate when used by investors to make an investment decision.

When the Central Bank issued the instructions for the private banks to adopt the international standards during the year 2015, the number of banks that applied those instructions voluntarily was (6) out of (17) banks at a rate of (20%), after excluding Islamic banks and foreign banks, because they are outside the scope of the research, and the application process. It was optional during 2015and not mandatory, but during the year 2016, the percentage was (100%) for the banks that complied with these instructions.

❖ An Introductory Summary of the Research Sample (al-Ahli Iraqi Bank) Joint Stock Company

Al-Ahli Iraqi Bank was established in 1995 as a public joint stock company within the private sector, to provide an integrated set of banking services for companies and individuals in Iraq. In view of the success achieved by the bank and to support its future growth, the bank's capital was (400) million Iraqi dinars at its foundation, but it has been increased to reach (250) billion Iraqi dinars (215 million US dollars) in December 2013.

In 2005, Capital Bank (Jordan) bought the majority of the shares of al-Ahli Bank of Iraq (61.85%), which enabled al-Ahil Bank of Iraq to develop its products and services, as well as to enhance its global foothold and promote financial inclusion at the country level.

The Capital Bank represents the gateway to al-Ahli Bank of Iraq to global economies, due to its extensive network of correspondent banks, where it facilitates the sending and receiving of the internal and external transfers, the grant of credit facilities, and provision commercial financing services.

Moreover, al-Ahil Bank of Iraq can trade for the interest of its clients in the Jordanian market and in the global markets through Capital Company for the investments –the investment arm of Capital Bank – besides the provision of trading services in the financial securities of Iraq through its wholly owned subsidiary, Oasis Palm Company.

The bank does its business through a basic banking system developed to support its growth and serve its customers, moreover, Capital Bank and all its subsidiaries use Ernst & Young to audit all accounts and prepare their financial reports in accordance with International Accounting Standards.

The bank was rated "BB" by International Capital Intelligence for credit rating. The bank also received a "good" rating from the Central Bank of Iraq.

Al-Ahil Bank of Iraq currently has (11) branches located in all major Iraqi cities.

❖ Application of International Accounting Standards by the Research Sample

The bank is one of the first banks that have committed to implement the instructions of the Central Bank for the application of standards voluntarily for the year 2015, having prepared their financial statements in accordance with the consolidated accounting system and prepared according to international standards, the researcher to see the reports. Interviews are conducted with the managers of the accounting and investment departments, while some local banks calculate the fair market value of the fixed assets, through the use of real estate brokerage companies estimating the price of a meter in the area of land ownership (The number of meters * the fair market value per square meter). The fair value of each property is then determined to reach the total fair market value of its fixed assets.

As for the financial investments, the price of the last trading session in the Iraqi market for securities is adopted in order to obtain the market value through (the number of shares * share price). Since the Iraqi market is inefficient and therefore cannot rely on the price of the last session as a fair value, the researcher uses the Gordon model, which is supposed to measure fair value because it represents one of the best measurement methods, as it focuses on measuring future economic events that do not have adequate market value. In order to calculate the fair value of the investment portfolio, which imitates cash flows to be distributed by the unit to ordinary shareholders depending on both profitability and liquidity, these were determined by dividing by the expected earnings by using the following equation (Samuels et al, 1995: 610):

$$Dt = Do + (1 + g)$$

When: **Dt**: Dividends expected in period t.
Do: Dividends per share in the period n.
g: Growth rate. Growth Rate = (Dividend for the current year / profit for the previous year - 1).
In the same context, the required rate of return (K) was calculated according to the capital asset pricing model (CAPM) and is calculated according to the following formula (Samuels et al, 1995: 610):

$$RRR (K) = Rf + Bi (Rm – Rf)$$

When : RRR: the rate of return required.
Rf : risk-free rate of return.
Bi: Beta Factor (Standardised Stock Risk Scale).

Rm: The rate of return on the market portfolio.

Interest on deposits granted by the government, and in the local environment, the rate of interest set by the Central Bank was (6%) for the year 2017 and reduced to (4%) during the year 2018.

On the other hand, the price or value of the current share (Pn) represents the value of the stock in the stock market and is affected by the factors of supply and demand for shares and obtained through the annual report on the movement of trading in the Iraqi market for securities for the above period, and then by a calculation of the fair value of the shares of the portfolio. The results of the investment are based on the variables of the required rate of return, market value and the expected profit divided by all the shares of the companies listed in the investment portfolio owned by the bank. The sample is as follows: (Brigham & Ehrhardt, 2008 :295):

$$F.V = \sum_{t-1}^{n} \frac{D_t}{(1+k_s)^t} + \frac{P_n}{(1+k_s)^n}$$

When : F.v: Fair value per share.
Dt: Dividend expected in the period t
Pn: common stock price in period n.
Ks: The rate of return required on ordinary shares by the investor.

As for the calculation of fair value, a number of variables have been adopted, namely: the expected profit rate, the required rate of return and the market value of the investment portfolio of the bank.

Table 1: Calculation of the fair value of the investment account of Al-Ahli Iraqi Bank for the year 2018

The Company's name	Expected rate of return	Rate of return required	Market value	Fair value
Baghdad soft drinks	0.214	0.005	2.5	2.700
Games of Karkh	0	0.032	5.45	5.281
Al Mamora Investments	0.0102	0.053	2.32	2.213
Bank of Mosul	0	0.023	0.56	0.547
Bank of Babylon	0.033	0.065	0.33	0.341
Elaf Islamic Bank	0.009	0.074	0.28	0.269
Dar AL-Salaam Bank	0	0.117	0	0
Bank of Baghdad	0.091	0.061	0.9	0.934
Commercial Bank	0.026	0.069	0.48	0.473
Al Mansour Hotel	0	0.052	21	19.962
Ishtar Hotel	0.456	0.05	13.3	13.101
Palestine Hotel	0	0.034	15.75	15.232
Local dates	0	0.029	1.64	1.594

The investments (shares) are calculated according to international standards by multiplying the number of shares by the fair value of the shares. Table (2) shows that:

Table 2: The fair value of the financial investments in accordance with the international standards of Al-Ahli Iraqi Bank for the year 2018 (amounts in millions of Iraqi dinars):

The Company's name	Number of Shares	Fair value per share	Total fair value
Baghdad Al Salam Industries	587,890	0	0
North for soft drinks	150,000,000	0	0
Nineveh Food Industries	2,127,905	0	0
Agricultural crops	7,000,000	0	0
Baghdad for soft drinks	45,000,000	2.700	121
Games of Karkh	1,000,000	5.281	5
The globe	2,037,786	2.213	4
Warka Bank	49,019,607	0	0
Bank of Mosul	14,637,500	0.547	8
Bank of Babylon	662,328,199	0.341	225
Alalaf Bank	925,628,011	0.269	249
Dar AL- Salaam Bank	14,203,205	0	0
Bank of Baghdad	27,000,000	0.934	25
Commercial Bank of Iraq	98,714,286	0.473	47
Al Mansour Hotel	95,096,000	19.962	1,8986
Ishtar Hotel	366,948,968	13.101	4,807
Palestine Hotel	258,435,887	15.232	3,936
Local Dates Company	8,142,737	1.594	13
Total			13,866

The table (3) reviews the values of Al-Ahli Iraqi Bank's assets according to the value of international standards and historical cost:

Table 3: Value of Al-Ahli Iraqi Bank's assets at adjusted value and historical cost (amounts in millions of dinars).

	2014		2015		2016	
Details	**Historical cost**	**Modified value**	**Historical cost**	**Modified value**	**Historical cost**	**Modified value**
Equity investments	**13,274**	**12,743**	**7,280**	**6,487**	**13,671**	**13,866**
Total investments	**77,925**	**77,745**	**173,450**	**166,203**	**140,195**	**141230**
Current assets	**749,487**	**748,957**	**488,273**	**480,233**	**728647**	**729877**
Working capital	**280,310**	**279,780**	**16,786**	**8,746**	**330,168**	**331,398**
Fixed Assets (Real Estate)	**34,925**	**65,236**	**28,012**	**30,703**	**28,012**	**31,631**
Total fixed assets	**52,338**	**69,401**	**35,438**	**38,643**	**41,914**	**43,390**
Total assets	**816,479**	**833,360**	**523,711**	**518,876**	**770,561**	**773,267**
Capital invested	**347,302**	**364,183**	**78,763**	**73,928**	**404,996**	**407,702**

From the analysis of Table (3), the change in the value of assets is determined according to both the historical cost and the adjusted value in accordance with international accounting standards. In the same context, the value of the shares owned by the bank varied between the rise or fall of the years 2016-2018 which represents the real value of these investments. The total financial investments of the Bank is a result of the change in the value of those shares.
As for the buildings, the adjusted value of the properties owned by the bank was increased year after year over the period of time and therefore reflected on the total fixed assets. This leads us to change both the total current and fixed assets.

❖ **Financial Ratios in Accordance with Historical Cost and Adjusted Cost in Accordance with International Accounting Standards:**

1. **Liquidity ratios:** Trading Ratio 2018 = Current Assets / Current Liabilities = 728647 / 471,487 = 1.545 and so on for the rest of the years in accordance with both historical cost and adjusted value prepared in accordance with international standards.

The rate of trading ranged from (1.20 ± 1.55) for the period from 2016 to 2018, reaching the lowest ratio in 2018 (1.54) according to historical cost, and rose again in 2018 to reach (1.55) adjusted value.

2. **Profitability Ratios**

- Calculate the rate of return on investment 2018 = Net income / invested capital = 10,057 / 84,096 = 0.12.
- **Return on Assets (ROA)** = Net Profit / Total Assets for 2018 = 19,127 / 770,561 = 0.02.

This percentage ranged between 0.47 and 1.12. The highest increase was the ratio of (1.12) in 2016, according to the historical cost and the lowest percentage in 2017. It reached 0.47 according to the adjusted value.

3. **Risk Ratios**

- **Cash / Investment Ratio / Total Assets** 2018 = 307543 + 140,195 / 770,561 = 0.58 and so on for the rest of the years.

This percentage ranged between 0.55 and 0.80, with the highest rise of 0.80 in 2017 according to the adjusted value and the lowest percentage in 2016 at (0.55) according to the two values.

- **Ratio of Total Cash / Total Assets** 2018 = 307543 / 770,561 = 0.40 and so on for the rest of the years.

(0.40 ± 0.47). The highest increase in 2017 was 0.47 according to the historical cost and the lowest percentage in 2018. And a slight increase in the value of total assets according to the revised historical cost values during the year 2017 (from 0.46 to 0.47) and the remaining fixed rate of 2016 at (0.51).

- **Capital Risk**: Year 2018 = Capital invested (Investor) / Total assets = 66,000 / 580,125 = 0.11 and so on for the rest of the years.

This percentage ranged from (0.18 ± 0.53), with the highest increase in 2018 (0.53) according to the adjusted value. The percentage was revised according to the historical cost ratio (from 0.15) To 0.14) in 2017 and its rise significantly in 2016 to reach (0.52) according to historical cost and (0.53)) At fair value.

- **Fair Market Value Risk**: 2018 = Fair value of investment portfolio / historical cost of investment portfolio 13,867 / 19,491 = 0.71.

Market value of investment portfolio / historical cost of investment portfolio = 13,691 / 19,491 = 0.70 and so on for the rest of the years.

This ratio ranged between 0.47 and 1.08. The highest increase during 2016 was (1.08) according to the adjusted value and the lowest ratio in 2017 (0.47) according to the adjusted value. (From 0.83 to 0.86) and 2018 (from 0.70 to 0.71), and to 2016 (from 1.12 to 1.08) and 2017 (from 0.54 to 0.47). Table (4) shows financial ratios based on historical cost and adjusted value:

Table 4: Financial Ratios of Al-Ahli Iraqi Bank on the Basis of Historical Cost and Adjusted Value

Ratios Years	2016		2017		2018	
Trading rate (once)	Historical cost	Modified value	Historical cost	Modified value	Historical cost	Modified value
Return on investment	1.50	1.50	1.22	1.20	1.54	1.55
Return on Assets	0.01	0.01	0.17	0.18	0.02	0.02
Liquidity Risk = Cash + Investments / Total Assets	0.05	0.05	0.05	0.05	0.02	0.02
Cash / Total Assets	0.55	0.55	0.80	0.79	0.58	0.58
Capital risk	0.51	0.51	0.46	0.47	0.40	0.40
Fair market value risk	0.37	0.36	0.15	0.14	0.52	0.53
Trading rate (once)	1.12	1.08	0.54	0.47	0.70	0.71

❖ Statistical Analysis of the Data

4. Statistical analysis of the data: after the calculation of the financial ratios of the research sample, a series of statistical analyses will be used on the financial ratios obtained using a set of statistical measures and indicators:

A. asthmatic Mean B. Standard error
C. Standard Deviation D. Skewness scale
E. Kolmogorov F. Smirnov One Simple / Test

The statistical tables (5,6) illustrate the statistical analysis of the financial ratios obtained from the data of the Al-Ahli Iraqi Bank as follows:

Table 5: Statistical Analysis of the Financial Ratios of Al-Ahli Iraqi Bank According to Historical Cost

Descriptive Statistics											
Variables	N	Mean		Min	Max	Std. Deviation	Skewness	Result of scale distribution format	Kolmogorov-Smirnova		Result of normal distribution test
	STCS	STCS	Std. Er			Statistic	Statistic		Statistic	Sig.	
trade rate	3	1.335	0.0619	1.22	1.54	0.1516	0.2386	More flat than normal	.223	.200*	Distributed natural
Return on investment	3	0.095	0.0248	0.01	0.18	0.0607	-0.4395	More flat than normal	.260	.200*	Distributed natural
Return on Assets	3	0.0517	0.0095	0.02	0.05	0.0234	0.3664	More flat than normal	179 .	.200*.	Distributed natural
Cash + Investments / Total Assets	3	0.605	0.0373	0.55	0.80	0.0914	1.9639	Tapered than normal	.226	.200*	Distributed natural
Total money / total assets	3	0.4583	0.0410	0.40	0.51	0.1005	-1.0778	Tapered than normal	.228	.200*	Distributed natural
Capital risk	3	0.2833	0.0529	0.15	0.53	0.1296	1.0093	Tapered than normal	.164	.200*	Distributed natural
Fair market value risk	3	0.8816	0.0980	0.47	0.70	0.2401	0.2879	More flat than normal	.267	.200*	Distributed natural

Table 6: Statistical Analysis of the Financial Ratios of Al-Ahli Iraqi Bank According to the Adjusted Value

Descriptive Statistics											
Variables	N	Mean		Min	Max	Std. Deviation	Skewness	Result of scale distribution format	Kolmogorov-Smirnova		Result of normal distribution test
	Statistic	Statistic	Std. Error			Statistic	Statistic		Statistic	Sig.	
trade rate	3	1.345	0.0680	1.20	1.55	0.1666	0.0509	More flat than normal	.223	.200*	Distributed natural
Return on investment	3	0.0933	0.0266	0.01	0.18	0.0652	-0.0161	More flat than normal	.260	.200*	Distributed natural
Return on Assets	3	0.0516	0.0079	0.02	0.05	0.0195	-0.1366	More flat than normal	179 .	.200*.	Distributed natural
Cash + Investments /Total Assets	3	0.6166	0.0330	0.55	0.79	0.0809	2.0103	Tapered than normal	.226	.200*	Distributed natural
Total money / total assets	3	0.4516	0.0456	0.40	0.51	0.1118	-1.4451	Tapered than normal	.228	.200*	Distributed natural
Capital risk	3	0.2933	0.0518	0.14	0.53	0.1268	0.9799	Tapered than normal	.164	.200*	Distributed natural
Fair market value risk	3	0.8466	0.0874	0.47	0.71	0.2140	-0.6716	More flat than normal	.267	.200*	Distributed natural

From the analysis of the previous two tables (5,6), it is clear that for each of the trading ratios, the ratio of investments / total deposits, the ratio of investments + cash credit / total deposits, ratio of capital risk, the risk of fair market value was rightward, while the ratios of return on investment and total money / total assets were leftward deviations. As for the result of the distribution scale format, it was more than normal for the ratios of (cash / investments / total assets, capital risk) The rest of the other ratios were more flat than normal. As for the results of the natural distribution test, the statistical analysis showed that all financial ratios are distributed naturally.

Under the adjusted value according to international standards, the result of the scale showed that it is devoid of Yemen for the ratios of (trading, cash, investments / total assets, capital risk).

As for the other financial ratios, the distribution scale was shown to be left-wing. In the same context, the result of the distribution scale was more than normal for cash (total assets, total money / total assets, capital risk), and the other ratios were more flat than normal.

According to the data that came to the result of the normal distribution test according to the modified value, the analysis showed all financial ratios are distributed naturally.

Conclusions and Recommendations

First: The Conclusions

The researcher concludes through the analysis and discussion of the theoretical and practical aspects of the study the following results:-

1. The adoption of the international financial reporting standards and international accounting Standards (IFRS / IAS) leads to improving the quality of the disclosed information in the financial statements.
2. The international financial reporting standards and international accounting standards (IFRS / IAS) assist investors in making their investment decisions by providing transparent, reliable and comparable financial information.
3. By analysing the performance indicators of the bank, the research sample showed that after adjusting the values of financial investments and fixed assets from real estate according to the fair value in light of international standards, the amendment in general has a small relative impact; the reason is due to the poor efficiency of the exploitation of the assets compared to their fair value, where the amendment was limited to the values of financial investments and fixed assets, and at comparing their values to the values of the total assets, it is clear that they constitute a low percentage of the total assets, and therefore it will reduce the impact of the changes that happen to them.
4. By calculating the fair value of the financial investments account and after adopting the international standards, a difference in their value (the historical cost represented in the purchase cost over the fair market value) appeared at calculating the financial ratios that are affected by the total financial investments; and after calculating its fair value according to the international standards, it appears that there is a variation at calculating it according to historical cost, and this explains the lack of obtaining correct ratios according to the indicators of market trading.
5. Although the changes in the values after adjusting both the financial investments and real estate at a fair value in accordance with the international standards; the statistical test showed that these changes were few, and the reason is because the local market is inefficient, which leads to arbitrary price fluctuations affected by informal information such as rumours, for speculative purposes, as well as economic instability in the local environment, which is reflected in economic variables and deficiencies in the valid laws.
6. The financial performance indicators attached to the financial statements of the bank for the research sample do not provide the required and sufficient information that the users benefit from, and which assist them in making their decisions. The banks of the research sample do not give the indicators of financial performance the attention they deserve, despite their role in evaluating the efficiency of management periodically and their importance at making reasonable investment decisions.

***Second*: Recommendations**

1. The interest in analysing the financial statements and calculating the financial and non-financial ratios and indicators is in order to help investors who lack accounting experience in the market for securities of Iraq, to provide advice and consultation to them because of their financial investments, and this is by establishing the specialised financial institutions that take over this task.
2. The necessity of creating accounting and supervisory cadres, which are capable of dealing with international accounting standards. Here, the role of accounting departments in universities is highlighted, as well as the courses and workshops that professional organisations can undertake.
3. The professional, financial and banking organisations use educational programs that include seminars, conferences, workshops and forums for different groups in order to introduce international accounting and its importance, and how to adopt the international accounting standards and what are the requirements for that process.
4. The application of the measurement in accordance with the international financial reporting standards is not limited to the fair value of the financial investments and fixed assets; but it exceeds them to include many paragraphs, including the calculation the shop's fame and corrosion tests.
5. The creation of a comprehensive database for companies listed on the market for the securities of Iraq, which helps analysts, researchers, investors and other parties involved in activities to view the data transparently, and taking into consideration that the database includes all the necessary information that would provide an integrated picture of the financial and non-financial performance.

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