

The impact of implementing (IFRS) on the accuracy and reliability of financial statements in economic entities

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Abstract: The magnitude of the financial reports and the various activities associated with them necessitated the search for autonomous standards developed by impartial organizations. The financial reports demonstrate their reliability, comparability, and stability. They are free from any significant errors and provide an accurate and fair representation of the organization's financial position. As a result, they have a strong predictive ability to assess both current and future situations. It is important to express the quality of financial reports in a realistic manner. The company ensures that its reports are devoid of errors, forgery, fraud, and investigation. These reports are prepared with precision, realism, and without any exaggeration. They must adhere to consistent standards and controls, specifically the internationally recognized financial reporting standards. These standards are widely accepted as the agreed-upon model for accounting standards worldwide. The globe has observed significant advancements in the global economy, capital market globalization, and information technology, leading to high-quality outcomes such as the online display of financial reports. The magnitude of the disparities in these data across other nations underscores the importance of Comparable financial information.

Keywords: Financial Reporting, Financial Information, Financial Reporting Standards, International Accounting Framework, Regulatory Approach

Introduction

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Financial information is mostly provided through the financial statements of economic entities that are listed on the stock market. Typically, most economic entities listed on major stock markets include one or more subsidiary companies. As a result, they are required by national accounting laws and stock exchange requirements to create consolidated financial statements for the whole group they own. Simultaneously, economic entities, being recognized as legal entities, have a legal obligation to provide separate financial statements. As a result, parent firms have a legal need to provide two sets of financial statements: one at the individual level and another at the group level. Starting from January 1st, 2005, economic entities listed on stock exchanges were required to implement International Financial Reporting Standards (IFRS) for the production of their group financial statements.

The research problem arises from the expansion of capital markets and the advent of globalization and international corporations, which necessitate the acquisition of valuable information for the purposes of making comparisons, decision-making, mergers, investments, and establishing new branches. Consequently, the local systems are unable to fulfill these requirements. Hence, it is imperative to adhere to standardized norms for the global financial reporting

procedure, as these norms, as previously said, offer several benefits when implemented by the economic entity. The study question may be succinctly described as: Does the implementation of international financial reporting standards influence the quality of financial reports and the information they provide, therefore benefiting the users and the economic entity?

The researcher aims to achieve the following by reviewing the study literature:

1. This text aims to provide a clear definition of international financial reporting standards, including its conceptual framework, objectives, and areas of applicability.
2. The quality of financial reports refers to the degree to which they accurately and reliably represent the financial position and performance of an organization.
3. Elucidating the influence of employing international financial reporting standards on the caliber of financial reporting. The significance of research lies in its aim to demonstrate the substantial and noteworthy influence of using international financial reporting standards on the quality of financial reports created in accordance with these standards.

Materials and Methods

Proposed research hypothesis: The research hypothesis is succinctly summarized by the subsequent hypotheses.

1. The utilization of international financial reporting standards has a beneficial effect on the caliber of financial reporting inside the economic entity.
2. The utilization of worldwide financial reporting standards has a detrimental effect on the caliber of financial reporting inside an economic entity.
3. The application of international financial reporting standards does not affect the quality of financial reporting in the economic unit. Framework for financial reporting standards

Results and Discussion

1. we will discuss the theoretical foundation.

Numerous countries worldwide are keen on establishing their own accounting policies through the implementation of accounting standards. These standards aim to mirror the accounting practices prevalent in a particular society and are utilized for measuring and communicating accounting information pertaining to the activities of entities within that society. Standards may be defined as overarching guidelines that are generated from specific purposes. Accounting theory encompasses the principles and frameworks that are employed in the formulation of accounting procedures and processes. An accounting standard is a set of guidelines that ensures consistency in measuring financial operations and events, and provides information to users. It can be seen as a model or pattern for accounting performance. Provisions pertain to a certain component of the financial statements or a specific category of activities, occurrences, or conditions that impact the economic entity. Standards are broad models or standards that provide direction and justification for actual

accounting practices. Standards and accounting practices are distinct. Accounting practices refer to general or directed methods used when applying these standards to individual instances. The standards are criteria that accountants rely on to measure, provide evidence for, and disclose financial information regarding the economic events of a company [1].

a. IFRS Introduction

International financial reporting standards serve as the universal accounting language, facilitating communication in the context of globalized capital markets, the global economy, and economic openness. The evolution of accounting can be attributed to changes in the work environment and the necessity for standardized accounting practices to support economic integration and global financial markets. An idea is proposed to establish an IAS committee, which would be aligned with the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Board. The purpose of issuing accounting standards is to minimize subjective interpretations and professional judgments, thereby reducing discrepancies in accounting practices for similar circumstances. These standards would serve as a universal framework for evaluating the quality and effectiveness of technical work, as well as facilitating the international convergence project between American accounting standards (FASB). The shortcomings and weaknesses that have arisen in the rule-based standards can be attributed to their reliance on numerous intricate and precisely defined rules, which can be misapplied due to the complexity and ambiguity inherent in the international accounting standards (IASs). There are several exceptions that form the basis of the standards. The International Convergence Project, initiated by the International Accounting Standards Board (IASB), aims to minimize the substantial disparities between global accounting standards and regional and local standards.

The goal of obtaining a set of quality accounting standards is to enable comparison while preparing financial reports. In order to achieve consistency across financial statements in different nations, it is necessary to use international standards. A financial reporting system supersedes the national accounting rules and criteria of a country. It serves as the foundation for compiling and presenting financial statements for firms listed in the financial markets of that country [2].

The conceptual framework in international accounting defines reporting standards as an organized collection of objectives and fundamental principles that are internally coherent. This framework enables the development of standardized standards and the establishment of the scope and purpose of financial accounting boundaries and financial statements [3].

Accounting standards, as defined in the accounting literature, are guidelines that provide instructions for measuring, disclosing, and reporting financial information in financial statements. These standards apply to both external and internal users and are based on accounting principles. They form a crucial part of the theoretical framework of financial accounting. Standards are composed of various sections that describe the specific issues they address. Completed.

- 1) Approaches for resolving the issue or a well-considered choice.

2) Standards enforce particular solutions by endorsing the choice or idea.

The International Organization for Standardization (ISO) has defined it as "a document that is unanimously prepared and approved by a recognized body, providing rules, outlines, or specifications for activities or their outcomes, with the aim of ensuring an optimal level of organization in a specific context." (Claude, 2020: 5).

Entrances for setting accounting standards The studies related to standard setting approaches have identified two main approaches: [1]

- The free market entrance: the free-market entrance is known as the body responsible for drafting the standards and in which the information is viewed as an economic commodity with a price) and it is considered an inappropriate entry for several reasons, including that the information is not identical to information asymmetric, and that the information is provided at a price and the persons not participating in it benefit from it. Affordability, which riders call free riding
- The organizational approach, on the other hand, we find the organizational approach is the most appropriate choice for enacting laws And the instructions, for example in establishing the Securities Commission (SEC) in 1934, and standards are usually set by the public or private sector.
- There are three groups of systems responsible for setting the accounting standard, including two special groups. And one group is public, and the first groups include countries that have private professional bodies Responsible for setting standards, for example, Canada, New Zealand, Korea, and Taiwan, or the second group. It includes countries that have expanded in setting accounting standards through work, for example America and Britain, while the third group includes countries that are among the responsibilities of the government to enact laws and issue standards, Accounting, for example, Australia, China, France, Malaysia and Iraq. The following is an explanation of the process of setting the accounting standard within three main entries.

2. The free market entrance:

Accounting can be considered an information factory, meaning that the function of accounting is to produce or generate information. Supporters of the free-market entrance claim that their work is similar to any other commercial product. In trade, the two elements of supply and demand must be moved. A demand for accounting information by the user, there will be a presentation of that information by the economic unit in the form of financial statements, and accordingly it is possible to determine the ideal price average for the accounting information, assuming a specific required information is matched by a supplier who wants to present it at a price and believes that it is profitable to provide the information, and at the same time The user believes that the information cost is equal to or less than the expected benefit from the information, and when the ideal price is reduced, the ideal information supply service is canceled, meaning that the free market

represents an ideal and applicable mechanism for determining the type of accounting information and providing the necessary standards. This entry has been criticized from several aspects. (Perera & Mthews) as unrealistic and inapplicable, it is unrealistic because accounting organization structures will not abandon its current authority in accounting, and it is not applicable because the market mechanism does not have the ability to achieve an optimal balance of the prices of accounting information, and the information cannot be considered a public good because it is available to everyone and the person who benefits from the information does not bear the costs of its production and vice versa.

3. Agency theory approach:

Approach Theory Agency that some supporters of agency theory support the free market entrance, as agency theory tries to explain the relationships between related parties within the economic unit in particular with regard to accounting information, and that agency theory explains the theoretical aspect and management's choice of accounting methods which are One of the important components of statutory accounting theory, and it is also clear that the theory is based on personal interests, which appear when signing agency contracts that people are active in the agency by asking about those interests.

That is why agency contracts should be organized. word should use this theory to explain the behavior of managers (responses to their actions) the tendency to use these methods to become the verb lists later on proposed accounting standards. In providing the necessary information and achieving the mechanism of balance, which is the point at which revenues are equal to the costs of processing all kinds of information.

4. Self-regulation approach:

Approach Regulatory that critics of the free-market entrance know that this entry is unrealistic and cannot be applied in practice because the market mechanism is unable to achieve the ideal price appropriate for accounting information. Self-regulation is defined as a regulatory body that works to issue standards by independent professional organizations and aims to achieve the public interest, and the owners of this entry see that the process of setting accounting standards is better if it is left to the private sector without state interference, and it is the only entry point in imposing instructions by Professional organizations to provide the necessary information to meet the actual needs of the user and to ensure an efficient capital market and standards are set by professional accounting experts, and the flexibility to choose between accounting methods and practices is the main feature of accounting standards under this approach, and it is preferable to apply it in a free economic system with active markets such as America and Canada, and standards are formulated in light of this approach inductive form through the interaction of accounting with the external environment, so that the market influence in developing accounting standards has become clear, Hence, it is considered the best approach in formulating standards [4].

5. The benefits of worldwide financial reporting standards are as follows:

The aim is to entice foreign investors by implementing international financial and accounting practices and transactions. This will safeguard them

from the challenges posed by varying accounting systems, both in terms of procedures and the preparation of financial statements. Ensuring compliance with the criteria set by both local and international financial institutions: Several firms actively pursue funding from certain institutions and agencies, as financing entities are unable to provide loans without doing a thorough analysis of the financial accounts of the company seeking finance.

The attributes that define the quality of information presented in financial reports Fundamental qualitative attributes. Essential qualitative attributes Qualitative qualities refer to the attributes that enhance the usefulness of financial reports for consumers of accounting information, such as investors, lenders, creditors, and others. These characteristics contribute to the overall quality of financial information.

The conceptual framework of financial reports categorizes the qualitative aspects of valuable financial information into two distinct areas. The initial category comprises fundamental qualitative attributes, namely appropriateness and honest depiction. The subsequent category include features that augment or reinforce the qualitative attributes, such as comparability, verifiability, proper timing, and understandability. **Below is a description of these attributes:**

- **Convenience:** The financial information provided should be pertinent and have a direct impact on users' economic decisions. It aids in evaluating past, present, and future occurrences, as well as changing prior evaluations. Financial information is deemed suitable if it possesses either predictive value, confirmatory value, or both. Predictive information is valuable when it enables users to forecast economic events, anticipate the future performance of a company, and assess its ability to handle unforeseen events and changes. The ensured value may be found in the financial information, which includes feedback on prior evaluations, whether they have been affirmed or amended [5].

There is a connection between the predictive and confirmatory functions. For instance, the information provided on the current situation allows users of financial information to verify or assess prior expectations, as well as make predictions about the future. For example, data on current period revenues can be used to forecast revenues for future periods, and it can also be compared to past revenues. Users of accounting information are interested in utilizing the information to rectify or enhance the methodology and forecasting mechanism employed in prior periods. They seek to forecast various elements such as future financial performance, the facility's dividend-paying capacity, expectations regarding future stock prices, and more.

The significance of the information is contingent upon its type and relative significance. In certain instances, the financial information is deemed suitable depending on its nature. This includes cases where the disclosure of a business sector or a new geographical sector has an influence on evaluating the anticipated risks and opportunities, regardless of its relative significance. Conversely, in other cases, the nature and significance of the item are taken into consideration. The concept of relativity is equally significant to the process of assessing the worth of inventory within uniform categories.

Information is deemed material if its omission or distortion could impact the financial decisions made by users based on the financial statements. The International Accounting Standards Board has not prescribed a specific threshold or percentage for materiality, as this depends on the size of the entity, the nature of its activities, and other relevant factors.

- **Accurate portrayal:** For financial information to be trustworthy, it must accurately depict the financial activities and other occurrences inside the organization, as well as the phenomena that need to be communicated and represented. In other words, financial information must accurately convey the events, processes, and phenomena it represents. Additionally, this information should be comprehensive, unbiased, and free from any mistakes. These attributes are not anticipated to be completely actualized, but rather the goal is to attain them to the greatest extent feasible. A comprehensive attribute implies that the financial data has all the required information for consumers to comprehend the details about the expressed occurrences, including descriptive and explanatory information. Neutrality in financial reporting refers to the impartiality of the information presented in the financial statements. It ensures that the statements are not prepared or presented to favor any particular party or to achieve a specific purpose, but rather for public use without any bias. For instance, it is imperative that information is not hidden or kept secret. The Income Tax Department should prioritize accountability to the establishment's owners and avoid any prejudice that may influence them. It is crucial to refrain from using accounting practices that purposefully exaggerate earnings to benefit the administration or manipulate performance evaluations.

The error-free characteristic refers to the absence of any mistakes or omissions in the description and declaration of economic events, as well as the absence of errors in the processing of reported financial information. The veracity of the depiction characteristic, by itself, does not inherently generate pertinent information. For instance, the facility may acquire a non-current asset, such as equipment, through a government grant. If the received asset is determined to have no value or a symbolic value of one dinar, it accurately represents the cost but is not suitable for expressing the asset's value.

We have identified assets within the establishment that are not reflected in the financial statements. This is because it is difficult to accurately determine their value, such as internally generated goodwill. The failure of a financial process to accurately represent the specified amount for these assets has resulted in their non-recognition. Therefore, in order to acquire valuable knowledge, it is necessary for the material to be both pertinent and truthful.

6. The enhancing features of the qualitative aspects of the information provide assistance.-

1.4. **Comparability** refers to the ability to compare financial statements from one period to another within the same company, or to compare financial statements between different companies for the same period. Users of accounting information derive advantages from a comparative analysis process, which aids in making informed choices regarding investment and

financing decisions, monitoring the facility's performance and financial standing across different time periods, and comparing various establishments.

Consistency in the application of accounting policies is essential for the comparison process across different periods.

Similarly, it is crucial to maintain consistency in both the presentation manner and the classification of items when preparing financial statements over different periods. The establishment is prohibited from altering the accounting policies, unless under specific circumstances that ensure the qualities of appropriateness and dependability, or as mandated by local legislation or international standards, as outlined in International Accounting Standard No.

6.2. Achievable: It refers to the level of consensus among competent personnel who conduct the measuring procedure using identical measurement methodologies. In other words, the level of agreement among independent accountants when they employ identical measuring procedures and produce comparable outcomes for economic events determines the degree of honest representation. Verification might be either direct or indirect. Direct verifiability refers to the act of confirming the worth or existence of a certain object by visual inspection, such as examining a cash inventory. Indirect verification refers to the process of checking the inputs of accounting measurement models and recalculating the outputs using the same methods and methodology in the computation. An illustration of this is validating the stated worth of the stock by examining and confirming both the quantity and the cost, which serve as the factors determining the value of the stock. Additionally, it involves recalculating the value of the stock at the conclusion of the period using the identical method of cost determination, such as first in first out.

6.3. Timing: The optimal timing refers to having access to information at a moment when it can significantly influence a decision. It is well-known that information in the realm of trade and finance loses its relevance rapidly. Therefore, market prices, for instance, are projected based on future estimations and historical data. It facilitates the generation of future forecasts. However, as time progresses and the future becomes the present, the relevance of prior information for decision-making diminishes.

6.4. Understandability: The comprehensibility of accounting information is contingent upon its clear and precise classification and presentation. It is assumed that users of accounting information possess a reasonable level of knowledge in the field of accounting, as well as in the business and economic activities of the organization. Furthermore, it is expected that they are willing to exert sufficient effort to study the accounting information presented in the company's financial reports. The financial information presented should be simplified and not overly complicated. However, this does not mean that accounting information related to complex operations and events, such as financial derivatives, should be omitted. Instead, it should be presented in a manner that is easy to comprehend, clear, and as understandable as possible, as required by the conceptual framework. Strive to maximize the presence of

characteristics that improve or uphold the qualitative characteristics. However, the mere presence of these characteristics, either individually or collectively, does not render the information useful if it does not accurately and honestly represent the relevant accounting information, which is the fundamental qualitative characteristic. Constraints about the suitability and dependability of the information. The concept of cost-benefit balance refers to the need for the benefits gained from providing information to outweigh the costs involved. There is no universal criterion for evaluating the cost-benefit ratio in all cases, as it is a subjective assessment that varies depending on the specific situation.

The notion of high-quality financial reporting Financial reports are the results and data generated by the accounting system, whether they are specific to a certain entity or more general in nature. These reports are produced at the conclusion of each financial period and contain both financial and non-financial information. They serve as a means of conveying information to all individuals and groups who benefit from or use this information [6].

The quality of the financial reports is indicated by their reliability, relevance, comparability, and stability. These reports and data are free from significant errors and provide an accurate and fair representation of the organization's financial position. As a result, they have an improved ability to predict and assess the organization's current and future situation [7].

Financial reports are a means of disclosing information, data, and facts, and of identifying the management, individuals, and beneficiaries involved in the decision-making process [8].

General reports must adhere to universally recognized accounting standards.

Special Reports are created in direct response to a specific request. As stated by [9].

The quality of financial reports lies in their accurate and realistic representation of the company's true financial position. These reports are prepared without any errors, fraud, or bias, adhering to the standards and controls for presenting financial statements. The quality of financial statements is crucial for decision-makers as it does not influence the outcomes of actions or decisions taken. The researcher concurs with the previously stated definition of the quality of financial reports as being characterized by a high level of integrity, dependability, and suitability, and being highly advantageous to officials and beneficiaries, with the capacity to be utilized accurately and promptly [9].

The accounting system is based on the basis of its activities and functions on a set of factors, constituents and elements that are represented in a set of procedures and tools used in the system to achieve its goals and that these constituents are considered among the influencing factors and constituents as follows: [10]

Human Resources: It includes all individuals and persons operating the accounting system and those working in it.

- **The physical components:** It includes all the financial requirements such as accounting devices and manual and automatic accounting tools that are used in the production of accounting information.

- **Financial components:** It includes all the amounts available to the system, which are used to carry out its functions and tasks.
- **Database:** It includes a set of practices and applied procedures and the necessary data required to operate the system and achieve its objectives.

7. **The presence of qualitative characteristics and elements in financial reports** enhances the value and utility of the information they provide, thereby bolstering the confidence of users and supervisors in making and justifying their decisions [7]. The criteria for assessing the quality of financial reports may be established based on the following factors: [11]

- Convenience: Accounting information's decision impact refers to its capacity to substitute or modify the choices made by those who utilize the information. The impact on it is determined by the decision-maker's judgment of the suitability of information, as well as the manner and timing in which the information is delivered to align with its intended purpose. It is also suitable to consider the diminishing effect of information in decision-making. If the information is not accessible when needed or if it becomes available long after it is needed, its value diminishes and it becomes inappropriate to use.
- Reliability refers to the trustworthiness and accuracy of accounting information. It is crucial that the accountant can be relied upon to accurately represent economic events and conditions. This includes ensuring that the information is objective, impartial, free from errors and deviations, and prepared in a safe manner.
- Consistency: This refers to the employment of consistent techniques and procedures for measuring and conveying accounting information throughout different time periods. If any changes are made, they should be clearly disclosed to the user.
- Comparability: To ensure the usefulness of accounting information, it is necessary for the economic unit to consistently apply a specific accounting method. This will enhance the ability of users to interpret differences and changes in financial information, as well as facilitate the comparison of financial statements over time. Such comparisons are important for identifying trends in financial position and performance. Furthermore, the financial reporting standards, which are accounting standards established by the International Accounting Standards Board, serve the purpose of offering high-quality and comprehensible accounting standards on a global scale. These standards are considered general regulations developed by a specialized committee that determines the accounting policies and procedures for different transactions. The financial events of the economic entity are recorded to provide unbiased information [12].

The financial reporting framework, also known as the theoretical framework, is a collection of foundations, principles, and concepts that guide the financial reporting process. It serves as an explanation of the concepts involved in financial

reporting and is a crucial tool for the International Financial Reporting Standards Foundation and the International Accounting Standards Board in achieving their objectives. Tasked with overseeing the regulation of professional publications according to international norms.

- The conceptual framework plays a role in fulfilling the distinct goals of the IFRS Foundation and its affiliated board. The objective of that goal is to establish criteria that result in the attainment of openness, accountability, and efficiency in global financial markets. The Council's efforts aim to bolster public confidence, foster economic development, and ensure enduring financial stability in the global economy.
- The conceptual framework establishes standards that promote transparency by improving the comparability and quality of financial information at the global level. It aims to bridge the gap between investor expectations and the objectives of financial reporting, taking into account investors' interest in assessing the efficiency and effectiveness of resource management. Ultimately, it seeks to enhance management accountability across various organizations in an unbiased manner.
- Facilitate the attainment of economic efficiency by aiding investors in recognizing global possibilities and dangers, predicting future cash flows, and offering an analytical tool to assess firm performance, hence enhancing capital allocation.

These objectives align with the International Financial Reporting Standards Foundation's goal of promoting transparency for users through its professional issuance. This approach ensures that standards are developed in a rigorous manner, free from disagreement or conflict. The aim is to instill confidence in investors and minimize the gap when questioning management, while providing information that is sincere and relevant for making economic decisions [13].

8. **The purpose of financial reporting is to fulfill the requirements of individuals or entities who rely on financial reports.** Financial report users can be categorized into distinct groups, comprising individuals with a direct stake and others.

The classification of stakeholders in relation to their economic decisions, knowledge of the economic unit, and interests and potential benefits from financial reports can be divided into four groups. The first group consists of internal stakeholders, such as administrators and workers. The second group comprises external stakeholders, including investors such as shareholders, lenders, suppliers, and other creditors. The third group consists of stakeholders associated with the economic unit, such as customers, workers, and the tax authority. Lastly, there is a group of stakeholders.

The parties concerned in economic integration, specifically the economic strategists and the general public [14].

Business organizations' management creates financial statements that depict the company's financial situation and income statement.

The business result, statement of cash flows, and list of changes in the financial situation are released at the end of the financial year to assist users in making informed economic choices with the aim of:

- Assess the effectiveness and accountability of management.
- Assessing the available collateral for the monies borrowed by the project from external sources
- Identify the individuals or entities that currently possess, retain, or dispose of equity investments.
- A report detailing the allocation of project funding, any financial obligations, and any modifications made to the budget.
- Arrange project tasks systematically
- Establish the required protocols.

The primary purpose of financial statements is to present information regarding the financial position and changes therein, in order to facilitate informed decision-making by a wide range of users. These users may include investors, employees, lenders, suppliers, clients, and government entities, among others. Investors, as the providers of money, are expected to have their demands met by financial statements, which in turn are likely to fulfill the needs of other users as well. The recipients of the financial statements encompass present and potential investors, staff members, creditors, suppliers, clients, and governmental entities. They utilize the financial data to fulfill a range of their various requirements. **The following encompasses the information and needs:**

- Investors: Shareholders and their advisers are concerned with the risks and rewards associated with their investments. This user type necessitates information that facilitates economic decision-making and allows them to assess the institution's capacity to carry out actions such as profit distribution, among others.
- Workers: The employees and their representatives are interested in information regarding the organization's profitability and stability. They also seek information that assists them in assessing the institution's capacity to offer rewards and employment opportunities.
- Lenders: Lenders need information that allows them to assess the likelihood of timely repayment of their loans and interest.
- Suppliers and other trade creditors are concerned with obtaining information that allows them to determine if the sums owed to them will be paid punctually. Commercial creditors, in contrast to lenders, primarily prioritize the institution in the near term. However, they may also see the institution as a key client in the long term.
- Clients: Clients are primarily concerned in obtaining information pertaining to the institution, particularly if they have a long-term relationship or dependency on the enterprise.

9. Governmental organizations: Government agencies are responsible for allocating resources and overseeing the operations of different institutions. These

organizations require information to effectively manage and coordinate these activities, as well as to establish tax policies and other regulations [13].

10. Practical aspect:

This aspect of the analysis of the study shows the results of the questionnaire distributed among the 120 participants in the study to analyze the compatibility between the reporting standards, noting that there are international reports on their impact on financial efficiency indicators. The answers were explained through the relationship of proportionality, the mean, and the elastic deviation, where the elastic deviation values for this axis were limited to (0.90 – 0.58) are small values that indicate what indicates the arithmetic expansion of each question, as will become clear later. With the hypothesized arithmetic mean, it becomes clear that the sample advertisements tend towards agreement or sufficient agreement.

Table 1. Relativity of mediation, mediation, and French deviations

Items	I do not agree %	Disagree %	Somewhat agree %	Agree %	I agree com. %	Mean	Stand. Dev.
Stock prices in an efficient financial market reflect all available information, including the financial information contained in the financial reports of the joint-stock companies listed therein.	1.4	7.1	32.9	41.4	17.1	3.66	0.9
The level of joint stock companies' disclosure and transparency of accounting information affects the decisions of shareholders and other stakeholders.	---	1.4	18.6	47.1	32.9	4.11	0.75
The quality of accounting information provided by joint-stock companies listed on the financial market affects the response of shareholders and prospective investors in their shares.	1.4	1.4	12.9	52.9	31.4	4.11	0.79
The speed of communicating accounting information by joint-stock companies to shareholders and other stakeholders affects the efficiency of the financial market in which they are listed.	2.9	---	8.6	54.3	34.3	4.17	0.82
The impact of accounting standards is embodied in enhancing the efficiency of the financial market by providing high-quality and timely accounting information.	1.4	---	17.1	48.6	32.9	4.11	0.79
The application of accounting standards related to disclosure and transparency has an impact on enhancing the level of disclosure of joint-stock companies and the transparency of the financial market in which they are listed.	---	---	7.2	61.4	31.4	4.24	0.58

The application of accounting standards related to financial instruments and their derivatives affects the quality of accounting information provided by joint-stock companies listed on the financial market.	1.4	1.4	31.4	38.6	27.1	3.89	0.88
The application of accounting standards related to interim financial reports affects the speed of communicating accounting information to shareholders and other stakeholders.	1.4	2.9	12.9	52.9	30	4.07	0.82
Total	1.2	1.8	17.7	49.7	29.6	4.0	0.8

The following is clear from the table above: Accounting information has an impact in determining companies' stock prices if it is available to all traders in the financial markets. The efficiency of financial markets reflects the extent to which stock prices respond quickly and simultaneously with the issuance or appearance of any new information, whether accounting information or other information. In light of the analysis of the answers of the study sample, it was stated that 58.5% agreed on the concept of an efficient financial market according to what was stated above. This is confirmed by the arithmetic mean value of 3.66.

Disclosure of accounting and other information will not be effective and effective unless shareholders and other stakeholders can rely on the credibility of the information that is disclosed and that helps them make investment decisions and other economic decisions. The best way to ensure the credibility of the information is to oblige its disclosure by law to In addition to creating penalties for those who provide information that is not credible, countries, especially the developed ones, impose conditions on companies issuing shares to disclose information related to their activities and the processes by which those activities are carried out. The results of the study confirmed that 80% of the sample's answers agreed on There is a relationship between the level of disclosure of accounting information and the decisions of shareholders and other stakeholders. This enhances the arithmetic mean value of 4.11.

The impact of accounting standards on the efficiency of financial markets is embodied through accounting information prepared in accordance with measurement and disclosure standards and included in the financial reports available to all dealers within the market at the appropriate time and in a way that suits their information needs. Therefore, the results of the study confirmed that 81.5% of the study sample agreed on There is a relationship between accounting standards and the efficiency of financial markets, which was reflected in the arithmetic mean value of 4.11.

The application of accounting standards related to disclosure and transparency ensures the provision of financial and non-financial information to all participants in the financial market at the same time and in a manner that contributes to making economic decisions, as these standards work to enhance the level of disclosure of joint-stock companies and the transparency of the financial market in which they are listed. In light of the analysis of the answers of the study sample, it was found that 92.8% agreed on the importance of these standards for

the capital market itself, as well as for shareholders and other stakeholders. Its application by companies listed on the market provides appropriate accounting information to understand enough about the performance of those companies and the stocks invested in them and enhances relevant decisions. The value of the arithmetic mean in this regard reached 4.24.

Adopting binding accounting standards to prepare interim financial reports at intervals of less than a fiscal year leads to providing immediate, timely, and continuous accounting information at close intervals during the year for both shareholders and other stakeholders. The results of the study confirmed that 82.9% of the sample. The study agreed on the necessity of having binding accounting standards for preparing these reports in a way that ensures the provision of appropriate and timely accounting information and enhances the value of the arithmetic mean of 4.07 for the sample answers. From the above, the research hypothesis can be accepted.

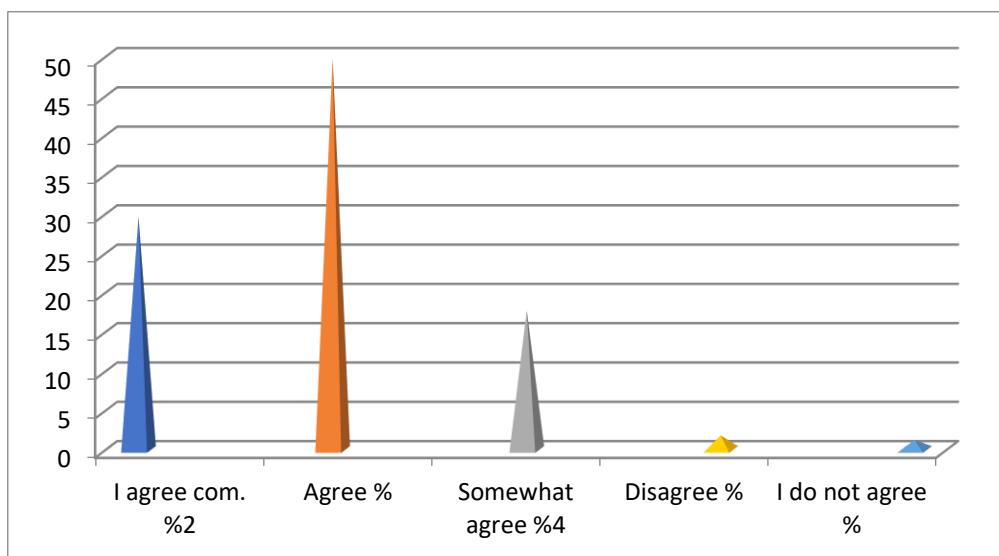


Figure 1: Showing The Test Results

Conclusion

The adoption of International Financial Reporting Standards (IFRS) is necessary for commercial entities. Implementing IFRS leads to financial reports that possess qualitative attributes and improve accounting information. The implementation of international financial reporting standards is associated with several challenges and expenses. However, the adoption of these standards simultaneously results in an enhancement in the accuracy and reliability of the information disclosed in the financial statements.

The adoption and application of international financial reporting standards are urgently needed due to their proven positive impact on the quality of financial reports. International Financial Reporting Standards must be applied as they contribute to enhancing the qualitative characteristics of accounting

information. The procedures for obtaining financial reports are of high quality in the annual report and under the financial disclosure system, which ultimately leads to the success of the institution.

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