

Auditors' Views On the Extent of Commitment to Accounting for Cash Flows - Accounting Base (7) -An Applied Research of a Sample of Mixed Industrial Joint-Stock Companies Listed On the Iraq Stock Exchange

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Abstract

The aim of this research is to get acquainted with the auditors' views about the extent of the commitment of the mixed industrial joint-stock companies listed on the Iraq Stock Exchange to accounting for cash flows according to the Iraqi Accounting Base (7).The research also aims to identify the most important factors affecting its use related to the Iraqi accounting work environment, represented by: the efficiency and skill of the accounting cadres, the applied accounting systems, and the laws governing the accounting work.To achieve this goal to test the hypothesis of this research, we relied on the results of the questionnaire of the opinions of to the auditors.The research relied on a sample of published financial data for a sample of mixed industrial joint stock companies listed on the Iraq Stock Exchange for the years 2015-2019. The statistical program (SPSS) was used to process the data obtained and arrive at a set of conclusions and recommendations.

Introduction

The financial statements represent the product of an organized accounting work, starting from recording events to preparing final accounts, with the constant need for internal and external continuous auditing. The financial statements need to be reviewed and audited to ensure their correctness and accuracy,and preserving the rights of shareholders and the relevant authorities. Therefore, accounting professional societies sought to regulate business by issuing a set of accounting standards/ rules that organize accounting work at an international, regional, and local level. And update or amend them whenever the need arises, as well as issuing new standards / rules according to developments and economic, political and technological conditions.

The issue of preparing financial statements in accordance with international accounting standards / local accounting rules must receive sufficient attention in the business environment in general and in the Iraqi environment in particular because the adoption of those accounting standards / rules represent the basic pillars of the accountant's work when performing business and preparing him for the financial statements. It undoubtedly contributes to improving the quality of the information presented in these reports. Therefore, laws regulating the work environment in many countries have included provisions that obligate companies and financial markets to apply accounting standards / rules. The current research is an attempt to determine the extent of application of the local accounting rule (7) for accounting for cash flows for a sample of Iraqi companies through polling the opinions of account auditors in a number of mixed Iraqi industrial companies, as the researchers addressed their research according to the following methodology:

First: Research Methodology

1. Research Problem:

The research problem can be identified in the ignorance of the Iraqi mixed industrial joint-stock companies about the importance of preparing and presenting the list of cash flows according to the Iraqi accounting rule (7). As a result, researchers can ask the following questions:

- A statement of the auditors' opinions of the extent of the companies' compliance of the research sample with the accounting rule (7)
- The availability of the accounting work environment and components in the research sample from the viewpoint of the auditors to adhere to the preparation of the cash flow statement.

2. The Importance of Research:

Accounting aims to serve users of accounting information, whether they are owners, management, lenders, or government agencies, through financial statements. These data provide a historical background on the cash inflows and out flows that actually occurred during the past period and how the company obtained cash, its expenditures, information about loans obtained, and loan repayments. It also provides information about operations related to capital, cash distributions of the company's resources, and other factors that may affect the company's liquidity or its ability to pay. And forecasting the future picture of cash flows, with determining the size and timing of those expected cash flows and the degree of uncertainty and the risks surrounding them. Therefore, accounting rule (7) was issued for accounting for cash flows. This rule deals with the issue of cash and its rewards, and shows the extent to which corporate accountants are aware of this rule, and confirms whether companies adhere to its application, and shows the most important challenges and difficulties facing the application of the rule. The role of account auditors, through their opinions on the financial statements of companies, is very important in expressing the truthfulness and

fairness of those data, and thus companies can verify the course of cash flows for the current period and plan and forecast them for the subsequent period.

The Aim of Research

The research aims to:

- A statement of the extent of the commitment of the mixed industrial Iraqi shareholding companies listed on the Iraq Stock Exchange to accounting for cash flows according to the Iraqi Accounting Base (7) according to the opinions of the auditors of these companies.
- Highlighting the accounting base (7). And its importance and its role for corporate management in the process of control, planning, and forecasting of cash flows.
- Identifying the most important factors related to the Iraqi accounting work environment from the viewpoint of auditors, which limit the use of the cash flow statement.

3. Research Hypotheses:

In light of the research problem and objectives, the following hypotheses can be formulated:

The First Hypothesis: the companies' lack of commitment to the research sample to account for cash flows according to the Iraqi accounting rule (7) according to the opinions of the account auditors.

The Second Hypothesis: the lack of suitability for the Iraqi accounting work environment from the viewpoint of the account auditors to the requirements of applying the accounting rule (7) the subject of the research.

In light of the second main hypothesis, the following sub-hypotheses can be derived:

The First Sub-Hypothesis: that the accounting cadres working in the Iraqi mixed industrial joint-stock companies do not possess the competence and skill required to carry out the work assigned to them to prepare the cash flow list according to the accounting rule (7).

The Second Sub-Hypothesis: There are no laws that obligate companies to use the accounting rule (7) in question.

The Third Sub-Hypothesis: There are difficulties that limit the use or understanding of the requirements of the Iraqi accounting base (7), subject of research.

Research Samples:

- Spatial Samples: a sample of mixed joint stock companies listed on the Iraq Stock Exchange.
- Time Samples: Financial statements for the years 2015-2019.

- Human Samples: A sample of account auditors working in the office of financial supervision.

Second: The Literary Anointing

1.A study (Tawahiriya Tawfiq, 2016) Entitled "The importance of analyzing the treasury cash flow statement in light of international accounting standards".The study aimed to analyze the statement of cash flows of the institution and to find out the most important indicators that enable us to know its position, in addition to trying to know the relationship of the list of cash flows with the rest of the other financial statements.In order to achieve the goals, the researcher relied on the descriptive and analytical approach in the theoretical side of the research. As for the applied aspect, the researcher relied on the method of applied study and the study of the reality of the institution represented by the Tebessa Oil Unit in Algeria. The study found that both the budget and the calculation of results are prepared according to the principle of accrual that cannot be abandoned, which makes them express the financial position. However, the monetary position of the institution is also important in order to modernize its investments and distribute its profits to shareholders,which shifted interest to the statement of cash flows.And became the concern of users of financial statements not only to match costs with revenues, but also to the meeting of cash inflows and outflows, and the extent of their ability to meet their obligations when due and their ability to generate cash and the like. The ratios derived from the statement of cash flows are among the important indicators for evaluating the financial position of institutions, as they depend on the cash basis in the analysis.

2. A Study (Hamdoun, 2015). Entitled: "The Impact of Applying International Reporting Standard No.7" Financial Instruments: Disclosures on the quality of accounting information in the financial statements of Jordanian commercial banks - case study/ Arab Bank.

This study aimed to find out the effect of applying International Reporting Standard No. 7 "Financial Instruments": Disclosures on the quality of accounting information in the financial statements of Jordanian banks. To achieve this goal, a questionnaire was designed and included four domains. The researcher used the descriptive, analytical and field approach. The questionnaire was distributed to 50 respondents using the stratified random sampling method. The results of the study showed that there is an impact of applying the seventh international report standard on the quality of accounting information in the financial statements of Jordanian banks in all dimensions. As well as the existence of statistical implications for the application of The Impact of Applying International Reporting Standard No.7 on the financial performance indicators: return on shareholders' equity, earnings per share, dividend distribution ratio.The study recommended the necessity of disclosing the balances of loans that have not yet been drawn down, and which may still be available in the future for use in operational purposes or for repayment of capital obligations.

3. Study (Hamidi, 2014)

"The Effect of Operating Cash Flows on the Value of the Company: An Applied Study in a Sample of Iraqi Banks Private listed on the Iraq Stock Exchange"

This study aims to demonstrate the importance of financial indicators derived from the list of cash flows and their impact on the value of the company. The research sample included 13 banks with 55 observations for the years (2008 – 2012). The study concluded that there is an effect of cash flow indicators on the value of the company, and recommendations were made that attention should be paid to operating cash flow indicators as they disclose the company's financial position more accurately than relying on the absolute number of cash flows.

4.A Study, (Dorsman et al, 2004). Entitled

"The Association Between Qualitative Management Earnings Forecast and Discretionary Accounting in the Netherlands".

The aim of the study is to analyze the nature of the financial forecasts disclosed by the Dutch joint stock companies to determine the extent of those companies' disclosure of the financial forecasts to the management and to know the method they use in disclosure. By studying a sample of (1395) annual reports of Dutch joint stock companies registered on the Amsterdam Stock Exchange, the results showed that about 62% of the Dutch joint stock companies disclose their forecasts of profits, while 9% of those companies express an impression of the future of the company in the form of unclear descriptive information. And that 8% of them disclose the exceptional elements, and the rest of the examined samples do not disclose their forecasts of profits.

5. A study (Mohd-Salehb & Mohamat, 2010)

"The Value Relevance of Financial Instruments Disclosure in Malaysian Firms Listed in the Main Board of Bursa Malaysia".

The study aimed to reveal the importance of disclosure of financial instruments in Malaysia based on financial instruments: disclosure and presentation. The study also aimed to test the relationship between the quality of disclosure of financial instrument information, fair value information and the companies' market price. The study sample consisted of the companies mentioned in the main board of the Malaysian Stock Exchange in the years (1999, 2000, 2001, 2002, and 2003). Among the most important findings of the research is that the quality of disclosure of financial instruments is of great importance, in order to provide high-quality information for the purposes of investment decisions, and that the disclosure of financial instruments is less important in the period in which the standards become mandatory.

The Effect of the Current Study Among the Previous Studies.

The current study agreed with previous studies in clarifying the concept of cash flow disclosure and its importance and that it is complementary to other lists in accordance with international accounting standards. Most of the previous studies focused on evaluating the financial performance of institutions by using the static financial analysis method for the statement of cash flows that is limited to a single period of time. While the current study was distinguished from previous studies in that it was the first study that dealt with measuring the extent of the commitment of Iraqi mixed industrial shareholding companies to accounting for

the list of cash flows in light of the requirements of the Iraqi accounting base (7) according to the opinion of a sample of account auditors working in the Office of Financial Supervision responsible for auditing financial statements For Iraqi mixed industrial joint-stock companies.

Third: The Theoretical Framework of the Research

1. The concept of the accounting standard

A standard means the model on which the measurement is placed on the weight, length, or degree of quality of an object. In accounting, the accounting standard is defined as the main guide for measuring the impact of events, operations and conditions that affect the company's financial position and the results of its business, while communicating information to its beneficiaries (Lotfi, 2005: 371). The standards were defined as general models or guidelines that lead to directing and rationalizing practical practices in the field of accounting and auditing. Thus, standards differ from procedures. Standards have the character of general guidance and direction, while procedures are considered to be the implementation of these standards on specific applied cases (Al-Qadi and Hamdan, 2005: 33). The International Accounting Standards Board defined the accounting standard as a written statement issued by a specific accounting body, and related to a specific element of the financial statements of the economic unit and its business results. And according to it, the appropriate means of measurement, presentation, or how to act and treat is determined in this element to determine the results of the business, and to display the financial position of that unit. (IASB, www.iasb.org). Standards are the first tools for practical application, and they represent the link between theory and practice. It also expresses a formal professional position regarding how a particular accounting principle is applied. This means that the choice of methods, policies, and accounting methods used in determining the elements of the financial statements and then determining the result of the activity and the financial position depends mainly on the applied accounting standards (Al-Shirazi, 1990: 121-122). The Iraqi Accounting and Supervisory Standards Board launches every standard issued in the accounting rule, as well as the case for the standard under consideration. The Board of Accounting and Supervision Standards in the Republic of Iraq, in its session held on 7/30/1996, approved the accounting rule (7) regarding the preparation of the cash flow statement as part of the data Annual financial. The accounting rule (7) dealt with the following: (The accounting rule (7), 1996): 9-11).

2. A Statement of Cash Flows

The list will be covered in terms of:

- The Concept

It is an annual list prepared on a cash basis. Its conclusion is to show the change in the cash and cash equivalents between the beginning and the end of the period (Jamous, 1999: 229-257). The statement of cash flows shows the cash effect of all activities carried out by the establishment during the financial period and the nature of this flow, whether it was a cash

flow inside or a cash outflow (Al-Qaddumi and Al-Kilani, 2006: 112-132). The word cash in cash flow has a broad concept as it includes cash and cash equivalents. Cash equivalents are short-term, highly liquid investments such as: Treasury bills, commercial papers, and securities that are intended to generate a temporary return on idle cash rather than to keep it (Garrison & Noreen: 2006).

3. Factors Affecting Adherence to the Statement of Cash Flows

- Law

If a commitment is to be made to implement an order, it must be promulgated by law; Because it becomes a binding law and cannot be evaded, because it places those subject to it in front of the legal issue in contrast to the recommendations that organizations have the right to adopt or not to adopt (Daley & Tranter, 1999, p: 106). Setting the rules and standards that govern the form and content of information that organizations provide to parties using financial reports is a form of legislation. This is because the information cannot be presented satisfactorily without the existence of binding legislation. Therefore, the effect of the legal system appears clearly in countries where accounting standards are prepared by law, such as France, and Germany, compared to countries whose accounting standards are prepared by professional companies, as in Britain and Australia (Al-Moustoufi 2005: 48).

- The role of the Iraqi Accounting and Supervisory Standards Board:

Iraq is one of the countries that has a professional commission specialized in issuing standards, represented by the Accounting and Supervision Standards Board. Since its establishment, the council has issued fourteen rules so far, but despite those achievements it has made, it has had no role in following up the process of implementing the rules it issued. And to remove any difficulties they face, or to hold seminars or conferences to explain how to implement those rules, and the importance of the information they provide to users of financial statements. As one of the studies showed that the board has not yet contributed to solving the accounting problems resulting from the reality of practical application, which represents the main goal of establishing the council. This is due to several reasons, including the nature of the council's work, and its association with the Board of Financial Supervision, which controls the entirety of its work without concern for other parties (Al-Mustawfi, 2005: 285).

- The Extent of Development of Accounting Systems:

In order for accounting to achieve its goal of communicating useful information to the users of financial reports, an effective accounting system should be provided, able to keep pace with economic and financial developments and be flexible in such a way that it allows any changes or modifications to the principles or accounting standards used. In Iraq, the unified accounting system is the prevailing system in all state institutions, and most of the private sector institutions, and the main goal of developing this system was to link the accounts of the economic unit with the national accounts (Bureau of Financial Supervision, 2011: 12).

- Availability of Education and Training Programs:

Accounting education and training for the preparers of financial statements and their users is an important factor affecting the commitment to apply standards. As the degree of development of the accounting system, the means, and the devices used is not sufficient without the availability of an accountant cadre with high professional competence to deal with the issue of standards (Aljarat, 2008: 21).

- How Easy it is to Understand the Requirements of the Standard:

The standards appear complex and useless if they are not understood, or how their requirements are used, and will not be accepted by the parties using them. This makes the expected benefits of its application questionable (Al-Shirazi, 1990: 123-127). Failure to comply with accounting rules leads to very dangerous results. The most important of which is the lack of confidence in the financial information shown in the financial statements, which leads to the reluctance of the beneficiaries of it, and the search for another way to know the financial situation and business results (Khoury, 2006: 44).

4. The Practical Side:

- The research sample: to achieve the objectives and hypotheses of the research, and within the spatial and temporal boundaries of the research. The financial data published on the Iraq Stock Exchange website was viewed for a sample of mixed Iraqi shareholding companies for the years 2015-2019 to indicate whether or not the companies were committed to preparing a list of cash flows and other assumptions, as well as reviewing the accounts auditors' reports to them that are included in the table.

(1) Below:

Table (1)

Iraqi mixed industrial joint stock companies, research sample

No.	Name of companies
1	The Iraqi Company for the manufacture of paperboard / Baghdad
2	Clothes Production and General Trading Company / Baghdad
3	Electronic Industries / Baghdad
4	Industrial Crescent / Baghdad
5	Iraqi Engineering Works / Baghdad
6	Light Industries Company / Baghdad
7	The National Company for Metal Industries and Bicycles / Baghdad

To achieve the main and subsidiary research hypotheses, the researchers show the following:

1. Human research limits: Some of the account auditors working in the Federal Office of Financial Supervision for the companies in question, as (25) questionnaires were distributed to the account auditors.
2. The search tool is validated by its reliability: A special questionnaire was designed for the research, which included based on the theoretical side, previous studies and current variables. It was presented to a number of academics and professionals to

judge its apparent and logical validity and its validity as a data collection tool. Where the evaluators gathered by adopting the research questionnaire.

3. The statistical program and tests: The parts of the questionnaire, Appendix (2), which aimed to survey the opinions of a sample of account auditors in charge of auditing the accounts of mixed Iraqi industrial joint-stock companies, were subjected to descriptive statistical tests and analyzes through the use of the statistical program (SPSS). Where statistical indicators were extracted represented by the expected arithmetic mean, standard deviation and percentages of recurrences. In addition, the T-test was used to test the research hypotheses, and the researchers adopted the response intensity scale as a reinforcing indicator to investigate and prove the research hypotheses. For the purpose of converting the descriptive tests to answer the questionnaire into quantitative values in preparation for their analysis, these tests were given expected values as follows:

Table (2)
Clarifies the expected values of the options

I don't agree totally	I don't agree	I somewhat agree	I agree	I agree totally	The descriptive answer The expected value
1	2	3	4	5	

Source prepared by researchers.

4. For the purpose of measuring the response intensity of the parts of the questionnaire, the researchers adopted the following equation:

$$\text{The intensity of the answer} = 5 \times (\text{repetition of totally agree}) + 4 \times (\text{repetition of agree})$$

The total number of the sample

- **Test and Analyze Results and Prove Hypotheses:**

First: The response intensity scale:

Table (3) below shows the results of the response intensity measurement for the paragraphs of the questionnaire:

Table (3)
Results of measuring the intensity of the answer to the parts of the questionnaire

Parag.	Totally agree	agree	Neutral	I don't agree	I don't agree totally	The volume of sample	Intensity answer
1	19	6	0	0	0	25	4.760
2	15	8	2	0	0	25	4.280
3	12	7	4	2	0	25	3.520

4	17	5	2	1	0	25	4.200
5	15	8	2	0	0	25	4.280
5	18	7	0	0	0	25	4.720
6	15	8	2	0	0	25	4.280
7	20	3	2	0	0	25	4.600
8	15	8	2	0	0	25	4.280
9	18	7	0	0	0	25	4.720
10	18	7	0	0	0	25	4.720
11	15	8	2	0	0	25	4.280
12	20	3	2	0	0	25	4.600
13	15	8	2	0	0	25	4.280
14	20	3	2	0	0	25	4.600

The following is the analysis of the researchers regarding the results of the response intensity scale according to the sequence of questions and the corresponding paragraphs of the research hypotheses, as follows:

1. The first main hypothesis: Paragraph (1): There is almost complete agreement with the answers of the research sample from the auditors of the non-commitment of the mixed industrial Iraqi joint stock companies listed on the Iraq Stock Exchange to accounting for cash flows according to the Iraqi accounting rule (7).
2. The second main hypothesis: the inadequacy of the Iraqi accounting work environment to the requirements of the accounting rule (7), the subject of research for accounting for cash flows. It includes:
 - a. The first sub-hypothesis: Paragraphs (2, 3, 4, 5): There is almost complete agreement with the answers of the research sample from the account auditors that the accounting staff working in the Iraqi mixed industrial joint stock companies do not possess the competence and skill required to carry out the tasks assigned to them to prepare the cash flow according to the rule Accounting (7).
 - b. The second sub-hypothesis: Paragraphs (6, 7, 8, 9, And 10): There is almost complete agreement with the answers of the research sample from auditors that there are no laws that obligate companies to use the accounting rule (7).
 - c. The third sub-hypothesis: Paragraphs (11, 12, 13, 14, 15): There is almost complete agreement with the answers of the research sample from auditors that there are difficulties in accounting applications that limit the use or understanding of the requirements of the Iraqi accounting base (7).

In light of the findings of the researchers for analyzing the paragraphs of each of the three sub-hypotheses mentioned, we conclude what is stated in the second main hypothesis, which is that the Iraqi accounting work environment does not suit the requirements of the accounting rule (7), the subject of the research on accounting for cash flows.

Second: Discussing the Results of the Statistical Analysis:

The results of the analysis were shown according to the statistical measures of the research sample answers in the following table:

paragraph	N	Mean	Std. Deviation	Variance	C.V. %
Adhere to the rule	25	4.7600	0.43589	0.190	9.16
Skill competence	100	4.4300	0.79462	0.631	17.94
law	100	4.6200	0.59933	0.359	12.97
Understand base	125	4.6400	0.60107	0.361	12.95
Valid N (list wise)	25				

Below is the interpretation of the researchers for the statistical results:

1. Exceeding the arithmetic average above good (4) for all paragraphs of the research hypotheses.
2. A decrease in the standard deviation of all the paragraphs of the questionnaire, not exceeding 0.794. This indicates the homogeneity of the answers of the auditors (the research sample) about their average.
3. The coefficient of variation is a measure of the homogeneity of the sample's answers to the questionnaire questions. It is one of the measures of relative dispersion, the results of the measure of the coefficient of variation, where the lower the value of the coefficient of variation for the paragraphs of the questions, the better result of the extent of homogeneity. This is evidenced by the scale results presented in the table, which showed the values of the coefficient of variation for the main and sub hypotheses.
4. The researchers also show that the response severity scale for the paragraph (First) exceeded the level (4), and this is a positive indicator that strengthens the results of the statistical analysis.

Third: Test and Prove Hypotheses:

The following is to test the hypotheses and prove their validity according to the research methodology as follows:

1. **The first main hypothesis:** The null hypothesis (the null and the alternative hypothesis) can be formulated as follows:

Commitment of the Iraqi mixed industrial joint stock companies listed on the Iraq market: HoFor securities accounting for cash flows according to the Iraqi accounting rule (7.)

Non-commitment of the mixed industrial Iraqi joint stock companies listed on the Iraq market: H1 For securities accounting for cash flows according to the Iraqi accounting rule (7).

One-Sample Test

Paragraph	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Commitment by rule	54.601	24	.000	4.76000	4.5801	4.9399

By noting the significance level value (sig = 0.000) which is less than the approved permissible ($\alpha = 0.05$) Therefore, we reject the null hypothesis and accept the alternative hypothesis, which confirms that the mixed industrial Iraqi shareholding companies listed on the Iraq Stock Exchange are not committed to accounting for cash flows according to the Iraqi accounting rule (7).

2. The second main hypothesis: (the inadequacy of the Iraqi accounting work environment to the requirements of applying the accounting rule (7) the subject of the research). It included:

- a) The first sub-hypothesis: The null hypothesis (null) and the alternative hypothesis can be formulated as follows:
- b) The accounting cadres working in the Iraqi mixed industrial joint-stock companies H0: have the competence and skill to do the work assigned to them to prepare the cash flow statement according to the accounting rule (7).
 - a. The accounting cadres working in the Iraqi mixed industrial joint-stock companies (H1): do not have the competence and skill to carry out the work assigned to them to prepare the cash flow list according to the accounting rule (7).

One-Sample Test

Parag.	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Skill	55.750	99	.000	4.43000	4.2723	4.5877

By noting the value of the significance level ($\text{sig} = 0.000$), which is less than the approved permissible ($\alpha = 0.05$), so the null hypothesis is rejected and the alternative hypothesis is accepted, which confirms that there are no laws that oblige companies to use the accounting rule (7) in question.

- A. **The third sub-hypothesis:** The null hypothesis (the null and the alternative hypothesis) can be formulated as follows :There are no difficulties that limit the use or understanding of the Iraqi accounting base (7)requirements
 H0: subject of the research. There are difficulties that limit the use or understanding of the requirements of the Iraqi accounting base (7):H0

One-Sample Test

Parag raph	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Under stand rule	86.307	124	.000	4.64000	4.5336	4.7464

By noting the value of the significance level ($\text{sig} = 0.000$), which is less than the approved permissible ($\alpha = 0.05$), so the null hypothesis is rejected and the alternative hypothesis is accepted, which confirms the existence of difficulties that limit the use or understanding of the requirements of the Iraqi accounting base (7) in question.

In light of testing the results of the researchers 'findings to analyze the paragraphs of each of the three sub-hypotheses mentioned, we conclude what is stated in the second main hypothesis, which is that the Iraqi accounting work environment does not suit the requirements of the accounting rule (7) The research topic related to accounting for cash flows.

5. Conclusions and Recommendations:

In light of what has been presented and the results of the questionnaire analysis of the opinions of auditors and their testing to prove the validity of the research hypotheses, conclusions can be reached that the researchers consider necessary to achieve the objectives of the research, and the most important recommendations regarding them from the viewpoint of the research sample represented by the account auditors, as follows:

First: The Conclusions

1. The standard / rule is a method used to measure the outcome of an activity by applying accounting principles, and that the process of adhering to it achieves a set of

benefits for the parties preparing and using the financial statements by providing information with high reliability.

2. The Iraqi Accounting and Supervision Standards Board releases every standard issued in the accounting rule, as well as the case for the standard under consideration.
3. The Iraqi Accounting and Supervision Standards Board is guided by international standards in setting the accounting rules. We find that the accounting rule (7), the subject of the research, has adopted its provisions on what was mentioned in the similar International Accounting Standard (IAS 7).
4. The laws regulating the accounting work in Iraq, such as the controls, and the procedures stipulated in the Principles of Public Accounts Law No. 28 of 1940 (repealed) by the State's Financial Management Law, the Companies Law No. 21 of 1997, and The Records Regulation No. (2) For the year 1985, and the unified accounting system did not include provisions under which the economic units were obligated to apply international or local accounting standards.
5. When reviewing the published financial statements of some Iraqi joint-stock companies and the results of the questionnaire and analyzing them, we did not find a response to the requirements of the standard in question. In other words, the Iraqi shareholding companies prepared for the cash flow statement, the research sample, some of them did not comply with the requirements of the accounting rule (7), while the others did not prepare the cash flow statement. In addition to the results obtained from testing the hypothesis related to companies' compliance with the requirements of the accounting base.
6. The lack of commitment of the mixed industrial Iraqi shareholding companies to prepare the cash flow statement and failure to comply with the requirements of the accounting base is a result of the reasons listed below, which were confirmed by the results of statistical analysis and hypothesis testing as follows:
 - a. The owners of accounting are not familiar with the accounting standards / rules due to deficiencies in the educational aspect, as some of the accounting departments in the colleges and specialized institutes do not give much importance to teaching accounting standards / rules as an independent subject, as well as not holding intensive training courses to explain the contents of the accounting standards / rules And what is related to their application procedures.
 - b. There is no legislation requiring companies to prepare their financial statements in accordance with international accounting standards or local accounting rules, as the laws governing accounting work in Iraq have not adopted the issue of

standards, but there are follow-ups by the Office of Financial Supervision when companies prepare the financial statements.

7. The Iraqi Accounting and Supervisory Standards Board works to issue accounting standards separately from the parties preparing or using the financial reports, as it is noticed that the Board of Accounting and Supervision Standards in Iraq is chaired by the head of the Office of Financial Supervision and most of its members are from government agencies.
8. Some of the standard paragraphs under consideration were unclear, which constitutes a difficulty in understanding the requirements of the standard and limits its use.

Second: Recommendations:

1. The Iraqi Accounting and Supervisory Standards Board seeks to legislate a law or accounting standards / accounting rules, to give them the legal status binding on all economic units that are required to apply the standards.
2. It is preferable for the Iraqi Accounting and Supervision Standards Board to be called or replaced by the name of a standard instead of the rules it issues. Because the use of the term standard is more comprehensive, as it includes a set of recognition, measurement, and disclosure rules and not a single rule.
3. The necessity of updating the accounting education curricula in line with the developments taking place in the intellectual and practical side of accounting, especially with regard to accounting standards, as they can be included as a basic material within the prescribed curriculum.
4. There should be programs for education, professional training, and a focus on improving the accountant's mental and practical capabilities in applying standards, and preparing financial statements.
5. Universities and professional institutions should be concerned with accounting research related to accounting standards to establish the concept of standards and how to apply them.
6. The Iraqi Accounting and Supervisory Standards Board must change the procedures for issuing the standards by submitting the standard as a proposal for study and discussion with all relevant parties before its final approval, with the need for non-working auditors from the private sector to take their professional role in that.
7. Reconsidering some paragraphs of the accounting base in question, to make it clearer and understand the parties that use it and to provide the possibility of its practical application in a way that blames the Iraqi work environment.

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