IFRS AND ITS ROLE IN IMPROVING THE QUALITY OF THE CONTENT OF FINANCIAL REPORTS, ANALYTICAL AND COMPARATIVE RESEARCH OF A SAMPLE OF IRAQI AND ARAB COMPANIES LISTED ON THE FINANCIAL MARKET

Jasim Idan Barrak¹, Ali Razooqiabbood²,
¹,² Department of Accounting, college of Administration & Economics, university of Kerbala, Iraq, Email: jasim.i@uokerbala.edu.iq

ABSTRACT

The current research aims to demonstrate the importance of (IFRS) and its impact on the informational content of financial reports and contributing to decision-making, and for these decisions to be characterized by economic rationality, this information must be of high quality, as decision support has become the main goal of financial accounting reports information, and to achieve the goal, A study of Five Iraqi industrial companies listed on the Iraq Stock Exchange have been selected whose financial reports are prepared according to the unified accounting system, compared to five Jordanian industrial companies listed on the Amman International Market that prepare their financial reports according to (IFRS) and during the period from (2015-2019), and the data were analyzed. According to the liquidity indicators represented by (circulation ratio), and profitability indicators represented by (net profit margin ratio). The study resulted in several conclusions, the most important of which was that the application of (IFRS) affects improving the quality of the informational content of financial reports by adding qualitative characteristics (appropriate). And faithful representation) of the elements of the financial statements, which reflect the real financial events that the users can understand, analyze and take an appropriate decision regarding them, and in light of the conclusions a set of recommendations has been reached. The most important of which was for Iraqi companies to pay more attention to disclosure, presentation, and preparation of financial reports, especially in light of the ambiguity that marred some of the amounts by creating the appropriate conditions and the ideal real environment for the transition to adopting (IFRS) in the near future.

Keywords: IFRS, the informational content of financial reports

I. INTRODUCTION

The accounting information contained in the financial reports is the final product of the accounting work and it is called (the informational content of the financial reports), as it is considered the leading industry of the age and its distinguished wealth that companies seek to keep pace with the development in the accounting work. It is also considered the driving tool for any economic project that has an impact on management and activity. Companies, and it is the ideal means of communication between what is going on from economic events in the company and between the users of financial information to help the decision-making process, and that the quality of this information is an important basis for measuring the financial elements that contributed to the events of a fundamental change in the accounting work, and for companies to ensure that this information is prepared with high quality. It seeks to prepare it by the conceptual framework and international financial reporting standards (IFRS), which focused on the need for accounting information to be characterized by the basic and reinforcing characteristics of accounting information that achieve the accounting objectives in presentation and disclosure, and thus provide a reliable picture of the financial situation of companies in an appropriate, transparent, comparable, interpretable and mistake-free, and thus the company will achieve a kind of transparent disclosure And the reliable information that enables users of this information to analyze, interpret and make an economic decision regarding it.

II. THE FIRST SECTION/RESEARCH METHODOLOGY

• The problem of the research:
The intellectual problem of research is embodied in the lack of interest in the rules and foundations of the International Financial Reporting Standards (IFRS) and the possibility of their application, as one of the most important reasons for the occurrence of global and local economic crises and economic collapses that major international companies are exposed to in their current systems is their disclosure of data in the informational content of the reports. Finance does not have (suitability, honest representation, ability to understand, interpret and verify), which leads to a low level of general financial reporting for these companies, and the research problem can be formulated in the following question:

Does the implementation of International Financial Reporting Standards (IFRS) affect the improvement of the informational content of financial reports?

• The importance of the research
The importance of research is embodied in the importance of companies’ commitment to applying the International Financial Reporting Standards (IFRS), because of that obligatory benefits and advantages accruing to companies by displaying and disclosing the informational content in the consolidated financial reports, which makes it easier for all relevant parties to understand, read and approve them to take appropriate decisions, as it has become difficult for institutions to attract investors and foreign capital without applying the Financial Reporting Standard (IFRS), which in turn enhances confidence in financial data by improving companies' performance and increasing users' confidence in financial information.

• The goal of the research
Demonstrate the companies' ability to enhance confidence among users by increasing confidence in the informational content of financial reports when applying and employing International Financial Reporting Standards (IFRS), which in turn leads to improving the financial reporting process.

• The hypothesis of the research
The research hypothesis in theory is divided into two hypotheses as follows:

The application of International Financial Reporting Standards (IFRS) affects the improvement of the informational content of financial reports.

The implementation of International Financial Reporting Standards (IFRS) influences user decisions and the value of the company

• The limits of the research
Spatial boundaries: a group of Iraqi and Jordanian companies. The sample consisted of choosing five industrial companies listed on the Iraq Stock Exchange and five Jordanian companies listed on the Amman Stock Exchange.


• Data collection methods
The sources of data collection are represented by what has been approved by the researcher for the most important literature of accounting thought related to the current topic of research as well as the applied and practical aspects. Reliance on the deductive approach by analyzing the annual reports of Iraqi and Jordanian companies, the research sample using indicators (liquidity and profitability) and by using the (Excel) program.

III. THE SECOND SECTION

1. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

• Concept of International Financial Reporting Standards (IFRS):
By referring to the accounting literature, a set of definitions can be formulated that clarify the precise meaning of the International Financial Reporting Standards, as follows:

• A set of interpretative guidance issued by the International Accounting Standards Board, which is authoritative and which must be followed, covering issues of financial reporting that is updated and considered a principles-based approach in providing these interpretative guidances. (et, al, 2014:12 & kieso).
A set of rules that are guided by professionals to reduce cases of diligence through the flexibility of standards in accounting practices without canceling that judgment or diligence. (Doupnik & Perera, 2012: 124)

A set of measurement tools with legally developed specifications that are used for a fair description of what is included in financial reports issued by a specific entity that is trusted by all users (Skinner & etc, 2003: 798).

IFRS is defined as a set of important guidelines whose conceptual framework provides the possibility to choose the optimal basis of measurement (cash, accrual) and according to the requirements of the company’s circumstances and in turn, provides the most useful and closest information to reality. (Kieso & etc, 2020: 205)

2- The importance of International Financial Reporting Standards (IFRS)

Improving the quality of financial reports, through what it provides to dealers in the financial markets with clear and reliable financial information and allows them to compare these reports with other companies. (Ames, 2013: 154-165)

(IFRS) is in line with economic openness policies, and this alignment is important for the transition from a planned central economy to a free economy. This contributes to preparing the financial statements according to accounting procedures accepted at the global level, and in turn setting reforms in accounting practices, in addition to reducing the risks of foreign investment. (Qu et al, 2012: 192)

(IFRS) requires financial reports to be prepared with information that is understandable and interpretable, and with the increasing growth of trade at the international level, this leads to attracting foreign investment (Baig & Khan, 2016: 343-350)

The application of (IFRS) and keeping abreast of developments in standards and amendments obtained as a result of continuous changes leads to an increase in the disclosure of the level of liquidity in the financial markets, which allows investing at the international level by reducing the cost of capital for foreign investors. (Qu, et. Al, 2012: 196)

IV. THE THIRD SECTION

3. Informational content of financial reports

Concept of financial reports

Financial reports are considered the culmination of the financial accounting work through which accountants measure financial performance accurately and fairly and are presented promptly to the beneficiaries such as investors, creditors, managers, unions, government agencies ... etc., and companies deliver the accounting information to these Parties through financial reports, where relevant and reliable financial information allows investors and creditors to compare income and assets used by companies because these users rely on assessing the relative return and risks associated with the purpose of investment by reviewing the information contained in the financial reports, they direct resources more effectively. (Kieso & et.al, 2020: 31)

Financial reports are the main pillar of financial accounting that targets external parties such as investors, banks, suppliers, by measuring and recording commercial transactions, and it is one of the most important methods of presentation and disclosure that affect the decisions of external parties that always depend on the information contained in these reports, as is done Preparing financial reports in compliance with General Accepted Accounting Principles (GAAP), which in turn is in line with International Financial Reporting Standards (IFRS) (Horngren, et.al., 2015: 2).

It is the pivotal part of financial accounting as the primary means of communicating financial information to its users and its goal has been determined by the International Accounting Standards Board (IASB), through the role it plays in providing financial information to the institution and the changes in financial events that are useful for a wide range of segments to take Decisions. (Ducasse, et.al, 2005: 12)

Objectives of financial reporting

The most important objectives of the financial statements can be identified as follows: (Gordon, et.al, 2019: 27)
• Providing useful and necessary information for decision-making, as the decisions made based on financial reporting information are related to the purchase, sale, and possession of equity investments, and thus the dividend, profit per share, and the degree of safety in the borrowing process are determined.

• Disclosure of the necessary and useful information related to the financial events of the company helps the different groups of users in making decisions in line with their goals.

• Financial reports are intended to provide information to indirect users who do not have the authority to obtain financial statement information.

• Financial reports target users and not the insiders by providing information that is not simple and clear so that everyone can understand. Here, the real user who can read and analyze the informational content of financial reports becomes evident.

• Financial reports aim to show the size and ability of companies to own and generate cash flows, which is of interest to investors and creditors mainly, as creditors expect cash payments for interest and loans, while investors want to distribute cash to increase their wealth.

• Providing useful and necessary information to make decisions, as the decisions made based on financial reporting information are related to the purchase, sale, and possession of equity investments, and thus the dividend, profit per share, and the degree of safety in the borrowing process are determined.

V. TYPES OF FINANCIAL STATEMENTS

First: the income statement

The income statement consists of numbers obtained during a specific trading period, and this period may be one month, several months, or a year. Most companies prepare their income statements for quarterly, semi-annual, or annual periods. As for small companies, they prepare income statements for these periods respectively. To avoid errors and problems during work, to track financial performance, evaluate management performance, and predict future performance in a good way, according to the following equation: (Nikolai, et al., 2010: 184-185)

Second: the budget statement

The budget statement is defined as the comprehensive disclosure of assets and liabilities, including information and real values for expressing the financial position of the economic unit during a specific financial period and on a specific date. However, it displays and classifies the assets and liabilities in its two parts, fixed and circulating, and provides detailed information about available cash and liquidity and how to manage them (Robinson, et. al, 2015: 25).

Third: The statement of changes in property rights

Equity is defined as the obligations owed on the establishment towards the owner of the facility or the partners (owners), and this list is prepared to know the changes that occurred in the rights of the owners of the facility during the financial period or year, as the property rights increase with the increase in capital and profits and the decrease in property rights through capital reductions and withdrawals Personal and losses, and the items of the list differ according to the legal form of the establishment if it is a sole proprietorship, people company, or money company (shares). This statement is also prepared for a specific period and its items do not include comprehensive income. (Bacovia & et. Al, 2010: 334

Fourth: the cash flow statement

The cash flow statement is concerned with displaying the cash flows of the activities (financing, operating, and investment) during a specific financial period in the company. Investors and creditors can, through the information of this statement, know the companies 'financial cash position and the extent of the companies’ ability to increase their profits and pay their debts in cash. It is counted on a cash basis. (Gibson, 2013: 393-394)

VI. THE FOURTH SECTION/THE APPLIED ASPECT OF THE RESEARCH

Analyzing liquidity and profitability indicators

First: Analysis of liquidity indicators/circulation ratio
Table (1) Analysis of the turnover of the Iraqi and Jordanian industrial companies, the research sample

<table>
<thead>
<tr>
<th></th>
<th>circulation ratio (Current assets / current liabilities)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Jordans' Stock Exchange companies</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>1 National Chlorine Industry</td>
<td>0.88</td>
</tr>
<tr>
<td>2 Modern global manufacturer of vegetable oils</td>
<td>8.99</td>
</tr>
<tr>
<td>3 Jordanian weather factories</td>
<td>10.26</td>
</tr>
<tr>
<td>4 Al Hayat Pharmaceutical Industries</td>
<td>4.90</td>
</tr>
<tr>
<td>5 Arabia for the manufacture of metal pipes</td>
<td>3.74</td>
</tr>
</tbody>
</table>

| **Iraq Stock Exchange companies** |                             |
| 1 Modern sewing                     | 0.40 | 2.84 | 4.70 | 3.35 | 4.84 |
| 2 Baghdad for soft drinks            | 11.53 | 3.06 | 0.61 | 6.93 | 4.40 |
| 3 Iraqi carpets and furnishings      | 3.38 | 3.07 | 2.94 | 3.09 | 3.08 |
| 4 Al Mansour Pharmaceutical Industries | 14.85 | 10.93 | 11.88 | 2.52 | 1.57 |
| 5 Baghdad for the manufacture of packaging materials | 67.48 | 7.53 | 5.90 | 21.73 | 14.77 |

Current Ratio
Source: Prepared by the researcher based on the annual financial reports of the Iraqi and Jordanian industrial companies Research sample from (2015-2016)

The above table reviews the financial data of the industrial companies, the research sample separately, the rise and fall in the circulation ratio during the years of study, with regard to the companies of the Jordanian industrial sector, it is noticed that the trading ratio in the companies was at a good level in all years and despite its fluctuation in some of them, as We find that the Jordanian Al Wajah Factories Company has achieved the highest results compared to other companies, especially in the year 2016 by (12.83) as a result of the increase in the total assets in circulation to the highest levels by (17.2) million, offset by the decrease in current liabilities by (1.3) million, which is a good indicator that confirms that the company enjoys a good level of liquidity and has the ability to pay its obligations, while the lowest results were recorded in 2019 by (8.12) as a result of the decrease in the total current assets by (14.6) million, and despite the low percentage, it remains an acceptable indicator of the company's liquidity, followed by the company. The modern world for the vegetable oil industry has achieved a decline in the trading ratio for the year (2019), in which the company recorded its lowest levels by (6.03) as a result of the increase in the number of extended liabilities. The first by (1.7), and despite this that its results exceeded the results of the other company that followed, as the year 2015 achieved the highest results by (8.99) as a result of the decrease in the number of current liabilities to its lowest level by (1.1) million in light of the stability of the number of current assets The length of the years of the study ranged between (10.1-10.9), and then came Al Hayat Pharmaceutical Industries, as the year 2016 achieved the highest results by about (5.51), while 2018 showed a low result by (3.33), and then the Arab Company for Metal Pipes Industry, as it achieved The highest percentage of circulation in the year 2017, about (4.33), while the percentage of circulation decreased to (2.88) in 2019, and finally the National Company for Chlorine Industry, which achieved the lowest results compared to the companies of the Jordanian industrial sector in the year 2017 by (0.54) due to the increase in the number of current liabilities. To (8.3), while it achieved the highest results in the year 2019, about (6.88), as a result of a decrease in current liabilities to (1.2) million, offset by an increase in the number of current assets to the highest level by (8.5).

As for the Iraqi industrial sector, it is noted that the Baghdad Company for the Manufacture of Packaging Materials has achieved the highest results compared to other companies, as it recorded the highest increase in the percentage of circulation during the year 2015 by (67.48), which is a good indicator for the company that confirms the high
liquidity it enjoys to pay its short-term obligations, namely A very high percentage that the research sample did not reach by the company in various years, due to the increase in current assets to (358) million as a result of maintaining inventory for periods of more than a year, (Million), while the lowest results were shown in 2017 by (5.90) as a result of a decrease in the number of current assets to (274) million, corresponding to an increase in current liabilities to (46.5) million, followed by Al Mansour Pharmaceutical Industries, as the year 2015 recorded the highest results by (14.85) as a result of the increase in the number of current assets to (6.7) billion, offset by a decrease in current liabilities to (457) million, the lowest level in the years of study, while it achieved the lowest results in 2019 by (1.57) results. In the face of the increase in the amount of current liabilities to (1.4) billion due to the amount of the loan in the same year, which amounted to (1.5) billion, corresponding to the decrease in current assets to (2.2) billion, followed by the Baghdad Soft Drinks Company, as the year 2015 showed the highest results by about (11.53) as a result of the decrease In the amount of current liabilities to the lowest level by (10.2), although current assets did not record their highest level, which is a good indicator for the company that confirms that it has a liquidity level to repay its short-term liabilities, while 2016 recorded the lowest results at (3.06) due to the increase in current liabilities to (26.1) billion, offset by a decrease in current assets to the lowest level by (80) billion, which is not a good indicator for a company that enjoys the distinction of its products in the Iraqi market, followed by the modern sewing company, which the results showed that it suffers from fluctuations in achieving the circulation rate of highs and lows, as the year has achieved 2019, the highest results of about (4.84), a big difference from the lowest results in the year 2015, now the company is witnessing a gradual growth in the percentage of circulation despite some special fluctuations, and finally the Iraqi Carpet and Furniture Company, which showed the lowest results The Iraqi industrial sector, especially in the year 2017, declined by (2.94) as a result of the increase in current liabilities to (3) billion, and the highest results were in the year 2015 by (3.38) as a result of the decrease in current assets to (2.6) billion, offset by relative stability in current liabilities throughout the years of the study.

Second: Analysis of profitability indicators/net profit margin ratio

Table (2) Analysis of the net profit margin ratio for the Iraqi and Jordanian industrial companies, the research sample

<table>
<thead>
<tr>
<th>Net profit margin ratio (Net Income / Total Sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jordans' Stock Exchange companies</td>
</tr>
<tr>
<td>The company</td>
</tr>
<tr>
<td>1 National Chlorine Industry 0.07</td>
</tr>
<tr>
<td>2 Modern global manufacturer of vegetable oils 0.07</td>
</tr>
<tr>
<td>3 Jordanian weather factories 0.65</td>
</tr>
<tr>
<td>4 Al Hayat Pharmaceutical Industries 0.22</td>
</tr>
<tr>
<td>5 Arabia for the manufacture of metal pipes -0.07</td>
</tr>
<tr>
<td>Iraq Stock Exchange companies</td>
</tr>
<tr>
<td>1 Modern sewing 0.39</td>
</tr>
<tr>
<td>2 Baghdad for soft drinks 0.11</td>
</tr>
<tr>
<td>3 Iraqi carpets and furnishings 0.28</td>
</tr>
<tr>
<td>4 Al Mansour Pharmaceutical Industries 0.18</td>
</tr>
<tr>
<td>5 Baghdad for the manufacture of packaging materials 1.80</td>
</tr>
</tbody>
</table>

Source: Prepared by the researcher based on the annual financial reports of the Iraqi and Jordanian industrial companies Research sample from (2015-2016)

Table (2) shows changes in the net profit margin ratio as one of the most important indicators of profitability for companies in the research sample. It is noticed that the Jordanian industry sector achieved varying results from one company to another and for the same company during the various years of study, as the Jordanian Weather Factories Company achieved the highest results at the sector level. In the years 2015 and 2018, the same percentage was (0.65) as a result of the profits achieved by the company relative to the total sales, which is a positive indicator that confirms the continuity of the company in achieving profits, while the lowest results were recorded in the year 2017 by (0.48) as a result of the decrease in net income versus the increase in total sales, despite From that, it is an acceptable result for the company compared to other companies, followed by Al-Hayat Pharmaceutical Industries,
which achieves very close results throughout the years of study, as it achieved the highest results in the years 2015, 2016 and 2018, with an equal ratio of (0.22), which is a good percentage for the company that shows the stability in the net profit achieved from Total sales, with a slight difference from the lowest percentage achieved by the company in the year 2017 by (0.19) due to the decrease in net income, followed by the International Company for Vegetable Oil Industry, which achieved the highest results in the years 2016 and 2017 by (0.08), while it achieved the lowest results in the years 2018 and 2019 by (0.05), then followed by the Arab Company for Metal Pipes Industry, which achieved the highest results in the year 2017 by (0.10), while it achieved a negative result in the year 2015 by (0.05) (0.07-) as a result of the loss suffered by the company, which exceeded (630) thousand, while the National Company for Chlorine Production achieved the lowest results at the level of the sector in the year 2017 by (0.22) as a result of the loss incurred by the company, which exceeded an amount of (950) thousand due to The decrease in the total amount of sales was offset by the increase in production costs, but in the following years it witnessed a noticeable improvement in the results and recorded the highest percentage in the year 2019 by (0.16) due to the increase in total sales to the highest level, which led to the increase in net profit, and the figure below shows developments in the net profit margin in companies Jordanian Industrial City.

As for the Iraqi industrial sector, it is noted that the highest results were achieved for the Iraqi Carpet and Furniture Company in the year 2019 by (0.69) as a result of the increase in net profit to the highest level by (748) million, due to the increase in total sales to (1.07) billion, which is a positive indicator for the company. In achieving profits with a large percentage of sales, while it achieved the lowest results in the year 2016 by (0.21) as a result of the decrease in net income to the lowest level by (184) million as a result of the decrease in total sales to (889) million. Despite this, the company achieved The highest results from other companies that follow, as for the Baghdad Company for the manufacture of packaging materials, which achieved the highest results in the year 2015 by (1.80) as a result of the increase in net income to (84) as the highest level in relation to the total sales, while the company achieved low results in the following years Especially in the year 2017 by (0.02), which is a negative indicator for the company resulting from the decline in total sales to the lowest level of (2.6) million due to intense competition between companies and consumer preference for the imported product, followed by the modern sewing company that achieved the highest results in the year 2018. It scored (0.56) as a result of achieving the highest net profit by (563) million, while it achieved the lowest results in the year 2016 by (0.21) due to a decrease in net income to (148) million, then followed by Baghdad Soft Drinks Company, which witnessed stable and gradually increasing sales. Slightly, as it achieved the highest results in the year (2019) by (0.14), a slight difference from the lowest results in the year (0.11) in the year 2015, then finally comes Al-Mansour Company for Pharmaceutical Industries, which achieved the highest results at the level of the sector in the year 2015 by (0.18) While the negative results continued in the following years, the company achieved the lowest results in the year 2019 by (4.29-), which is a negative indicator for the company in achieving profits from the total sales that carry the company future financial burdens, especially in light of the loss that exceeded (1.9) billion in the same year The figure below shows developments in the net profit margin ratio for Iraqi industrial companies.

VII. THE FIFTH SECTION/THE IMPACT OF IFRS ON FINANCIAL PERFORMANCE INDICATORS:
First: Comparison using the current ratio

Table (3) Comparison using the current ratio through arithmetic and standard deviations

<table>
<thead>
<tr>
<th>Jordans' Stock Exchange companies</th>
<th>The company</th>
<th>SMA</th>
<th>standard deviation</th>
<th>The overall average</th>
<th>General standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>National Chlorine Industry</td>
<td>2.73</td>
<td>2.62</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Modern global manufacturer of vegetable oils</td>
<td>6.93</td>
<td>3.19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Jordanian weather factories</td>
<td>9.55</td>
<td>1.82</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Al Hayat Pharmaceutical Industries</td>
<td>4.56</td>
<td>0.74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Arabia for the manufacture of metal pipes</td>
<td>3.77</td>
<td>0.53</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5.51</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.78</td>
</tr>
</tbody>
</table>

| Iraq Stock Exchange companies    |                                           |      |                    |                     |                           |
| 1                                | Modern sewing                              | 3.23 | 1.61               |                     |                           |
### The table above shows the arithmetic averages and standard deviations of the circulation ratio, concerning the Jordanian industrial sector, we find that the Jordanian Al Wajh Factories Company achieved the highest arithmetic average of (9.55), which reflects its trading value at the market level throughout the years of study and a standard deviation (1.82), while the national company The chlorine industry has the lowest arithmetic average of (2.73) and a standard deviation (2.62), which is an indicator of the fluctuation of the results in the company’s circulation ratio from year to year. The general arithmetic average of the sector reached (5.51) with a standard deviation (1.78). As for the Iraqi industrial sector, we find that Baghdad Company for Packaging Materials Industry achieved the highest average arithmetic of (23.48) reflecting the good trading volume of the company in the market and a standard deviation of 22.71), while the Iraqi Company for Carpets and Furniture achieved the lowest arithmetic mean of 3.11 and a standard deviation, although the Iraqi industrial sector achieved The highest average is (8.69), but it suffers from a large dispersion in the trading ratio, with a standard deviation of (6.70), which is a large percentage indicating the fluctuation of trading in the volume of the sector from one company to another throughout the years of study, and the reason is due to this K to implement the (IFRS) that obliges Jordanian companies to provide high-quality information, as (IFRS1) aims to make the information clear and comparable across all the periods presented. This standard also requires Jordanian companies to not prove items as assets or liabilities if they are (IFRS) does not allow this type of proof in the case of preparing reports for the first financial period according to (IFRS), while this type of proof does not appear in Iraqi companies that have not implemented (IFRS) yet, and since the circulation ratio is the ratio of the trader from the assets to the trader from Liabilities that are affected by (IFRS2), which requires companies in the components of disclosure to recognize in their lists of any transaction paid based on shares that must be settled in cash, which affects the most current assets (cash) or through the issuance of equity instruments, which affects the trading ratios of companies. When this type of transaction is not proven in the lists of Iraqi industrial companies, in addition to what the companies disclose of the assets they keep for sale and prove that in their financial statements, as it is noticed that the Jordanian industrial sector companies recognize the assets they keep to sell or Usually purchased according to the requirements of the standard (IFRS5), which is required to stop the depreciation of these assets and not to consider them as current assets, which are measured at fair value minus selling costs and thus affect the calculation of the trading ratio because it reduces the number of current assets, which is not disclosed and proven in companies The Iraqi industrial sector in the financial statements, in which all assets held for sale are current assets subject to buying and selling transactions.

### Second: Comparison using the net profit margin ratio

Table (4) Comparison using net profit margin and the use of arithmetic means and standard deviations

<table>
<thead>
<tr>
<th>The company</th>
<th>SMA</th>
<th>standard deviation</th>
<th>The overall average</th>
<th>General standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Chlorine Industry</td>
<td>-0.02</td>
<td>0.15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Modern global manufacturer of vegetable oils</td>
<td>0.07</td>
<td>0.01</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jordanian weather factories</td>
<td>0.58</td>
<td>0.07</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Al Hayat Pharmaceutical Industries</td>
<td>0.21</td>
<td>0.01</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table (4) reviews the changes in the arithmetic mean and the standard deviations in the ratio of the net profit margin as one of the most important indicators of profitability for companies. In the research sample, concerning the Jordanian industry sector, it is noticed that the Jordanian Weather Factories Company achieved the highest arithmetic average of (0.58), which is a good percentage that is considered the highest in companies The Jordanian industry sector, and a good indicator indicating the profit margin that the company achieves relative to its sales, with a standard deviation of (0.07), while the National Company for Chlorine Production achieved the lowest arithmetic average of (-0.02), which is a negative indicator of the company's ability to achieve profits, while it reached. The general arithmetic average of the sector is (0.17) and a good general standard deviation rate of (0.03).

As for the Iraqi industrial sector, which witnessed large rises, which were offset by large declines in achieving the net profit margin ratio, the Iraqi Carpet and Furniture Company achieved the highest arithmetic average of (0.45). It is a good indicator for the company that gives a true picture of the profits achieved by the company resulting from selling and marketing its main products, with a standard deviation of (0.19), which confirms the discrepancy in achieving profits from year to year, while Al Mansour Company achieved The pharmaceutical industries have the lowest arithmetic average by (-0.81), which is a negative indicator, especially in light of the losses that the company suffered in the years of study, which could expose the company to future losses and a high standard deviation of (1.74), while the general arithmetic average of the sector was (0.12) With a standard deviation of (0.37), and when comparing the two sectors, we find that the Jordanian companies achieved an arithmetic average higher than the Iraqi companies in achieving the net profit margin, and the results also showed a lower standard deviation of the Jordanian sector versus the Iraqi sector as a result of the stability of the Jordanian industrial sector companies in achieving profits relative to Total sales, while we find a variation in achieving profits for Iraqi companies, on the other hand, companies pay great attention to disclosing the amount of net profit, and it is known that net profit is achieved by a large percentage of sales revenue after deducting all the expenses involved in achieving this amount, i.e. In other words, it is the remaining amount of revenues after deducting all expenses, including the cost of goods sold, and it is the product that companies seek in the income statement to determine the result of the activity in terms of profit or loss, if It is noted that the Jordanian companies display the net profit or loss through the income statement prepared in accordance with the standards of (IFRS), which pays increased attention to the income statement and constantly strives to improve the informational content of this list due to the interest it enjoys among the users of the financial reports, especially the credit investors, as (IFRS1) is among the elements of this list of revenues and expenditures to achieve net profit and a statement of the financial performance of the company, as the standard stated that the first financial statements prepared for the company according to (IFRS) must contain a list showing the profit and loss, which is the statement of comprehensive income, either (IFRS5) It aims to display the assets that meet the criteria for classifying them as being held for the purpose of sale separately in the statement of financial position and to display the results of the continuous operations related to them in the comprehensive income statement, as well as obliging companies to disclose a single amount in the income statement that includes the total profit and loss after tax For discontinued operations, in addition to the presentation and disclosure of the total amount of the gain or loss after tax established when measuring at fair value according to the requirements of (IFRS15) minus the costs of selling when excluding assets Which constitute discontinuous operations, which is observed in the companies of the Jordanian industrial sector. As for (IFRS10), it was considered that the income statement is one of the consolidated financial statements of the parent company that contains the amounts of revenues and expenditures in an aggregate of its subsidiaries, that the increased interest by (IFRS) In the income statement is to improve the content of this list and to make it more understandable,
interpretable and comparable according to the conceptual framework of financial accounting, while we find that Iraqi companies do not pay this type of lists an increasing interest, as they present the result of the activity of profit or loss in the list of profits and losses or (production and trade account) including a preliminary presentation of the elements of the income statement from the revenue of the current activity minus the cost of that activity in the absence of the gross profit margin and the operational profit margin and that the accumulated surplus is considered as a net profit, but at the same time it is subject to distributions of owners despite the fact that some Iraqi companies make high profits. All these differences in presentation and disclosure affect the tracking of companies' financial performance and analyzing the net profit and loss of the financial period and thus affect the net profit margin ratio that They are formed by companies in relation to their net sales.

The sixth section/conclusions and recommendations

First: the conclusions

- The application of (IFRS) in companies has witnessed great interest in recent times due to the lack of disclosure and reporting of the informational content of financial reports transparently and fairly that reflects the reality of that content.

- The process of adopting (IFRS) and the extent of its negative or positive impact on the processes of financial disclosure and reporting depends largely on the environment affecting the adoption of standards.

- The financial reports are the essence of the accounting process and its actual outcome that is prepared and disclosed to achieve the objectives of accounting for the financial position, the result of the activity, and the cash flow information, in addition to a detailed presentation of the property rights to reduce the gap between the shareholders and management, as the financial reports contain content that reflects the real reality of the financial operations that Done during the financial reporting period.

- The results of the analysis of liquidity indicators showed the superiority of the Iraqi industrial sector companies, but with high standard deviations as a result of the instability of financial performance, while despite the low results of the Jordanian industrial sector companies, they achieved very few deviations, which confirms the low rates of dispersion and the enjoyment of financial stability throughout the years of study.

- The results of the analysis of profitability indicators showed that Iraqi companies outperformed (gross profit margin and return on assets) by a small percentage than Jordanian companies, but at a high standard deviation, while Jordanian companies outperformed (operating profit margin and net profit margin) with a lower rate of deviation compared to Iraqi companies.

Second: Recommendations

- It has become necessary to recognize the concept of (IFRS) and its importance in preparing financial reports to overcome the weakness of financial disclosure and reporting on the informational content of financial reports transparently and fairly that reflects the reality of that content.

- Companies should overcome the obstacles and difficulties facing IFRS and create an ideal environment for their implementation.

- Jordanian companies should pay attention to liquidity indicators, which witnessed a significant decrease compared with companies of the same sector in different years or compared with Iraqi companies.

- Iraqi companies should reduce the dispersion rates in liquidity indicators by balancing supply and demand according to market requirements and not accumulating stocks in large quantities, which is difficult to convert into cash as soon as possible, and disclose this transparently and fairly in financial reports.

- Iraqi companies should pay attention to profitability indicators, especially (operating profit margin), which is considered one of the most important profitability indicators by paying attention to financial disclosure and reporting on the amount of (EBIT), which constitutes income from continuing operations, and the most important addition to the company resulting from the activity of the operational sectors.

SOURCES