

Characteristics and Obstacles to International Accounting Compliance

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خصائص و معوقات التوافق المحاسبي الدولي

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الهدف من هذه الدراسة التطرق لأهم معايير المحاسبة الدولية والأسباب الرئيسية التي أدت إلى ظهورها، والتطرق لمتطلبات الإفصاح وفق معايير المحاسبة الدولية وأثرها على جودة المعلومات الواردة في القوائم المالية، مع التركيز على التجربة العراقية في محاولة تطبيق هذه المعايير وذلك من خلال تبني النظام المحاسبي المالي الذي يتوافق إلى حد كبير مع معايير المحاسبة الدولية. من أبرز النتائج المتوصل إليها أن المعايير المحاسبية الدولية التي تختلف من دولة إلى أخرى نتيجة عدة عوامل مما فرض ضرورة تقليص فجوة الاختلاف وتحقيق التوافق الدولي، وأن الالتزام بمتطلبات الإفصاح المحاسبي وفق معايير المحاسبة الدولية له أثر إيجابي على جودة المعلومات المحاسبية، لذا فمعظم الدول ومن بينها العراق عمد إلى تكييف المعايير الوطنية مع المعايير الدولية من خلال تطبيق النظام المحاسبة المالية المتوافق معها إلى حد كبير رغم المعوقات التي واجهته.

ABSTRACTE.

The aim of this study is to address the most important international accounting standards and the main reasons that led to their emergence, and to address the requirements of disclosure in accordance with international accounting standards and their impact on the quality of information contained in the financial statements, with a focus on the Iraqi experience in trying to apply these standards through the adoption of the financial accounting system that It largely complies with international accounting standards.

One of the most prominent findings is that international accounting standards that differ from one country to another as a result of several factors, which imposed the need to reduce the gap of difference and achieve international compatibility, and that compliance with the requirements of accounting disclosure in accordance with state accounting standards has a positive impact on the quality of accounting information, so most countries, including Iraq has deliberately adapted national standards to international standards through the application of the financial accounting system that is largely compatible with it, despite the obstacles it faced.

Introduction.

International accounting compatibility was taken over the time periods that accompanied its emergence in several aspects and uses. It is an information system in itself, the purpose of which is to process various data obtained for the purpose of providing accounting information on the results of economic events for enterprises to many categories of stakeholders, and this was confirmed by most of the pioneers of accounting compliance from researchers, associations and international bodies by finding that the goal of accounting compliance It is to provide information that can be of use in making economic decisions.

In the context of communicating this information in a way that serves all parties and in a unified manner far from any gap of difference that would lead to the disruption of this communication, most international bodies were quick to develop several foundations and concepts for the work of accounting compatibility standards by studying what is known as accounting compatibility to be the guide in determining the appropriate ways to measure Financial events and their presentation, as the collapse of many economic units is the result of non-application of accounting compatibility principles, lack of disclosure and transparency, and failure to show real data and information.

One of the most prominent aspects that have been focused on in the framework of setting international accounting standards, we find the aspect of preparing financial statements and reports by focusing on their form and content and the aspect of accounting disclosure as the main means and effective tool for communicating financial statements and reports to the parties that need them in order to support their decisions, especially in the areas of investment and financing.

Keyword: International accounting compatibility is one of the most important ways to calculate and display financial events.

The first search condition for compatibility is arithmetic compatibility.

Compliance International Accounting Compliance A formal plan can be drawn up by a government agency, in exchange for compliance with the European Union. International Accounting Standards Conscious.

(a) facilitating the process of taking action by external investors;

B - financial education, financial education.

C- Facilitating the performance evaluation of multinational companies.

D - Increasing the degree of regularity and honesty of the institutions' accounts, which increases their value and importance in research and research operations.

E - Localization of significant amounts of notepad.

- Obstacles to international accounting compatibility

A- The cultural environment.

B-Variation.

C - Weakness or lack of it sometimes - the obligatory force to implement these international accounting rules and standards.

Chapter Two: Adoption of International Accounting Standards by the Iraqi Audit Legislature

D- The complex nature in which some standards are formulated, such as standards related to investments, derivatives, financial instruments, and standards related to fair value.

Apply it properly.

e - Most countries do not have legislation regulating financial instruments, at least because they do not have markets with a degree of efficiency that produces market values that can be adopted in the accounting evaluation; F - Tax and governmental orientation: In some countries, the objective of accounting reports is to calculate tax profit or provide information for national accounting.

g- Investors and other users of financial statements are accustomed to national standards to the degree that makes it difficult for those users to read financial statements prepared using other accounting methods, especially in cases of weak accounting culture among these users; H- Accounting standards are issued in English and translated into national languages (other than English), losing their original content

I- Issuing international accounting standards in the form of available texts and leaving the details to each country. These standards only deal with events of an international nature that most countries show an urgent need for, without considering a specific standard that suits the circumstances of a specific country or group of countries. Fourth requirement: International Accounting The emergence of thought aiming to develop a unified accounting work approach was not out of the blue, but rather is a scheme towards unifying accounting practices or

At least the unification of international accounting concepts, the latter that has been included within one country will not be available in the other, so these differences have been keeping pace and anew to create an internationally compatible accounting approach, which has become known as international accounting according to the following:

First: is the definition of international accounting.

There is still no internationally agreed definition of the concept of international accounting, and research conducted in three American universities, namely the University of Illinois, New York, and Washington, resulted in the emergence of three approaches to the study of international accounting that led to the emergence of three concepts:

Chapter Two: The adoption of international accounting standards by the Algerian legislator

- The concept of international accounting (descriptive, comparative approach).

International accounting has been defined according to this concept “as one of the branches of accounting that are concerned with studying the assumptions, concepts, foundations and accounting rules applied in different countries and investigating the reasons for their differences” and the concepts, foundations, and accounting rules applied in different countries and investigating the reasons for their differences. This definition focuses on¹:

A- Studying the accounting systems in different countries through accounting concepts, assumptions, foundations, and rules.

B - Studying the accounting systems to investigate the reasons for their differences in order to choose the most appropriate system.

C- Relying on a descriptive, comparative study of hypotheses, concepts, rules, and foundations. 2- The concept of global accounting (theoretical approach)².

أ- International accounting has been defined as “a set of unified and accepted standards and principles at the international level that governs the scientific practice of the profession.” The definition focused on:

A - Accounting is a global system that can be adopted by all countries.

B- The objective of international accounting is to provide accounting and non-accounting information to serve the international investor;

C- Developing accounting principles and standards through intensive theoretical studies. 3- The concept of accounting in foreign subsidiaries (special points entrance)

International accounting has been defined through this entry as “one of the branches of accounting that is concerned with accounting methods and problems related to financial transactions of multinational companies.” This definition focused on:

A- The prevailing practices in the parent company's relationship with its foreign subsidiaries.

b- Focusing on accounting problems related to the translation of foreign financial statements;

C- Principles of consolidating the financial statements of foreign subsidiaries.

Second: Objectives of International Accounting Through the previous definitions, the most important main objectives of international accounting can be deduced as follows: - Studying accounting systems in different countries of the world to reach the most appropriate system for the needs of that country - Reaching international foundations, rules, and standards that can be used to develop local accounting systems; Show the reasons for the difference in information and accounting data in the reports of international companies.

The second topic: the adoption of international accounting standards by the Algerian legislator Providing consolidated accounting information for international companies.

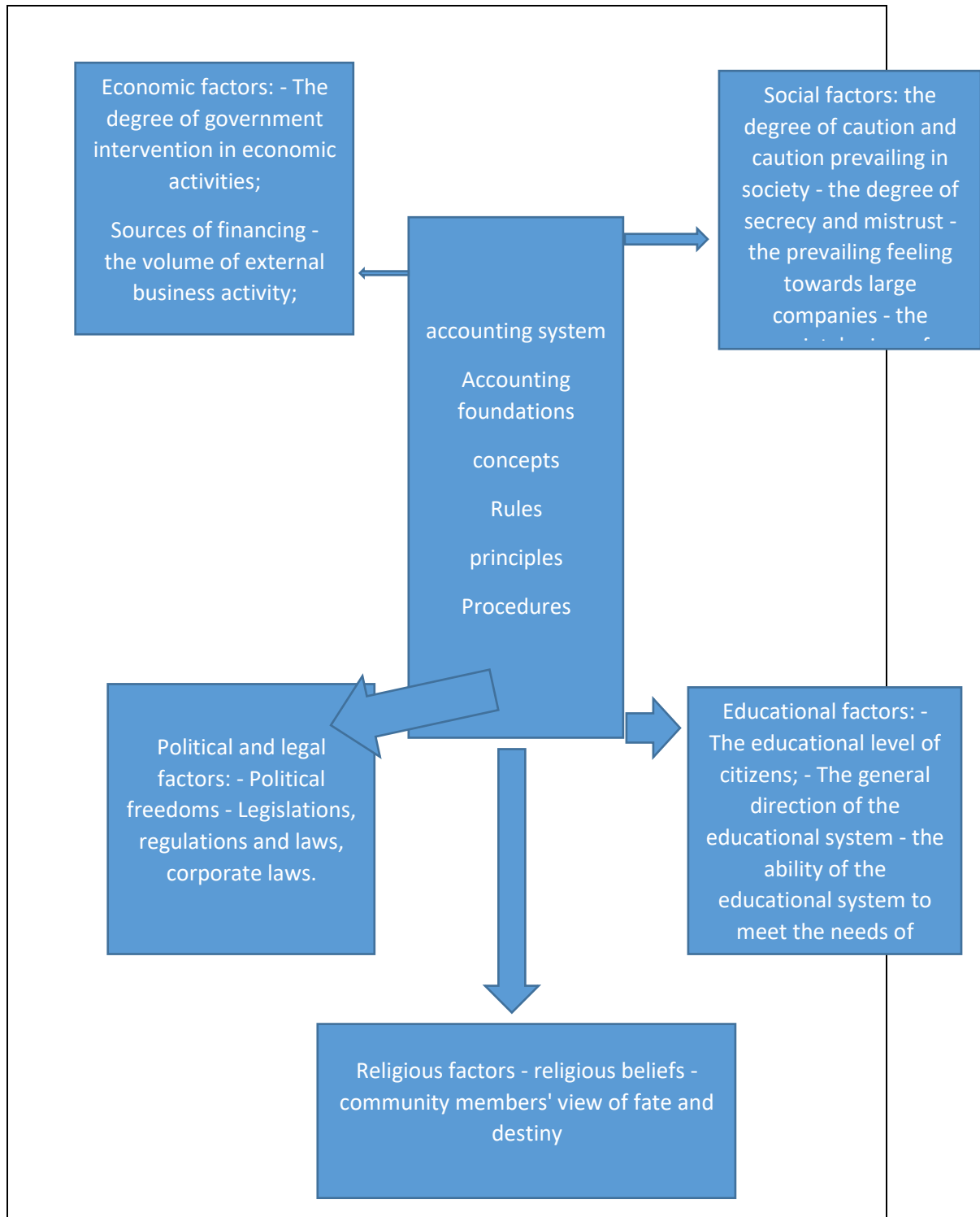
Serving the international investor by providing appropriate financial statements and reports for decision-making. - Knowing the extent of the impact of different accounting systems on the economies of different countries.

١- **Factors affecting international accounting.**

International accounting as a special system for each country is the product of complex interactions for a group of environmental, social, economic, political, legal, educational, and religious factors, and these groups have a significant impact on the nature and work of the accounting system followed in that country so that the impact of these factors is reflected from one country to another due to the different systems Accounting between countries is illustrated by the following figure:

Figure No. (1):

Factors affecting international accounting systems



Source: Raafat Hussein Mutair, International Accounting, Lectures on the |, International Accounting Scale, The Islamic University, Gaza, Palestine

The third topic: international accounting standards.

To reach a unified basis in accounting work by reducing international accounting differences and putting the term international accounting into practice, what is currently known as international accounting standards have been established. The foundations of accounting work are determined by taking into account the circumstances of each country in this application. The following will be reviewed the most essential Theoretical aspects of international accounting standards³ :

The first requirement: the concept of international accounting standards.

By addressing each of the definitions of the standard, which is the basis for the transition to the definition of international accounting standards, and then specifying as follows: First: the definition of international accounting standards.

The word “standard” comes from the Latin word Norma, which means a measuring tool consisting of two perpendicular pieces that give a right angle and allow geometric measurement. There are those who see that the standard is a tool to rationalize the application trying to narrow the gap between it and the theoretical basis of accounting, and there are those who define the standard as a written statement issued by an official or professional accounting, regulatory body that relates to the elements of financial statements or A type of transaction or event relating to the financial position and business results, or the determination of the appropriate method of measurement, presentation, or communication

Littleton states that an accounting standard is an agreed-upon basis in proper accounting application and is used as a tool for comparison⁴..

The standard in the Arabic language means the pre-prepared model in the light of which to measure the weight, length, or degree of quality of a specific thing. Some of these standards are natural, some are postural, and some are divine⁵ .

From this point of view, accounting standards can be defined as “general models or guidelines that lead to directing and rationalizing practical practices in accounting, auditing or auditing.”

Chapter Two: The adoption of international accounting standards by the legislator in Iraq. In general, the accounting standards, as they address accounting problems, consist of three basic parts as follows:

A detailed description of the problem to be addressed. - Show ways to solve the problem; Adopt a specific solution that is justified.

As for international accounting standards, “they express accounting measurement tools used in the field of disclosure, measurement and accounting evaluation, and they are generally accepted by most of the parties that use and benefit from the financial statements.”² Through the previous definitions, we conclude the following⁶ ::

- The standard is characterized by construction as a result of the practice process - the standard is accepted by the parties. - is guided by the standard in framing accounting practices⁷.

- The criterion enables the comparison process. Second: The importance of international accounting standards

The importance of accounting standards is demonstrated through:

-¹) The need for it comes through recognition

A- Defining and measuring the financial events of companies

B- Communicating the measurement results to the users of the financial statements.

C - Determine the appropriate method of measurement.

D- Make the right decision⁸.

- **Therefore, her absence will lead to recognition.**

B: A- Using accounting methods that may be improper.

B- Preparing qualitative financial statements (as desired).

- Adoption of international accounting standards by the Iraqi legislator.

C- The difference in the bases that define and treat the accounting operations and events of a single institution or institutions different.

D - The difficulty of making an internal or external decision by the beneficiaries, as well as the students and others who deserve it

It is noteworthy that the importance of international accounting standards has increased in the Arab world, as some supervisory authorities in some Arab countries issued instructions requiring full or partial compliance with these standards, and the rest of the countries are working to do so as well⁹.

Third: The advantages of applying international accounting standards. Joining the global financial markets led to the use of international accounting standards in various institutions. Among the advantages of using these standards are the following:

Improving the quality of the financial information of the institution in accordance with the applicable international accounting standards, and thus increasing the efficiency of the performance of the institution's management and taking appropriate decisions; Establishing acceptable and recognized international accounting standards at the local and international

levels that help to Scientific and practical qualifications of ¹⁰.

accountancy practitioners in the institution.

The availability of international accounting standards helps with financial information to prepare consolidated financial statements and appendices for multinational companies, and leads to the expansion of local financial markets, thus increasing financial investments and productivity at the international level. The second requirement: the emergence of international accounting standards have arisen in circumstances that differ from the circumstances in which national accounting standards arose for countries, where the first motive for its emergence was

to reduce accounting differences in favor of international and multinational companies, ¹¹.

However, the law related to its suitability to the country's economy applies to it.

.First: The historical history of the emergence of international accounting laws after the Second World War The global economy witnessed radical transformations in international economic relations through the application of the global definition of GATT in 1947 to the application of the provisions of the World Trade Organization.

---The adoption of international accounting standards by the Iraqi legislator 1995 to free foreign trade from customs and administrative restrictions on all visible and invisible goods, which allowed multinational companies to expand investments horizontally and vertically in the economies of the third world countries that headed towards the global economy and dependence on foreign investment This resulted in the expansion of branches that headed towards the global economy and dependence on foreign direct investment. This resulted in the expansion of branches of multinational companies in different countries that are unique in accounting systems that do not serve the interests of multinational companies, not even financial globalization, so international accounting organizations took to dismantling the obstacles Which prevents the true disclosure of the financial statements due to the difference in the unit of measurement, and thus the convergence of views was reached so that similar companies are not affected, and as a result the IASC was established by the United Nations in 1973 entrusted with the process of issuing international accounting standards that received acceptance At the international level, the International Accounting Standards Committee has been formed and it represents chartered accountants from 10 countries and They are: Australia, Britain, Canada, Germany, France, Japan, the United States of America, Mexico, the Netherlands and Ireland, and about 50 other countries have joined this community.

The expansion of the branches of multinational companies at the international level increased the movement of capital at the international level, which led to the development of the international economy, especially at the beginning of the third millennium, and accordingly the development of the accounting system to reflect international economic changes by establishing important standards that contribute to the development of the global economy and work As a result, the International Federation of Accountants (IFAC) was established in 1977 as a result of an agreement between associations and institutes and the International Accounting Standards Committee (ASC). International accountant for this year¹².

- The process of setting international accounting standards in the past few years has had a number of successes in achieving greater recognition and use of IFRS

- (One of the main surprising targets was when in 2002 the European Union passed legislation requiring listed companies in Europe to apply IFRS in their consolidated financial statements. The legislation became effective in 2005 and applies to more than 7,000 companies in 28 countries, including France,

Germany, Spain, and the United Kingdom. The process of adopting IFRS in Europe means replacing national accounting standards and requirements as the basis for preparing and presenting collective financial statements for companies listed in Europe; Many other countries outside Europe are moving towards adopting IFRS¹³.

In 2005, these standards became mandatory in many countries in Southeast Asia, Central Asia, Latin America, South Africa, the Middle East, and the Caribbean countries. In addition, other countries had adopted national accounting standards that reflect international financial reporting standards, such as Australia, Hong Kong, New Zealand, the Philippines, and Singapore. It was estimated that more than 70 countries required their listed companies to apply IFRS when preparing and presenting their financial statements in 2005. Investors, creditors, financial analysts, and other users of financial statements welcome the adoption of standards that require high-quality, transparent, and comparable information. In the absence of common standards, it is difficult to compare financial information prepared by institutions located in different parts of the world. In the context of an increasingly globalized economy, it is easy to use a single set of high-quality accounting standards for investment and other cross-border economic decisions, increases market efficiency and reduces capital raising costs¹⁴.

Conclusion and recommendations.

Conclusion :

The study dealt with the issue of the characteristics and obstacles of international accounting compatibility on the quality of investment decisions in the Iraqi economic group and institutions, and we came to the great role played by the disclosure of financial statements to raise the quality of investment decision-making, and in light of the results reached, research horizons can be directed in future studies, including:

The role of international accounting and financial accounting compatibility in improving financial decisions, and the contribution of international financial reporting standards to raising the level of international accounting compatibility: The role of accounting disclosure in accordance with international accounting standards in predicting financial risks, and the role of international accounting compatibility in revitalizing the Iraqi capital market And its impact on the investment decision.

recommendations.

Iraqi institutions and companies must prepare transparent and realistic financial statements prepared in accordance with international accounting compatibility, which makes them and all their customers make sound and rational decisions, and not focus on preparing financial statements that satisfy the tax authority; And the commitment of companies to publish their lists on a regular and honest basis that reflect their true financial position, and not to manipulate the numbers to raise the degree of disclosure to take various decisions. Organizing training courses for accountancy professionals and academics on International Financial Reporting Standards; Working to establish principles and ethics of business and establish principles of governance in the Algerian business environment, and work on the participation of national professional organizations in international organizations related to accounting in order to benefit from international experiences to serve national interests; updating and updating the financial accounting system (SCF) in the context of developments in international financial reporting standards (IFRS); And work to link the Iraqi economic institutions to the international financial markets, and reduce the gap between the financial accounting system and the tax system.

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