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Compliance with International Financial Reporting Standards, Importance and Obstacles: Experiences of Some Countries

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Abstract: International accounting and financial reporting standards are no longer subject to their application in developed countries only, but the need has become urgent in all countries that seek to realize the progress of civilization and engage in the global environment and access to international financial markets to adopt these standards, the research aims to evaluate Iraq's experience in compatibility with International Accounting Standards, the inductive approach was adopted to show the importance and obstacles to adopting international accounting and financial reporting standards, and to present the experiences of a group of selected countries in this field, and to explain the justifications for compatibility with these standards in Iraq and the most important obstacles facing their application, and the research reached a set of conclusions, including, Despite the importance of compatibility between accounting standards in facilitating the process of comparison in the performance of companies, there are clear differences in the positions of countries regarding compatibility with international accounting standards, and that this compatibility process faces obstacles and difficulties, due to the presence of requirements and ingredients that must be met to implement those standards. And that the experience of issuing the Iraqi accounting rules fought by the Accounting Standards and Rules Board of the Office of Financial Supervision, constitutes a faltering experience Compared to the experiences of other countries.

Keywords: International Accounting Standards, Compatibility, experiences of some countries.

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INTRODUCTION

In light of the globalization of economic activity, the application of the requirements of the World Trade Organization and the International Monetary Fund, and the openness of the Iraqi financial market to global markets, the need to reconcile Iraqi accounting standards with international accounting and financial reporting standards in order to meet the needs of information users in different countries, and thus the research problem can be formulated by the following question: (What is the importance of compatibility with international accounting and financial reporting standards, and what are the obstacles to this compatibility?)

The existence of a difference in the environmental, political, economic, social and cultural factors among the countries of the world must necessarily lead to differences between the accounting standards and procedures followed in them, and the difference of these factors is an obstacle to attempts to reconcile these standards.

Each profession has a constitution that governs and controls it, directs its practices, and unifies its treatment of similar matters, so that there is a unified base for comparison by those interested in the profession, and accounting, like other scientific

professions that gain its importance from the important role of information in the economic environment. It has its unified global constitution that stems from the keenness of its workers To show the figures that express a huge amount of financial events and operations with honesty, accuracy and reliability, and many countries of the world are interested in formulating and developing their own accounting policy by issuing accounting standards that reflect the accounting policy. The activities of the economic units in that society, as accounting standards define the characteristics that must be characterized by accounting information, and international accounting and financial reporting standards can be a form of the constitution of the accounting profession.

Referring to the previous literature in accounting, the experiences of some foreign and Arab countries in compatibility with international accounting standards were presented and Iraq's experience in compatibility with those standards was analyzed, to evaluate the strategy of the Accounting Standards and Rules Board in the Republic of Iraq, in adopting international accounting standards as a supreme and permanent body affiliated to the Audit Bureau Federal Finance, whose terms of reference are determined by studying accounting standards and rules and approving them in economic units.

Compliance with International Accounting Standards

The importance of financial reports is increasing in light of the globalization of financial markets, the development of communications and the publication of financial reports on the Internet to support the efficiency of these markets, and the idea of adopting common or unified accounting standards for preparing these reports is increasing, as companies have to prepare internationally accepted financial reports, or at least in the countries that Shares are traded.

Convergence with international accounting standards and reliance on high-quality accounting standards has become a stage of development and a necessary direction to promote and maintain global economic stability and integration into the global economic system. The International Accounting Standards Board has been working since 2001 to develop a uniform, global, and high-quality set of international financial reporting standards, the information of which is transparent and comparable.

The Council expresses its cooperation with countries that issue local accounting standards to achieve compatibility with international standards, and with the increasing impact of globalization on local economies, by simplifying rules, developing laws, implementing reforms in local markets, and expanding the participation of the private sector to be an essential partner in the process of economic development. The need to find compatibility between local and international accounting standards has increased in most countries of the world, especially developing countries that do not have specialized and strong professional organizations to issue and develop accounting standards, in order to achieve a greater degree of transparency at the global level, allowing entry into the framework of global accountability (Youssef, 2013).

Despite the importance of accounting harmonization and the tendency of many international bodies to demand its establishment, but it did not have a conceptual definition of its concept, as well as sometimes confusing it with some other concepts, and it means harmonization) a degree of coordination or similarity between different sets of standards, methods and forms Financial Statements (Abdullah *et al.*, 2012).

Compatibility is also defined as reducing the differences between the accounting practices prevailing in the countries in the field of reconciliation, with the aim of providing credibility and reliability in the published data and increasing the reliability of it for comparison purposes, and then increasing the ideal of financial reports in rationalizing decisions (Salim, 2004).

Also known compatibility as to reduce the differences between the prevailing accounting practices

in countries conciliation in order to provide credibility and reliability in the published data and increase its reliability for comparison purposes and then increase the financial reports are ideal in the rationalization of decisions (Lotfi, 2005).

Accounting compatibility is considered an inevitable path, for multinational companies, which are supposed to be able to lift the barriers that hinder international comparisons, even if full comparison is impossible (Chatham, 2008).

Often the student of international accounting topics, especially the issue of accounting compatibility, feels that he needs to understand and differentiate between the meanings of the three concepts, which are standardization, calibration and compatibility, which researchers often use overlapping to refer to the process of international compatibility of accounting without a specific definition of it.

Uniformity is considered as a conditional case that indicates that it is a system or plan that includes a set of arrangements for recording data at the level of the economic unit and preparing financial statements within a specific framework of foundations, rules, conventions, definitions, accounts, lists and budgets to serve certain goals, and at the local level it is referred to as accounting uniformity. It is a unified accounting system and its objectives are to provide the necessary data for planning, implementation and control at the level of the economic unit in the national accounts as well as facilitating the collection, classification and storage of accounting data. Accounting refers to the imposition of accounting principles and rules for one country on other countries (Sunder, 2009) and standardization refers to the situation in which everything is consistent and homogeneous or not differentiated, as it contains symmetry, which means that all accounting principles and practices are one (Abu Zaid, 2005)

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From this, it is clear that there is an overlapping, connected and mutually influencing relationship between the concepts of accounting compatibility, accounting calibration and accounting standardization, and the accounting literature has emphasized the importance of distinguishing between these concepts, as the focus was on the need to set accounting standards, considering that if it is possible to develop an accounting standard recognized at the country level it must be possible to apply it to the other country, hence the concept of international accounting, and if there is a difficulty in reaching differences in the results of international accounting in different countries, which may result in errors resulting from different applications and accounting practices in the countries of the world, which called for the importance of the concept of consistency. There is no doubt that the focus of the accounting literature on the international scale on the subject of comparing the different systems of the countries of the world and the attempt to bring those differences closer and make them systems that permeate with other systems led to the unification of accounting systems (Lotfi, 2005).

The local and international accounting organizations have been concerned with coordinating the accounting foundations and minimizing their variance and diversity by trying to coordinate between the different systems, and includes both eliminating poor accounting methods and limiting the alternative methods accepted within the international standards themselves, and making the accounting standards specific to a country give appropriate consideration to financial statements prepared according to the standards of another country (Marshall *et al.*, 2005).

Beke (2011) tracks the benefits of international accounting standards and their contribution to harmonization in business training. There are many advantages to international consensus, the most important of which are the following (Lotfi, 2005).

- Improving the decision-making process of investors looking to work outside the borders of their countries by increasing the comparative information on the results of companies' operations in different countries and increasing their knowledge of the operations of multinational companies.
- Reducing the costs and management of the systems by eliminating duplication in the published financial data and information.
- Facilitating the communication process and reducing the degree of ambiguity in the interpretation of financial information.
- Providing better information for the purposes of economic planning and preparing budgets.
- Enhancing efficiency in global capital markets.

Thus, it can be said that the accounting compatibility enables investors and financial analysts to

obtain reports that are credible, reliable and understandable, and count them as the basis for making investment decisions, and thus increase the efficiency of the capital markets.

Compatibility Criteria and Requirements

Any country that wants compatibility with the overall international environment and integration in it should have the ingredients in it in order to integrate into the international environment, and in order for a certain environment to be compatible with international accounting standards, there should be ingredients for this compatibility on the one hand and the availability of requirements that meet these ingredients (Al-Jajawi, & Noor, 2003; & Abdullah & Osman, 2015)

- A globalized environment or on its way to globalization, that is, compatible with the characteristics of globalization and its environment in terms of joining international institutions, particularly the World Trade Organization, IOSCO, the International Accounting Standards Board (IASB) and others.
- Adapting and amending legislation, laws and regulations in line with international requirements and removing any conflict or non-conformity with them so as to facilitate the application of international standards.
- That the economic environment of the country is a micro-economic environment, i.e. the environment of economic units (companies), and here the role of the state regresses to being an organizational and coordinating role and not a leader, controlling, owner or directing role
- Technical and psychological adaptation of the citizens of the country, and what is meant by technical adaptation is the uses of modern technology in the field of work in efficient ways and good capabilities.

As for the compatibility requirements, they mean what should be done in order to create and prepare the local environment in its academic and scientific aspect, including universities, teachers, trainers, and curricula for preparing staff that can keep pace with the practical applications of international accounting standards.

Compliance Strategy with International Accounting Standards-

The International Forum on Accounting Development study in a 2002, suggested a set of steps and mechanisms to assist countries in starting or accelerating the adoption and implementation of plans to comply with international accounting standards. These steps include: (Al-Jarf, 2010)

- The state must have a plan aimed at achieving compatibility with international standards, or adopting the transformation of national companies to the application of international standards.

- The state determines the differences between national standards and international accounting standards, studies these differences, and finds alternatives and different solutions in national standards with their counterparts in international standards if circumstances permit.
- The state issues a national standard that is compatible with every international standard.
- The application of compatible international or national standards is limited to a specific group of companies.
- The process of transition to international standards or compatibility with them is accompanied by effective training at the level of the profession and for preparers of financial statements.
- The plan should set a specific date for the achievement of its objectives.

On the Arab level, the Conference on Harmonization of Corporate Reports in the Light of the Globalization of Standards, which was held at the headquarters of the League of Arab States February 23-24, 2008 in Cairo, as the participants concluded that the experience confirms that the approach to harmonization between standards consists of the following steps according to their sequence: (Abdul Latif *et al.*, 2013)

- Studying and resolving differences, such as amending regulations or standards.
- Ensuring the availability of material and human resources capable of implementing the standards at the chartered accountants and the economic establishments that apply the standards.
- Ensuring the availability of material and human resources capable of ensuring the implementation of standards with regulatory, legislative and professional bodies - ie the ability to monitor the quality of application

Challenges and Difficulties Facing Accounting Compliance

If providing consistency in accounting standards is desirable at the international level, achieving this goal is not an easy thing. There are obstacles to achieving it that should be taken into account by those seeking to provide such consistency (Faraj, 2014; & Elhouderi, 2014), including the following:

- The United States still does not apply international standards, and this may be an obstacle in itself as it is the largest market and has a voice in the International Accounting Standards Board, and it may work to obstruct the issuance of some standards that do not comply with its interests.
- Many countries have adopted international standards in implementation, and these countries have different economic environments, different laws and cultures, and different social systems, so it may be difficult to find a consensus between internal policies and those standards.

- Availability of the necessary support means to ensure the proper application of accounting standards, and this is not an easy task. Despite the efforts of most countries to find compatibility, there is no guarantee of proper application of accounting standards.
- Cultural and language challenges, organizational and legal challenges, and employment policies in developing countries.
- Although many countries have adopted international accounting standards, or issued local standards in accordance with them, according to the ability of regulatory bodies and capital markets to issue binding instructions for their application, this does not guarantee obtaining the same results if those standards are applied, whether within one country or between countries. Studies have proven that the application of similar accounting standards is not a condition for obtaining the same results

THE EXPERIENCES OF SOME COUNTRIES IN APPLYING INTERNATIONAL ACCOUNTING STANDARDS

The process of setting international accounting standards in the past few years has achieved a number of successes in achieving greater recognition and use of international standards for financial reporting, as many countries have moved towards international standards either to apply them directly or to comply with them. In this topic, the experiences of some countries in applying international accounting standards will be presented, by dividing those countries into two main groups as follows:

The First Group: Foreign Countries

The economic development and globalization of economic activities have led to the necessity of having international accounting standards that lead to a kind of consistency and standardization in international accounting practices, and different countries can benefit from them in formulating and setting their accounting standards with the aim of harmonizing accounting practices, which leads to the advancement and development of the accounting profession for these countries, especially developing countries. The following are the experiences of a group of those countries (Al-Zain, 2011; Saleh, 2012; CSI, 2005; Abdullah & Osman, 2015; & Abdullah *et al.*, 2012).

The American Experience

The American experience of the strongest partner in the accounting standards industry, as it has the largest accounting infrastructure represented in national councils and bodies, stock exchanges, investors and universities, as well as human and financial resources. Accounting Principles Board until 1973, then the Financial Accounting Standards Board (FASB). The

United States of America has been a partner in all international accounting activities, although it is not committed to it or even fully accepting it, whether in terms of membership in the International Accounting Standards Committee or the current International Accounting Standards Board or a group (4+1), and with the increasing tone of globalization in Accounting Standards After the features and foundations of a coherent international entity of accounting standards were formed, as well as result of some accounting disasters that occurred in the United States of America at the beginning of this century, the American Stock Exchange and the Financial Accounting Standards Board began to gradually approach international standards, and this approach was twofold: The first is to change some American standards to conform to international standards, and the second is to change some international standards to conform to American standards. Both the agency reached a common understanding that included working to make the standards issued by both of them compatible and applicable, as well as Coordination between them before future releases.

Australia and New Zealand Experience

Australia is one of the strongest countries in accounting, as it has a National Accounting Standards Board, and it was a founding member of the International Accounting Standards Committee, which was established in 1973. New Zealand is also a partner with Australia in all accounting matters. The liaison representative in the International Council represents both countries, and the plan New Zealand is a similar picture to Australia's plan with different names, and accordingly, it is not possible to specify a specific date for the beginning of Australia and New Zealand's plan to comply with international accounting standards because the vision of their national accounting boards is included in the manufacture of any international standard, however, their plan for full compliance with international standards started by The National Council was established in 1996 by following the policy of reconciling every national standard with every similar international standard, and that a member of the National Council is a member of the International Council to represent a liaison representative between the two councils as of 2001, and that every draft international standard issued by the International Council.

The UK Experience

Although the United Kingdom is one of the founding countries of the International Accounting Standards Committee, and its country hosts the headquarters of the International Organization, and the first president of the International Council is British and served as head of the British Accounting Council, but it did not have a specific plan to comply with international standards, as the British Council issued national standards. British Accounting Standards Board issued

six standards that were considered an important and major step towards harmonizing British accounting standards with international standards, so the strategy of reconciliation with International standards included maintaining British standards, and the introduction of British international standards would be through British standards issued by the British Council.

Singapore Experience

Singapore is among the middle countries in terms of economic resources and accounting infrastructure. The plan that Singapore followed is a government-backed plan, as the plan was adopted by the Ministry of Finance, and included a set of steps that began in 1999. The Ministry of Finance took a decision in line with international standards, and the Ministry of Finance formed a national board for standards Accounting and disclosure in the same year, and as of 2000, the National Standards Board issued a national accounting standard concurrent with the international standard, and in 2001 a government decision was issued by the Ministry of Finance to obligate companies to the standards issued by the National Council and based on international standards, as of 2003.

Japan Experience

Although Japan is a full partner in all international activities, whether in terms of membership in the previous committee or the current council or its retention of liaison membership, on the other hand, it has no intention of conforming to international standards, and the Japanese international dialogue has resulted in common ground that contributes to reducing differences. Between international standards and Japanese standards, on October 12, 2004, talks began between the International Accounting Standards Board and the Japanese Accounting Standards Board on a joint project to reduce the differences between the accounting standards issued by each of them. The talks started based on two foundations: First, these talks are dangerous towards achieving consensus, The second is that consensus contributes to the support and development of global financial markets, and the Japanese position on international standards is summed up in the existence of an agreement to maintain national standards, with the need for coordination between international and Japanese standards, and that coordination focuses on similar economic characteristics, and from this it is understood that coordination in standards related to situations Therefore, the future trend is to maintain national standards despite unification efforts.

Denmark's Experience

Denmark's experience of compatibility with international standards began for a relatively long time, as it followed a set of steps starting in 1993, when the Danish National Council began a policy of reconciling a national standard with each standard first-hand, and in the same period the National Council worked to reduce

the differences between international standards and national standards. In 2002, after eliminating most of the differences between national standards and international standards, an accounting law was issued that accepts the revised Danish accounting standards, and a national standard was issued with each international standard. In the same year, the Copenhagen Stock Exchange issued a publication encouraging the early application of international accounting standards, and as of 2005 Listed companies adhere to national standards that are compatible with international standards.

The experience of the European Union

The European Union countries adopted international standards by virtue of the decision issued in 2002, which required European companies registered in stock exchanges, which numbered about 8000 companies, to follow international standards starting in 2005, and thus 27 countries have applied these international standards, and all other standards have been adopted International Financial Reporting with some exceptions related to some recent amendments thereto.

The South African Experience

The experience of South Africa began a long time ago as well. In 1993, a government decision was issued by the state that the National Accounting Standards Board should take international accounting standards as its basis in preparing South African accounting standards, and from this year until 2000 the National Authority issued several projects and targets for their purpose. Making national standards with international standards in one direction. Once the amended South African standards were completed, a decision was issued to obligate national standards. The decision clarified that compliance with them is at the same time a commitment to international standards. As of 2002, every international standard issued is used as a basis for issuing a binding national standard Taking into account the difference in the date of obligation, because the national standard is some time later than the international standard

Malaysia's Experience

Compared with other countries, the accounting profession in Malaysia is relatively young. In 1997, in accordance with the Financial Reporting Act, the Malaysian Accounting Standards Board (MASB) and the Financial Reporting Corporation (FRF) were established as an independent authority to develop and issue accounting and financial reporting standards in Malaysia (Chairas & Radianto, 2001: 63). In Malaysia, 54 accounting standards were issued by non-private companies and 36 standards for private companies, including four local standards. In addition to that, it includes an Islamic intellectual framework, an Islamic standard, and locally developed standards.

The Second Group: Arab Countries

The importance of international standards arose from the need of some Arab countries to obtain indirect financing to attract foreign capital, and the presence of foreign accounting offices working in these countries that encourage the use of international standards, and it is noted that many Arab countries do not have long experience in the manufacture of accounting standards Also, the available national standards do not constitute an integrated structure of standards, but the development and growth of capital markets in some countries was a driver behind the demand for international accounting standards. The following are the experiences of a group of Arab countries in conformity with international accounting standards (Saleh, 2012; Abu Nassar, 2013; Tawfiq 2008; & Abdul Latif *et al.*, 2013).

Jordan's Experience

Jordan is one of the first Arab countries and countries in the world to adopt international accounting standards. In 1990, the Jordanian Association of Auditors adopted international accounting standards to be applied by companies in Jordan. However, the adoption of these standards was not characterized by a legal obligation for companies due to the absence of a binding authority by The Association of Corporate Auditors in Jordan, and in 1998 the Board of Commissioners of the Securities Commission issued instructions related to disclosure derived from international accounting standards, auditing standards and conditions to be met by auditors of entities subject to the control of the Securities Commission, and the legal obligation to adopt international accounting standards came in Jordan after 1997, through several laws, the most important of which is the Income Tax Law of 2009, which stipulates that the taxpayer is obligated to organize the necessary records and documents in accordance with international accounting standards, and the Jordanian Companies Law obligates limited liability companies and public and private companies to prepare their final accounts according to standards International Accounting, as well as the Securities Act of 2002, which included the need to adopt international accounting standards The International Accounting Standards Board issued by the International Accounting Standards Board, and all entities subject to the authority's control must prepare their financial statements in accordance with these standards.

The Experience of Egypt

In 1996, Egypt adopted a unified accounting system based on a complete unification of concepts, terminology, definitions, principles and accounting standards. During the period 1996 to 1982, Egypt witnessed many changes in the accounting environment without developing any accounting system that fits its own environment. Then, the need to develop an Egyptian accounting system arose from During the

General Conference for Accounting and Auditing held in Cairo in the early eighties, in which it was proposed to form a special committee to set accounting standards in Egypt that take into account and comply with international accounting standards, and in 1992 the Institute of Egyptian Accountants and Auditors completed the preparation of 20 accounting standards and in 1993 the Institute recommended their use in accounting practices. In 1997, a ministerial decision was issued obligating all companies, whether registered or not, in the financial market, to adopt international accounting standards.

The Experience of the Kingdom of Saudi Arabia

Through the historical development of accounting in the Kingdom of Saudi Arabia, it seems that the Kingdom has not adopted any ready-made accounting standards, but it has adopted the professional approach in developing and organizing the accounting system since the early stages of the development of accounting in the Kingdom. It intervenes in the details of this organization to set and define the accounting standards and methods to be followed, and the task of setting standards has been assigned to the Accounting Standards Committee, which is a professional committee. The Saudi financial accounting standards were issued by the Saudi Ministry of Commerce for the first time in more than 24 years, and these standards were not issued as a mere translation of international accounting standards, but were issued containing an almost complete intellectual framework from the reality of the Kingdom's conditions. Financial accounting and accounting concepts) and the standard of presentation and general disclosure specifying the main financial statements and their accompanying explanations (20 standards with an American background = 2 intellectual framework standards + 15 practice standards + 3 local standards, including an Islamic standard for zakat) in addition to the audit standards. Standards of the Cooperation Council for the Arab States of the Gulf, and in the year 1412 AH, the Saudi Organization for Certified Public Accountants became the body charged with preparing the system of certified public accountants and reviewing and developing accounting and auditing standards.

The Experience of the Cooperation Council for the Arab States of the Gulf

The Cooperation Council of the Arab States of the Gulf (6 countries) aims to achieve coordination, integration and interdependence among the member states in all fields in order to reach their unity and to deepen and strengthen ties, links and aspects of cooperation between their peoples in various fields. For the Gulf Cooperation Council, in 1998, and the commission began its work in 2001. Undoubtedly, the commission's standards and activities reflect a pioneering experience in building and integrating Arab accounting standards, and that they were not based on translating international standards, but on regional

conditions and against the background of American, without Islamic standards. For the first time, the commission provided An integrated framework for the intellectual framework of accounting (objectives and concepts only) in the Arabic language. The standards issued amounted to 13 standards of practice, which is less than half the number of international standards issued, and the standards of the Commission need an appropriate strategy to comply with international standards

Algeria Experience

After diagnosing the implementation of the national accounting scheme in Algeria, three possible options were suggested:

- Making adjustments to the national accounting scheme to suit the changes in the Algerian economic environment.
- Adaptation of the national accounting scheme with international accounting standards.
- Completion of a new accounting scheme in line with international accounting standards.

After studying these options, the third option was chosen, and a report was submitted that included the draft of the new accounting system. For the purpose of evaluating the report, a working group was formed that included experts from the Algerian National Council of Accountability, whose opinions differed on a set of points into two groups: The first team preferred to keep the accounting scheme's code of accounts. The national team and making the required adjustments according to international standards, this is to reduce the negative effects on accounting practice and accounting education. As for the second party, it accepted the proposal of the French experts, which is close to the French accounting scheme. The Algerian National Accounting Council, which was recommended during the General Assembly in 2002. The financial accounting system came in order to converge with international accounting standards, and to improve accounting practices, but what is noted on it is that the project was prepared in 2006 while it was implemented in 2010 while International accounting standards are constantly changing and updating, since the application of this system has not witnessed any follow-up to the developments of international standards Where the instructions and directives issued by the National Accountability Council are directly related to the application and transition of the financial accounting system.

Iraq Experience

The unified accounting system issued in 1983 and the Public Companies Law No. 22 of 1977 are among the most important regulations and laws that regulate the accounting work in Iraq and that help provide financial and statistical data to serve the relevant authorities, but despite their importance, a number of accounting problems have emerged on the

horizon Which requires the presence of an independent, specialized body that has the ability to solve such problems, which led to the formation of the Accounting Standards and Rules Council in the Republic of Iraq as a supreme and permanent body affiliated to the Board of Financial Supervision. The functions of the Council are determined by studying accounting standards and rules and approving them in the economic and service units in the country, including: This includes mixed and private sector companies and expressing opinion on draft laws, regulations, and financial and accounting instructions or those related to them, as well as providing technical advice related to the application of financial and accounting standards and rules to the relevant authorities. The legislation in force, and in the event that the decisions of the Council conflict with any of the legislation in force, the Board of Oversight shall take over the Finance Submit a recommendation to the Office of the Presidency or the beneficiaries to amend such legislation, and with the exception of what is stipulated in the legislation in force, the Board may adopt any of the international or Arab accounting rules or adapt those rules to suit the nature of work in the country or adopt new rules, the Accounting and Oversight Standards Board accomplished Since its first formation in 1988 and until now, many studies on the laws, regulations, and financial and accounting instructions in force and identified the problems of their application and reached to develop appropriate solutions to bypass them and issued (14) accounting rules and (6) control manuals and supervised the follow-up of their application in the concerned authorities.(www.fbsa.gov.iq, 2018)

The Council follows the strategy of adopting international accounting standards and adapting them to suit the Iraqi environment, with the exception of Accounting Rule No. (11) for agricultural activity, which was approved by the Council in 1998, provided that it is applied to the financial statements for the year ending on 12/31/2000 and beyond that preceded the issuance of the standard International Accounting No. (41) on agricultural activity, which was issued in 2001 and became effective on 1/1/2003, as well as Accounting Rule No. 12 (Capital Gains and Losses) issued by the Council in response to the needs of the local accounting environment, which was not met by an international accounting standard, despite The National Accounting Standards Board is the state's accounting voice at the international level, and at the same time, it is the gateway to the international standards of the state, and they are two essential functions that cannot be abandoned and must be supported, if we want to keep pace with global developments. Of the Office of Financial Supervision, it constitutes a faltering experience compared to the experiences of other countries (especially the experience of the Arab Republic of Egypt), given the number of rules issued by the Board and 14 rules so far, compared to 41 international accounting standards, in addition to the

failure to issue a standard for the objectives and concepts of accounting that constitute an intellectual framework for accounting standards, and the Council has stopped issuing accounting rules since 2001, due to the lack of time among its members, which created a clear gap between the achievements of this Council and what It was reached by the International Accounting Standards Committee from publications in addition to its continuous amendments to the standards in force.

Although the international accounting standards issued by the International Accounting Standards Board are not binding, there is a tendency by some relevant authorities to demand the adoption of these standards, including the Iraqi Securities Authority, as this body obligated all companies registered in the Iraqi Stock Exchange to follow the standards In preparing the financial statements issued by it, this was through the issuance of Law No. 74 of 2004, and the Board of Directors of the Central Bank issued a decision obligating all Iraqi banks to apply international accounting standards, which applies to the final accounts for the year ending on December 31, 2007, according to a timetable ending On 12/31/2009, the entire accounting records and systems of all local banks will be transferred to be in accordance with international standards, no later than 12/31/2009.

Accounting Compliance Challenges in Iraq

There are many factors that represent a challenge for Iraq to comply with international accounting standards (Škare, 2008; & Ismail & Faleh, 2020), including:

- Factors related to the economic and political system.
- Legislative and legal factors.
- The absence of an international legal force that obliges accounting compliance
- The incompatibility of tax systems in Iraq with international systems.
- The difference in determining the objectives of the financial statements.
- The prevailing belief that the accounting consensus represents a violation of national sovereignty.
- The discrepancy in the needs of users of accounting information, as there is a belief that international standards benefit multinational companies.
- Difficulty in understanding international accounting standards due to the low level of education.
- Economic units avoid bearing the additional burdens required to meet the complex requirements of standards.
- The lack of effective local professional institutions that take upon themselves the development of compliance programs and follow-up on their implementation

Strategies for Compliance with International Accounting Standards in the Iraqi Environment

The following strategies can be followed to comply with international accounting standards:

- Identifying weaknesses in the Iraqi environment that impede the process of consensus and studying possible remedies.
- Reform of the local economic and political environment in line with the developments of the external environment.
- Amending laws, legislation and regulations, the most important of which are the Companies Law, the Banking Law, and the regulations related to account control to enhance the ability of the Iraqi environment to respond to the requirements of adopting international standards.
- Providing financial and technical support to the Accounting and Control Standards Board and expanding its powers, and providing it with the necessary scientific and professional expertise, to activate its role in the process of compatibility with international standards.
- Determining the appropriate mechanisms for developing local accounting rules that address emerging internal problems for which an international standard has not been issued.
- Developing the accounting educational system and paying attention to updating its vocabulary, and focusing on the practical aspects in line with the changes in accounting applications caused by the adoption of international standards.
- Seeking to build automated accounting information systems that meet the needs of developments in the local environment
- Building and developing the capabilities of accountants to work and respond to the requirements of international accounting standards.
- Developing the accounting culture among investors, and raising their awareness of the importance of the information prepared in accordance with the state accounting standards that form the basis for making their decisions.
- Organizing training courses for accounting and auditing cadres on the guidelines and interpretations attached to international standards, and encouraging research and studies concerned with compatibility with international standards.

The experience of accounting compatibility achieves important results in terms of approximation towards international standards by reducing the fundamental differences between national accounting standards on the one hand and international accounting standards on the other hand. International standards either by explicitly adopting international accounting standards provided that it is mentioned in the financial reports that it was prepared in accordance with international standards, or by adopting international standards by reissuing international accounting standards under the national name, and other countries

approaching international standards, as they adopt what they see It is suitable for its local environment of international accounting standards after making some amendments to it, and there is another group of countries that have their own accounting systems and are a strong partner in the manufacture of international accounting standards and at the same time do not allow the use of international accounting standards completely, but allow some companies to use them.

CONCLUSIONS

Despite the importance of compatibility between accounting standards in facilitating the process of comparison in the performance of companies, there are clear differences in the positions of countries regarding compliance with international accounting standards, that the process of compatibility with international accounting standards faces obstacles and difficulties, in addition to the presence of requirements and ingredients that must be met To apply these standards, as the practical implementation of international accounting standards is not an easy process and requires a number of steps aimed at institutional and organizational building as well as expertise and huge resources. Certain and not according to international changes and developments, one of the main reasons for the emergence of the gap between the standards issued by this board and international accounting standards.

The researcher recommends that the responsible authorities in the countries adopt a specific, clear and publicized approach to the process of issuing accounting standards, and expand dialogue with economic institutions, accounting experts as well as educational bodies, and benefit from the experiences of countries with previous experiences in the field of compliance with standards, which helps reduce the costs of efforts And the time necessary for the compatibility process, and for the Accounting Standards and Rules Board in the Republic of Iraq to issue rules in accordance with international changes and developments, in addition to issuing them based on the emergence of certain accounting problems that international standards will never address.

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