

# **The Compatibility Extent of the Local Accounting Environment with International Accounting Standards and the Impact of Adoption and Application of International Accounting Standards on the Accounting Profession and Market Economics in Iraq**

## **(Case Study in Iraq)**

Fedaa Abd Almajid Sabbar Alaraji<sup>a\*</sup>, Dhiaa Aldeen Sabah Alazzawi<sup>b</sup>, Talib Ghadhban Yaseen<sup>c</sup>

<sup>a</sup>*Craiova University, Faculty of Economics and Administration, Craiova, Romania*

<sup>b</sup>*University the Bucharest of Economic Studies*

<sup>c</sup>*AL-Mustansiriya University*

### **Abstract**

With the progress of rapid technological and economic in the countries of the world , this world transformation of the small village through freedom of transaction capital and employment among States and encouraging foreign investment and growth of international multinational companies and branches, the emergence of the need for international accounting standards through which financial information disclosed in the financial statements is understood by all users of this information in all countries of the world, and the full disclosure of financial information is transparent and enjoys the confidence and credibility of the users of the financial statements , And the impact of all these variables on the local professional environments in different countries of the world, including Iraq. The current study is aimed to how knowledge treatment with the accounting professional environment in Iraq with international accounting and their standards, And Extent of corresponding Local professional environment in Iraq, with international accounting standards and possible adopt it.

---

\* Corresponding author.

Make available in the accounting professional environment in Iraq, requirement adopt international accounting and their standards In this study used descriptive analytical method for achieving objectives of study by using questionnaire approach and it analysis by statistical programs to arrive to results, Where, this study reached to importance conclusions that the accounting professional environment in Iraq relatively apt for adopt international accounting and their standards in Iraq ,But with condition more legislative and procedural efforts in law side a professional to become fully able for application international accounting and their standards.through this study , we reached to many recommendations , such us, the work adopt international accounting and their standards in the accounting professional environment in Iraq after found appropriate environment for adopting and Companies and Institutions in Iraq must application of international accounting and their standards.

**Keywords:** National and international accounting standards; Accounting environment; Accounting compliance; Transparency and disclosure; Financial Reporting.

## **1. Introduction**

There are many of transitions and accelerated variables in global economics, in addition to Financial crises which reflected In many economies of the major industrialized countries as in United States ,European and Arabic countries .Through reformulation of economic relationship from globalization of those economies and Liberalization of the global economy which in transformation its role to increase the need to establishing uniform accounting language among those countries , which its considered Source of financial information for users of financial statements in operation of decisions making. And it's make grow with These developments as a result of variation and differences between States, accounting Principles in elaboration financial statements that lead to contradiction and difference in formation and results .Where , those statements contain in those States. Where, common accounting language used through a set of Standards and accounting systems have International professional acceptance, it provide uniform basis To make real comparisons whatever their sources And to guarantee the rights of investors and reduce their decisions. So, application of global accounting standards has become a necessity to attract local investments and foreign. At found High competition among the states for attracting foreign investments.In the current study , we will study this topic via three sections , first section focus Theoretical framework to this study, which it focuses on study methodology, literature review and concept , reasons, importance, feature and corresponding for international accounting and its standards. Second section from study focus on application side for study through testing of study hypothesis and making of statistical analysis, third section focus on conclusions and recommendations

## **2. Firstly section: Theoretical framework of study**

### **2.1. Methodology of study**

#### **Problem of study:**

With developments and rapid changes in global economic and size of flowing investments among those countries as a result revolution of Information and Communication and freedom of locomotion among those

countries reflect upon profession of accounting and auditing. Which , it provide Financial and Economic Information for user those information's in all different of world countries for encourage these investments moved at all these countries .This leading to deepen the need for Accounting profession in all countries of the world as the Iraq ,those These changes and transformations by providing and refining financial information and among those countries , and understood by all users of that information in their various languages and cultures for making the economic decisions and reduce through adopt unified international accounting standards ,Therefore, the study problem focus in knowledge , How far do accounting profession in Iraq? That the adopt international accounting standards for benefit from the feature as which in its provide those standards for users financial and Economic Information for helpful them in operation of Planning, decision-making and rationalization processes

### **The objective of study**

The study aims for achieving of the following

- 1- Identify the most important developments in international accounting standards at finding The era of globalization and openness in the global economy between the states and growth Continuous international companies in the sectors of the Iraqi economy
- 2- identify the Extent of corresponding of accounting standards in Iraq with international accounting standards or adopt those international standards and effect corresponding with international accounting standards on at the level of financial reporting and financial information for users of that information.

### **Study Hypothesis**

As a corroding to study the problem and achieving their objective represent these hypotheses on the following,

- 1- That the accounting environment in Iraq is consistent with the application of international accounting standards,
- 2-There are role of Iraqi universities and institutions to adopt of international accounting standards .
- 3-The non-application of international accounting standards in Iraq has a negative impact on the economic reality and the accounting profession in Iraq .
- 4-that the application of international accounting standards in Iraq has a many features on the economic reality and the accounting profession in Iraq.

### **The limts of the study**

Is considered a topic of adopting and complying with international accounting standards is aboard topic.

In order to control the study it has been indentified as follows ;

- **Time limits** : will be addressed international and national accounting environment in Iraq until year 2016.

-**Area limits** : will be highlight the adoption of international accounting standards in Iraq .

-**Objective limits** ; will be discussed international accounting standards and national accounting standards and will be addressed international accounting standards for privat sectot companies .

-**Human limits** : the study included academics in accounting specialization in universities , external auditors and accountants in private companies .

### **Study methodology**

In the current study, the analytical, descriptive approach and the use of statistical analysis methods (spss) will be followed to reach the results of the study that contribute to understanding the accounting profession in Iraq and work on developing it.

### **2.2. literature review**

Reference [2] aimed to methodology knowledge Preparation of the standards of the Sudanese accountants council in additional, the reasons that lead to not common all stakeholders and beneficiaries of the standards were involved in the process of international standards. One of the most important results, that the committee of standards Accounting and Auditing has established the of international standards as Sudanization terms without involving all the interested parties and beneficiaries of the standards in the Sudanese process. And most important of recommendation are that the IASC should contain only academics and there is a complete absence of academics and others. From interested parties and beneficiaries of the standards.

Reference [13] aimed to display the effect of published financial reports on attracting external investments to capital markets in developing countries, especially Khartoum Stock. The results of the study showed that the published financial statements do not achieve the purpose of financial analysis. The ignore lead And international accounting inconsistency published financial statements for requirements Foreign investors, noncompliance for international accounting standards and internationally recognized practice requirements, lead to reduction the quality of financial reports statements published by the companies whose shares are restricted Which has contributed to the weakness the efficiency of the financial markets and thus weak the appetite of foreign investors on the market. The lack of transparency and lack of rigidity in the reports and financial statements published on the Khartoum Stock Exchange caused the low level of accounting disclosure, especially information that helps predict the future performance of companies and the expectations of profits and the assessment of the degree of investment risk in shares which adversely affected the efficiency of the financial market and attracting foreign investments.

The two researchers in [3] conculed that the application of international accounting standards in Jordanian companies contributes to attracting foreign direct investment on considering that the application of international accounting standards gives international status to the company's lists, which generates confidence in the investor

operations of the company and thus encourages him to bring his investment to Jordan

Reference [12] focus the study concluded that the adoption of International Financial Reporting Standards (IFRS) contributes to reducing the costs of information between countries, which is a means to promote trade and foreign direct investment

Reference [19] found that the adoption of international standards for financial reporting increases the transparency of corporate disclosure and increases the liquidity of listed companies in these financial markets.

Reference [9] showed that the adoption of the International Financial Reporting Standards (IFRS) in Nigeria enhances FDI inflows and economic growth. In our current study try to knowledge The extent of the appropriateness of the Iraqi environment in terms of professional, legal and other aspects of the adoption and application of international accounting and standards after I find an urgent need after the opening of the international economy and globalization and the requirements of integration with the global economy and attract and encourage foreign investment in Iraq.

### ***2.3. Concept of the accounting standard***

The word meaning of standard in language is model Placed and measured on it weight of something or its tall or degree of its quality,Original of standard word belong to The Latin word(Norme) ,which utlease general form to denote the base they are based and model using at need .also definition of standard as [ISO – International Standards Organization] as the document repealing in meeting And certified by a recognized staff, given for common and repeated uses Rules, outlines or specifications for activities or outcomes to ensure an optimal level of organization in a particular context [11]. The accounting standard is a guideline for measuring the processes and events that affect business results and financial position [1]. The Norms Committee and International Standards defined the rule Accounting Issued in year / 1999 International Standard as the guiding principles for professionals in support of their agendas rules back their Professionals for supporting and took your wisdom but this wisdom as or diligence It is also a high-level professional description of generally accepted professional practices aimed at reducing the degree of difference in expression or practice in similar circumstances and is adopted as a general framework for assessing the quality and efficiency of the work and determining the nature of professional responsibility [4].

### ***2.4. Reasons for the emergence of international accounting standards***

Here are many reasons led to the necessity to regulate International accounting profession, we can summarize important reasons as follows.

#### **-The need to find mechanisms for the development of accounting**

The need increased to uniform the processes and treatment accounting national in the various countries of the world, by objective summarize Of the inconsistency in the accounting data Which governs these transactions of different accounting treatments from one company to other and also in one company, Contrary to the principle

of consistency and comparability in accounting data The difference is located at the international level and the most important inconsistencies in accounting treatments:

-Accounting treatment for the period of financial lease, some of them consider it originally by the assets of the company and others are considered as outgoings

-The accounting treatment for the valuation of the commodity inventory item at the end of the period, According to the Accounting Standards Committee, there is more than one different way to evaluate the commodity inventory at the end of the period and each method leads to different profits.

-There are many differences in the form of financial statements and their contents at the level of one state,

- Lack of a unified accounting language acceptable at national (local) and international level due to differences in the definition of concepts of the items of the financial statements (assets, expenses and losses), which leads to discrepancies in the numbers of budgets and income lists in addition to their lack of uniformity and comparison, Misguided lists result in irrational decisions.

By reason for these inconsistencies established many professional accounting organizations since the 1970s last century, such as an ASC Accounting standardization committee, Financial Accounting Standard Board (FASB) and Accounting Standardization committee IASC. These organizations have made active efforts to create national accounting standards accordance with similar and symmetric ,Which defines accounting concepts and terminology in addition to the financial statements represented by, such as the applicable accounting policies, the Statement of Income, the Cash Flow Statement, the Shareholders' Equity List, In addition to the presentation of financial statements and financial disclosure, as well as the reformulation of international accounting standards according to a theoretical and a scientific strategy framework [20].

### **-The general environment of capital markets**

Based on the international economic openness and competition among countries to attract more foreign investment inside and the increasing demands of investors to improving current international standards and issue new standards it working to raise level Trade Exchange in the International Financial Markets , Supervisor staff worked has established financial markets( IOSCO ) issued several international standards

- Standard of number (30) special by disclosure of financial statements in banks and similar financial companies,

-standard of number (32) special by financial management, disclosure and display

-standard of number (32) special by financial instruments, recognition and measurement

## ***2.5. importance and features of international accounting standards***

### ***2.5.1. Importance accounting standards***

The importance of accounting standards is as follows:

- 1-The accounting standards determine the characteristics and specifications of the useful information used by these processors, as well as clarifications by distinguishing between necessary disclosures and unnecessary disclosures [5]
- 2- Identification of appropriate methods for measuring financial events to receipt measurement results to users of financial statements properly and accurately [8]
- 3-It worked on consolidates and coordinates accounting and as a accounting guide for companies that identify the accounting procedures for each transaction and financial event [14].
- 4-It worked reduces the differences points and diligence personal and professional in operation practices between companies and ensures consistency of information [15].

#### ***2.5.2. The features application of accounting standards***

The application of features international accounting standards will achieve the following features (10) :

- 1-It worked on Encourage local and international investment in particular through the Through the opening up of domestic markets to international markets by preparing the consolidated financial statements All multinational companies have the potential to enter the international financial markets
- 2-It worked qualifying practical and scientific qualified accountants to be to be able to working in international financial companies and markets for the general acceptance at the international level of the importance of applying international accounting standards.
- 3-It worked on providing high quality financial information contributes to the reduction of corporate management decisions at the local and international levels

#### ***2.6. The bodies and organization International, Arab and local accounting professional on the subject of international accounting standards***

In below importance of local, Arabic and international organizations Interested in international accounting:

-Committee of International Accounting Standards (IASC) / 1973

-International Federation of Accountants ) IFAC1977 / (

- The International Corporation for Securities ( IOSCO ) / 1983
- Arab Federation of Accountants and Arabic auditors/1971
- Arabic congregation for Certified Accountants (ASCA/1973)
- Board of censorship and Accounting Standards in Iraq / 1989

International Accounting Standards committee (IASC) was established in the year (1973). It worked upon issuance of International Accounting Standards received general acceptance at the international level, where it issued (41) international standards. In the year 2001 has been replaced International Accounting Standards committee by the board is named International Accounting Standards Board/ IASB. Where, it becomes responsible to create international standards, where these standards named issuance for it (international finance report standards/IFRS), where this board by issuance (13) active standard [17].

International Federation of Accountants/IFAS: he has taken over Create international auditing standards Identify the requirements for teaching auditors. This paragraph Focus on the professional and behavioral aspects that the auditor must adhere to. But Board of Auditing and Accounting standards in Iraq worked to issuance (14) local accounting rule also it issuance (7) Local Audit Guides

### ***2.7. The harmonization of International accounting***

The correspond Included on three concept as following [16] uniformity, standardization, harmonization,

- American Accountants association American Accountants association defined define uniformity Stability in the classification as well as stability in measurement.
- Standardization is uniformity rdize accounting methods for measurement through a model recognized by the financial authority of the country.
- Harmonization is operation of mixture and uniformity of variety accounting practices in structure methodological arranged leading to coordinated and action on minimization or reduces of difference level between standards of accounting Practices and different countries properly communicating information can be understood and interpreted from all financial information at the international level

### ***2.8. Impediments to compliance with international accounting standards***

Despite the many features and urgency of applying international accounting standards, however, there are difficulties and obstacles to the compatibility with these standards can be summarized as follows [6].

#### **1-disparity and variation of development professional levels of among countries**

There are factors affecting professional development Such as organized legal legislation of the profession of accounting and auditing in those countries such as company laws investment and tax and other laws in addition to the impact of economic factors and the availability of stock markets and the size of companies exchanged in them from subsidiaries and subsidiaries also The impact of political and social factors that affect the reality of the profession in those countries and in accordance with the political, economic and social situation in those countries and the difficulty of complying with international accounting standards that require an advanced economy and professional organizations that do their work with high quality [7].



**2- Professional users:** varies of relative importance and benefit for financial information for financial information Provided to the users of the financial statements according to the importance of the sector for countries according to their vision political, economic and social Some countries focus on the national economy and others give first to their tax policy and others Countries that give priority to foreign investment, openness to the global economy and free trade between countries are working to give importance to the financial statements information prepared in accordance with international accounting standards that can be used by domestic and foreign investors in those countries.

**3- different of objectives:** since the accounting systems reflecting the environmental need of countries In accordance with the political and economic objectives of those countries or applied In those countries, these differences in economic and political systems will make it difficult to find consensus on one international economic and political system.

**4- Nationalism:** The differing Nationalism and cultures of countries are an obstacle to the acceptance of particular principles and practices with professional organizations or other States and some professional parties who have adopted specific accounting principles and practices and are not receptive to change [18].

**5- Legal systems:** The adoption international accounting standards and compatibility its with May be required in some countries, especially developing countries a change in legal and economic legislation in those countries is It is desirable for some Governments in those countries and some may require companies to prepare separate sets of financial reports One of which meets local and other legal requirements with standards in accordance with international accounting.

**6- Variation of starting points of transformation and correspond:** affect Legislative, political, and economic legal systems on accounting legislation starting points of transformation and correspond With international accounting standards Countries with a long history of using accounting standards issued by professional organizations of the private sector are rapidly changing and conforming to international accounting standards. States that use laws issued by governments find it difficult to achieve that transformation and compatibility.

**7- Differences between professional organizations :** differences between local and international professional organizations in terms of different expectations of accounting practices and financial disclosures may be an impediment to achieving international accounting compliance.

**8- Conflicting local laws:** The discrepancy between tax laws and local corporate is an achievement of international accounting compliance in Europe, for example, accounting law is more sophisticated than in the United Kingdom, and therefore it is difficult to make radical changes to it, and that the impact of such a barrier may be multiplier when those laws are in conflict in the same country these cases found when local laws are not issued, producing conflicting trends for issues of financial reports

**9-Professional accounting bodies:** there are not much benefit from development of accounting practice which correspond unless there is an effective professional accounting body Influential by Both in the private and

public sectors some developing countries lack such a body it would be difficult for the international consensus process to be fully picture these are obstacles to international accounting correspond

**10- differences of environmental and cultural among States:** differences of environmental and cultural represent among countries obstacles front development of international accounting standard efforts to achieve international correspond accounting would not succeed without taking into considered national accounting standards which were issued in response to specific circumstances and needs, the process of development of IPSAS should therefore take into account these differences and to give sufficient attention to the impact of the cultural environment on financial disclosures

**11-Lack of commitment to implementation:** non expectance strong international law support to achieving international accounting correspond non existence strong international law for support to achieving international accounting correspond any international body that exports regulations will face considerable difficulties. We will gone to international accounting standard or board of international accounting correspond and rest of Professional organizations accounting and auditing that consider the strongest shareholder in operation of international correspond lacks such legal force These professional bodies and organizations will fail unless the participating bodies and institutions ensure implementation and compliance with those standards issued in their countries which are represented by governments and professional bodies

### **1.9 -Ingredients, requirements, determinants, correspond with international accounting standards**

There are Ingredients and elements must availability to achieve corresponds and total integration with environment of international accounting standards most important of this Ingredients

- 1- Legislation and amendment of laws, regulations and instructions for their adaptation and correspond with environment of international accounting standards for purpose achieving of correspond with international requirement and to facilitate the application of those international standards in the local environment
- 2- Correspond of the local environment with international environment In terms of globalization, openness to international markets and freedom of trade and through alliances with international economic and financial institutions as organization of international Stock exchanges (IOSCO) and the Board of International Accounting Standards (IASB)
- 3- that the country is adopt in their local environment the system of free economy (capital economics) which it be has the main role of private sector companies far about dominates and entire government role and abatement and limitation governments role on the regulation and coordination role and not the leadership role and the owner and the guiding and controlling.
- 4- readiness and correspond of in local professional of country with environment of International accounting standards In terms of academic education of international accounting and professional training to application and using of International accounting their standards In terms of the preparation

of the financial statements and their audit

### **The most important correspond requirements and application of international accounting standards**

- 1-academic and professional education for international accounting and their standards In the country through their adoption in their curriculum for primary and higher academic and professional studies.
2. Holding conferences, seminars and scientific and professional workshops on international accounting applications and their standards by the trade unions, associations and professional organizations concerned and in conformity with and adapted to the local environment of that country.
- 3-holding of Local and foreign companies involved in local markets and link by international markets by enter their cadres working especially financial and accounting cadres to participate in training courses and workshops on international accounting and their standards and internal and external audit of special by financial statements .
- 4 - The obligation of special professional organizations to grant licenses to practice the profession of external auditing the auditors and employees in their offices shall have academic and professional qualification on applications of international accounting and their standards and audit operation of especial
- 5- Legal legislation in local environment for countries through Include companies, law Stock market law and others of the relevant laws by application of international accounting standards in those countries and determine the start date of the application.

### **The determinants and motives behind the adoption and dependent of international accounting standards to possible of their identify**

**1. Cost of preparation accounting standards:** the process of preparing accounting standards has several components Including supporting and beneficiaries from financial information's ,shaper according to international accounting standards Such as the Securities commission, banks and others In addition to the presence of organizations of professional accounting that have the independence, competence and expertise in providing support and advice on the preparation of these standards In addition to the presence of qualified practitioners in the field of accounting and auditing with the availability of financial resources All of these components vary in availability from one country to another, especially in developing countries that are unable to afford the cost of the standards prepared according to these parameters Therefore, these countries have found in the organizations of international professional concerned with the preparation of international accounting standards an important source of these standards, which avoids the high costs of the process of preparing these standards

**2. Globalization and multinational companies:** The cost of preparing consolidated financial statements for parent companies, subsidiaries and holding companies for the purpose of providing accounting information to

users of that information at the national and international levels it has very high cost , n addition to the cost of external audit of the financial statements of those companies and their branches, and that this is one of the determinants and motivations to support the adoption or compatibility of international accounting standards.

**3.Trading in global financial markets:** The terms of trading in international financial markets are relevant to investor protection, including compliance with international accounting standards In the process of preparing financial information in addition to the masses of economic, financial and accounting blocs such as (IFAC).

The World Bank, the International Monetary Fund and the Financial Markets Organization for Investors (IOSCO) of the determinants and motives that press countries to adopt or agree with international accounting standards.

**4- Foreign investments in international markets:** The process of decision making by investors at the national and international level requires access to understandable financial information by these investors in different countries this is one of the strong and supportive motivations of investors to adopt international accounting standards that provide financial information that is understood by them

**Second section: Applied Study:**

**2.1. The Community and study sample:** The study was conducted on a sample of academicians with competence in the field of accounting and external auditors working in the offices of external audit and accountants working in the private sector companies in Iraq.

For analysis the data, we employ statistical programs (spss) to implement statistical tests linked to the hypothesis of the study to arrive Significance has value and indicates that supporting the topic of study

**The responses depend on the Fifth Likert Scale as in table (1)**

**Table 1:** shows the probable response for one respondent

classification	Strongly Agree	Agree	Not know	Not Agree	Not Strongly Agree
degree	5	4	3	2	1

Thus, the closer we get to class (5) the greater the veracity of the phrase and vice versa. But (3) degree refers to neutral

**2.2. Testing of hypothesis**

First hypothesis: That the environment of accounting in Iraq proportionality with apply of international accounting standards.

**Table 2:** shows the results of a descriptive analysis for first hypothesis testing

	Paragraphs	Arithmetic mean	Relative weight	Value of t	Significance	Arrangement
1	non - availability of sufficient scientific , academic qualifications for the accountant in Iraq hinders the application of international accounting standards in Iraq.	4.19	84.09	19.022	0.000	1
2	non - availability of professional experience for accountants. Hinders the application of international accounting standards in Iraq.	4.14	83.09	19.807	0.000	2
3	non-depend on financial information in the process of decision making in Iraqi companies. Hinders the application of international accounting standards in Iraq.	3.91	78.54	13.415	0.000	4
4	The reality of accounting and auditing profession in Iraq. Hinders the application of international accounting standards in Iraq.	3.73	74.98	10.153	0.000	7
5	Professional accounting organizations in Iraq are not interested in applying international accounting standards in Iraq.	3.47	69.87	5.995	0.000	11
6	Shortage of qualified accounting cadre to give professional courses in international standards. Hinders the application of international accounting standards in Iraq	3.85	77.42	12.075	0.000	6
7	International accounting standards are appropriate to the environment of developed countries and not appropriate with the local environment	3.52	70.87	6.171	0.000	9
8	The low of the size and nature of financial work in companies hinders the application of international accounting standards	3.52	70.78	6.661	0.000	10
9	The high cost of training of accountants workers in the financial section of companies. Hinders the application of international accounting standards	3.29	66.09	3.552	0.000	12
10	non - understanding of the importance and features of applying international	3.92	78.75	15.399	0.000	3

	accounting standards .Hinders the application of international accounting standards					
11	non- availability of effective internal control system in the company. Hinders the application of international accounting standards in Iraq	3.73	74.95	10.022	0.000	8
12	Non – desire of the administrations in show of The real financial center of companies. Hinders the application of international accounting standards in Iraq	3.85	77.42	13.134	0.000	6
13	non- satisfaction of the company’s management by importance of applying of standards, worked on hinders the application of international accounting	3.87	77.86	12.129	0.000	5
14	The weakness of accounting, computer program in the Iraqi environment. Hinders the application of international accounting standards	3.01	60.54	0.315	0.000	14
15	Legal Legislation in the Iraq Environment. Hinders the application of international accounting standards	3.27	65.76	3.620	0.000	13
	All paragraphs	3.68	74.06	21.975	0.000	

T value at degree freedom 179 and significance 0.05 is 1.79

From the results in a table (2) ,we see Arithmetic mean for total Paragraphs is 3.68 and calculated t value is equal to 21.975 is greater than table t value which is equal to 1.97 and the relative weight 74.06 is greater than of neutral relative weight 60% and significance is 0.000 they are less than 0.05. Therefore, accept the hypotheses ,where this Indicates that the accounting environment in Iraq suitable for applying international accounting standards , this support correct of first hypotheses

**Testing of second hypotheses:** there are role for Iraqi universities and institutes in adopting international

accounting standards

**Table 3:** statistical analysis of paragraphs of second hypotheses

	Paragraph	Arithmetic mean	Relative weight	Value of t	Significance	arrangement
1	The inclusion of accounting curricula in Iraqi universities and institutes for subjects of international accounting and their standards are contributing and adoption and application of these standards by companies	4.26	85.54	23.641	0.000	4
2	Providing academic cadre specialized in international accounting and their standards contributing and adoption and applying of international accounting standards	4.36	87.54	27.257	0.000	1
3	To sensitize students to the importance of adopting and applying international accounting standards	4.20	86.09	28.376	0.000	2
4	Providing the books and journals on international accounting methodologies and their standards contribute in published of scientific knowledge and importance adopted and applying those standards	4.25	85.42	20.209	0.000	5
5	Increase academic interest in international accounting and standards through increased  The scientific papers and article in field of international accounting contribute in their adaptation	4.26	85.65	21.521	0.000	3

6	Universities are working on graduating more students who are scientifically and practically qualified in the field of international accounting and contribute to their adoption.	3.22	64.87	2.823	0.000	8
7	Issuance of the books and publications are support of international accounting and their standards are contributing in operation of adoption of these standards	3.90	78.31	15.034	0.000	7
8	The establishment of conferences, scientific seminars and applied workshops on international accounting standards will contributing to the process of their adoption	4.23	85.01	22.370	0.000	6
9	There are curricula and hours of study lectures in Iraqi universities and educational institutes sufficient to qualify students specialized in international accounting and standards	3.11	62.54	1.426	0.000	9
	All paragraphs	3.99	80.11	27.160	0.000	

T value at degree freedom 179 and significance 0.05 is 1.79

From analytical results in above table, we see the arithmetic mean for all Paragraphs of second hypotheses 3.99 and calculated of t value is 27.160, it is greater than table of t value which is equal to 1.97 and Relative weight 80.11 is greater than the neutral Relative weight 60% and significance is equal to 0.000. It is less than 0.05, this indicators refer to the Iraqi university and institutes have role in adopted international accounting standards by way the focus on it in educational subjects and providing Specialized teaching cadre in field of international accounting and graduating students who are scientifically and practically qualified in international accounting their standard and possible applying in Iraqi companies.



**Testing of third hypotheses:** The non-application of international accounting standards in Iraq has a negative impact on the economic reality and the accounting profession in Iraq

**Table 4:** shows Statistical analysis of the third hypotheses

	The Paragraph	Arithmetic mean	Relative weight	Value of t	Significance	arrangement
1	non- adoption and depend of international accounting their standards will affect the profession of accounting and auditing in Iraq.	4.01	80.54	14.195	0.000	2
2	Different approaches and methods dependent in the treatment of accounting operations between companies.	3.74	75.09	10.423	0.000	6
3	Providing incorrect and accurate financial information to senior management in decision making.	3.91	78.65	13.714	0.000	4
4	Provide incorrect and accurate financial information to higher management in companies for decision making. Difficulty making appropriate decisions.	3.89	78.30	13.363	0.000	5
5	The difficulty of analysis and comparisons between the annual financial statements between companies	3.95	79.42	14.125	0.000	3
6	Decrease of trust of users of financial statements.	4.09	82.09	17.892	0.000	1
	All paragraphs	3.93	78.99	22.626	0.000	

T value at degree freedom 179 and significance 0.05 is 1.79

From above table, we see the arithmetic mean for all Paragraphs of second hypothesis 3.93 and calculated on t value is 22.626 it is greater than table of t value which is equal to 1.97 and Relative weight 78.99 is greater than neutral Relative weight 60% and significance is equal to 0.000. It is less than 0.05. Therefore, the hypotheses will be acceptance users of financial statements with the resulting financial information. Forth hypothesis: that the application of international accounting standards in Iraq has a many features on the economic reality and the accounting profession in Iraq

**Table 5:** shows statistical analysis of the fourth hypotheses

	The Paragraph	Arithmetic mean	Relative weight	Value of t	Significance	arrangement
1	Unification of financial statements for all companies	4.19	84.09	20.143	0.000	6
2	Providing financial information is comparable	4.32	86.87	28.312	0.000	1
3	The applying of international accounting standards are contributed to the convergence with developed countries at the professional level	4.27	85.87	24.041	0.000	3
4	The applying of international accounting standards will reinforce the trust of user of financial statements by financial information	4.32	86.68	27.003	0.000	2
5	International accounting standards will provide guidelines rule at preparation of financial statements	4.22	84.87	21.982	0.000	5
6	Providing the effort, time and cost of preparation of accounting standards	4.24	85.09	20.724	0.000	4
	All paragraphs	4.26	85.58	33.576	0.000	

T value at degree freedom 179 and significance 0.05 is 1.79

From the results of above table ,we found the arithmetic mean for all paragraphs of fourth hypotheses 4.26 and value of calculated t is equal 33.576 ,it is greater than from t table, which it equal 1.97 .and relative weight is equal 85.58 , it is greater than neutral relative weight and significance is equal 0.000 it is greater than 0.05 , which shows that ,there are much a features and advantages providing through applying international accounting standards as uniform of financial statements And the possibility of comparison and correspond to developed countries in the field of accounting and auditing . according to this indecater, we will acceptance fourth hypotheses .

The table no (6) display statistical analysis of the four hypotheses together for study applying , extent of correspond of local accounting environment with international accounting standard and effect applying international accounting standard on professional of accounting and Market Economy in Iraq .

**Table 6:** statistical analysis for all four hypothesis together

	Hypotheses	Arithmetic mean	Relative weight	Value of t	Significance	arrangement
1	That the accounting environment in Iraq is consistent with the application of international accounting standards	3.68	74.06	21.975	0.000	7
2	There are role for Iraqi universities and instuation in adopt of international accounting standards	3.99	80.11	27.160	0.000	2
3	The non-application of international accounting standards in Iraq has a negative impact on the economic reality and the accounting profession in Iraq	3.93	78.99	22.626	0.000	3
4	That the application of international accounting standards in Iraq has a many features on the economic reality and the accounting profession in Iraq	4.26	85.58	33.576	0.000	1
	All paragraphs	3.90	78.32	34.291	0.000	

T value at degree freedom 179 and significance 0.05 is 1.79

The above table shows the arithmetic mean for paragraphs of four hypotheses 3.90 and t calculated value is equal 34.291. It is greater than from table t which is equal 1.97. And relative weight 78.32 , it is greater than is neutral relative weight %60 and significance is equal 0.000, it is greater than 0.05 , that the indicators for total four hypotheses demonstrates the compatibility of local environmental standards with international accounting standards and the applicability of those standards in Iraq.

### **Third section: conclusions and recommendations**

#### **3. Conclusions**

according to for the field study after analyzing the results of the study arrive at the following results

1. That the professional environment in Iraq is a relative good environment for adopting applying international accounting and their standards, but it needs much effort of legislative and procedural in the field of legal and professional to become fully prepared and ready to applying international accounting and their standards in a professional environment in Iraq

2-Non- adopt and applying international accounting and their standards in Iraqi companies will decrease lack trust of user finance statement by those statements and credibility , which it is originally suffering from lack trust and credibility Since they appear of global financial crisis and until now

3-There is a difference between the accounting systems applied in Iraqi institutions and companies between requirement applying international accounting and their standards in Iraq illustrate those in clear in the process of disclosure in the financial statements and the presentation of those lists.

4 - To keep up with the changes and developments in the global market and the international economy requires compliance with international accounting standards through the modification and use of accounting system is able to accommodate these developments.

5- Clear deficiencies in trade unions, associations and professional organizations in accounting and auditing in Iraq in keeping with the developments and changes in the international standards of accounting and auditing standards and serious work to keep abreast of these developments and work to adopt and apply everything new in the field of accounting and auditing standards, which has many advantages at the professional level and the local economy in Iraq.

6- Reduce the proportion of accountants and professional auditors specialized in international accounting and their standards.

7 - The weak role of universities and academic institutes in Iraq, which needs to strengthen in the adoption of international accounting and standards through the intensification of curricula and study hours and all stages of study in the field of international accounting and standards.

8- The adoption of international accounting and standards in Iraq has several advantages, including the cost, time and effort to formulate national and local standards, provide comparable information and enhance the confidence of users of the financial statements with the information, credibility and transparency of such lists, thus providing the possibility of relying on such information to make rational decisions.

9- That the non-adoption and application of international accounting and their standards have disadvantages of

several, including the loss of confidence of users of the financial statements credibility of those lists and the information contained therein, as well as the closure of the field of international investment and integration with the international economy.

10. Legal legislation in the Iraqi environment is not commensurate with the process of adopting international accounting standards.

#### **4. Recommendations**

Based on the results obtained through the field study, the study recommends the following:

1- Adopting international accounting and standards after adapting them and adapting them to the reality of the Iraqi environment in order to open up to the international markets and attract their investment to Iraq and work to legislate the necessary laws to adapt to the international accounting environment and oblige the relevant companies, institutions and departments in Iraq to apply international accounting and standards in Iraq.

2- Confirm on the need to replace or amend the accounting systems in force in Iraq and through the use of computer software technology and facilitate the adoption of international accounting standards.

3. To develop and amend the academic and educational curricula of universities and educational institutes and at the level of preliminary and higher studies of international accounting and standards to ensure the provision of cadres of graduates qualified scientifically and practically in the field of international accounting and standards.

4- Holding scientific conferences and applied workshops by universities and academic institutes in Iraq in terms of international accounting and standards to introduce the advantages of adopting international accounting and standards and qualifying the accounting and auditing staff required to apply international standards for the preparation of financial statements and methods of audit of these lists in accordance with the relevant international auditing standards.

5- Working on increasing the efforts of professional accounting and auditing organizations in Iraq represented by trade unions and professional associations in the field of necessity and importance of adopting international accounting and standards in Iraq and the advantages of applying them at the level of companies and institutions in Iraq and creating the legal accounting and legal environment in the field of adopting and applying these standards and contributing to the qualification of accounting and auditing staff Competent in this field.

#### **References**

[1]- Ahmed , AlSaka , The intellectual and practical framework of Egyptian accounting standards , Journal of the faculty of commerce , Cairo university;2007;pp12 .

[2]-Aqbal, Mostafa ,Noreen , Methodology preparation of the council certified public accountant , Master

- theses , Aljazeera university , faculty of economic ,Sudan;2003;pp27 .
- [3]-AlQashi , Dahir & AlAbadi , Haythem , The impact of adoption and application of international accounting standards in Jordanian companies to attract foreign investment , Master theses , Alasra university , Jordan ,2009; p.33.
- [4]-AlTalha , Hamid , International accounting standards established and concept , Arab Academ for banking and financial sciences , Jordan;2000 .
- [5]-AlAmera , Ibrahim , Othman , Analytical theory study on the effectiveness of standardization of accounting standards at the international level , Journal of public administration , N64;2006;pp88 .
- [6]-Fantle , The case Against international uniformity management accounting;1971 .
- [7]-Hussain , AlQadi & Mamoun Tawfiq , International accounting , International scientific publishing house , Jordan;2000;.
- [8]-Hikmet , Abd Alhalim , Accounting standards in Islamic banks , Journal of Islamic economics , Dubai , N.219 ,1999; p.36.
- [9]-Kenneth,Enoch,Okpala, Adoption of IFRS and financial statements effects , The perceived Implication on FDI and Nigeria Economy , Australion Journal of business and management research , Vo.12 . No.5;2012.
- [10]-Kieso , Donald .E.& Jerry .J.Wygand , International accounting , John wiley;1995 .
- [11]-Madne ,Belgith , The importance of reforming the accounting system of enterpriss under international consolidation , PhD theses , Algeria university , 2004 ,2004; p.62 .
- [12]-Marquez ,Ramos , Europran accountion harmonization , consequence of IFRS Adoption on trad in goods and foreign direct investment available , Nicolas scrodle , christion klein –IFRS and the complexity hurdle university of hoenheim stuttgart , Germany, 2011 .
- [13]-Mamoun , Mehdi , Sbeil , The role of published financial reports in attracting foreign investment to developing countries capital markets master theses , Sudan university of science and technology;2004;pp76 .
- [14]-Mohammed Abd Alhalim , accounting standards in Islamic banks, journal of Islamic economics , Dubai , N.219 ,1999; pp.36.
- [15]-Mohammed , Alazama & Youssef aladly , Financial accounting , publication dat alsasl , Kuwait ,1986; pp.44 .

- [16]-Mohamed ,Almabrouk , International accounting and its implication for Arab countries aptak for publishing , Egypt ,2005; pp.17.
- [17]-Mana ,Alsharkawy , article , conference accounting , world variable , Cairo;2014 .
- [18]- Nabih ,Abd ,AlRahman & Mohammed Alaa Aldin , Saudi accounting association , king Saudi university ,1998; pp. 44 .
- [19]- Nicolas Scrodle, Christian Klein , IFRS and the complexity Hurdle – University of Hohenheim , Stuttgart , Germany;2011;pp.35 .
- [20]-Sweilem ,Tawfiq , 2005 , Development of accounting performance and its role in effectiveness of investments , Aljazeera Saudi ,N.11021 ,2005; pp68 .