

# The Measurement of the Commitment of the Iraqi Companies Requirements of Transparency in Reporting in Accordance with the Model of the Corporation (S&P)

**Khudair Majeed Allawi**

**Sabah Hassan Mijbil**

Technical Institute/ Diwaniya  
Ministry of Higher Education and Scientific Research

## Extracted

*The research aims to measure the extent of the commitment of the Iraqi companies requirements of transparency in reporting in accordance with the model of the corporation (S&P) transparency of reporting through applied to the eye of Iraqi companies listed in Iraq securities market, as the researchers found that the research sample companies still use traditional indicators in the reporting of financial reports, which have become limited a statement of their performance on a comprehensive and clear and unclear information do not reflect the changing needs of investors .and through corporate data offer a sample of the search and the use of statistical methods, depending on the SPSS ver. 22 output shows that the sample companies search did not achieve the required level of transparency in reporting, according to the indicators (S&P) and indicators (S&P) moral significance to the degree of transparency in the level of reporting To companies and that commitment will increase the degree of transparency in the reporting of companies and researchers reached a set of conclusions and recommendations.*

**Keywords:** transparency, reporting, Standard & Poor's

## Introduction

Accounting, like the social sciences and other humanitarian activities, to a large extent the product of their environment, which consists of the socio-economic conditions - political, legal, cultural and, as a result, the objectives and accounting practices today are not like those in the past, these changes can be seen in the objectives and functions of accounting practices and extrapolation of the direction of their evolution and change the scope of accounting, it is not limited to uses of the category or certain range of stakeholders in the accounting unit but turn toward the goals of more broadly to include community service and work to achieve prosperity. One of the consequent to become accounting information prepared by the ACCOUNTANT requests and, increasingly, by the project owners, and other interested parties from outside the organization (Hendrickson & Breda, 1992: 47)

It is clear from the above that the accounting does not depend upon the production of accounting information, but must deliver this information to the beneficiaries in the form easier for them to understand, because it is unreasonable that all those parties know the rules of financial accounting and this is what is called the financial reporting, Financial Reporting, and that such information should be characterized by comprehensiveness, quality, and reliability, showing the concept of transparency in reporting as it is a gauge(S&P), one of the most important and best standards prepared by the Standard & poor tells us that the first systematic Search.

## The Research Problem

The aim of the state is to activate the financial markets and move towards a free economy, which calls for the need for more transparent financial reports that emphasize the need to commit to reporting financial and non-financial information. Financial indicators such as return on investment or return on capital and others no longer provide a clear and comprehensive picture of the performance of business units, And the problem of research is that Iraqi companies are still using traditional indicators to report their financial reports do not disclose their activities in a clear and transparent. Therefore, more transparent and comprehensive reporting indicators, including S & P indicators, should be addressed.

## Research Aims

The research aims to achieve the following:

1. Introduce the concept of transparency of financial reporting and identify relevant areas of development, which the joint stock companies, especially listed in the Iraqi market for securities, can provide to the beneficiaries in general and investors in particular.
2. Introducing S & P indicators for reporting transparency and indicating the level of commitment of listed companies listed in the Iraqi Stock Exchange in applying these indicators,
3. To draw the attention of the Iraqi Stock Exchange and the Supervisory Authority and other relevant parties to the need to continuously develop financial reporting reports and adopt more transparent and comprehensive standards that support the emerging and changing needs of investors and other stakeholders.

### **Hypothesis**

The two hypotheses assume that Iraqi companies do not adhere to the transparency of reporting in their financial reports and that their adoption of S & P standards increases their level of reporting and gives a clear picture of their performance.

- 1 - The degree of transparency in reporting according to indicators (S & P) have an impact on the level of reporting in companies
- 2 - The degree of transparency in reporting has a significant significance at the level of reporting to companies according to the indicators (S & P).

### **Research Importance**

The importance of research stems from the role that financial reporting can play in the performance statement of companies in light of the dramatic changes witnessed in the business world, which are reflected in the needs of investors as the most prominent users of these reports, which are characterized by renewal and change, which requires companies to report their reports in a transparent and according to standards Reliable and internationally accredited indicators, including the Standard and Poor's Reporting Standard, which helps investors evaluate and benefit from the information contained in those reports in their decisions to reflect them, For the survival and subsistence of companies.

### **Transparency and financial reporting**

The concept of financial reporting refers to the activities carried out by the economic units in order to provide and provide accounting financial information about their activities to the parties benefiting from this information so that they can evaluate the investment opportunities available to them and know the risks necessary to invest their money in the financial market and maximize their wealth by maximizing the value of the shares owned ( Mohamed, 2007: 2). Alani defined the financial reporting system as "the system responsible for the organization of accounting and consists of a set of accounting elements aimed at providing information to a group of beneficiaries of this information. This means that the contact between these parties and that information is the financial reporting system" (Alani, 2004: 39). In FASB statement 1, it is defined as "activities that are dependent on the needs of users of the financial information they need from the establishment" (Salar, 2006: 31). Financial reporting is not an end in itself but is a means of communicating information that is a result of the accounting system (Balkaui, 2000: 136). Financial reporting is viewed from the standpoint of the function it performs, as it is one of the functions of accounting, "The objectives of this reporting system are therefore the same accounting objectives. The accounting objectives in FASB List 1 issued the objectives of financial reporting for business organizations in List No. 4 issued by FASB. On the Board itself, the objectives of financial reporting in non-profit organizations. It is noted that many efforts have been made to define the objectives of financial statements and financial reporting, most notably the FASB's efforts to present the concepts of Financial Accounting No. (1) (SFAC1) of 1978, The objectives of financial reporting are as follows (Balkaoui, 2000: 135): (Kam, 2000: 75).

1. Provide useful information to investors, current and prospective creditors and other users in assessing the size, timing and degree of uncertainty surrounding the expected cash flows of investors and useful in making their investment and credit decisions
2. Financial reporting shall provide information on the economic resources of enterprises and the rights or demands of such resources, and on the effects of transactions, events and circumstances leading to the change of such resources and the rights thereof.
3. The primary focus of financial reporting is on information about the performance of the company provided through measures of its profits and components of such profits.

4. Financial reporting should provide information on how the company's management of its responsibilities in the agency provides the shareholders with the use of the resources of the company entrusted to it.
5. Provide useful information to managers, members and the board of directors to make decisions for owners. Financial reporting outputs include information measured in quantitative and qualitative conditions and that information that should be communicated through financial reports and not through financial statements. They may take different forms and relate to several topics in the light of the new requirements of their users. Financial reports may include financial and non-financial information. Financial reports and tests related to the company and a description of the plans, expectations and environmental or social impact of the company's operations (Hammad, 2005: 35).

The AICPA also recommended that financial reporting should provide more forward-looking information, including management plans, opportunities, risks and uncertainties associated with measurement, and a greater focus on factors that create value for a longer period of economic unity, including non-financial measures, Categories:

1. Financial and non-financial data.
2. Management's analysis of financial and non-financial data.
3. Future-oriented information by clarifying and identifying opportunities, risks and management plans.
4. Information about management and shareholders.
5. Background on economic unity.

Companies have consistently emphasized the need for transparent reporting in response to increased pressure from regulators, investors and customers. Transparency is therefore a prerequisite for reporting (Lydenberg et al., 2010:9). All members of the reporting chain must act in a spirit of transparency. For example, Of executives should stop the Earning Game, which seeks to manage profits in line with the stock exchange and instead report directly to critical value drivers (Dipiazza & Eccles, 2002: 3558). It is assumed that transparency in the financial statements encourages the acquisition of investor confidence, reduces the cost of exchange and increases the overall quality of the market (Bakri, 2004:8). Transparency refers to the principle of creating an environment in which information (on existing circumstances, decisions and actions) Visible and understandable for all parties involved in the market and to make them visible and visible (Lotfi, 2005:504). Transparency is a modern term used by anti-corruption agencies around the world, which is expressed as a concept closely linked to basic human rights. Any citizen has the right to information ([www.teansparency.org](http://www.teansparency.org)). The promotion of rumours and the spread of fraud and manipulation and inflate financial centres and non-adherence to principles and the lack of integrity, as used to combat corruption and to know what is happening within the company by reading financial reports as a right of the public and the innocence of corruption is improving the quality of information produced by the accounting system of (Al-Jajawi and Al-Fathallah, 2014: 47). According to (Holler et al., 2011: 9) Transparency is a tool that facilitates the assessment of corporate performance by providing general information to the company to those outside it. The measurement of corporate transparency has three components: corporate reporting, access to private information, communication and dissemination of information, To financial transparency that is understood as the timing of disclosure of the financial position and transparency of governance that is understood as the intensity of disclosure of governance (Feigo et al., 2013: 53-63).

Transparency of reporting means "the flow of economic, political and social information that can be relied upon in a timely manner and that this information is comprehensive, important, quality and reliable." The importance of transparency of reporting is that the company provides real and clear information about its activities and operations to serve Stakeholders and the society as a whole so that the beneficiary can predict the future of the company and its ability to achieve profits and this is covered by legislation and regulations imposed on companies, which requires commitment to protect shareholders because the lack of commitment to provide clear and transparent information leads weak investor confidence companies confidence and lack of investment by later (Jumaili 2016: 17).

The aim of the transparency of reporting to the following:

1. Improve predictability and thus improve the efficiency of decisions (Hayali, 2008: 122)
2. Maintain confidence in the markets and help improve public understanding of the structure and aspects of the company's activities and policies (Tamimi and Shaker, 2009: 10)

3 - Provide information that is important and useful to all stakeholders to assess risks and enable users of these lists to make comparisons between years and thus helps transparency of reporting in reducing the uncertainty in the markets (Ashour, 2008: 26)

The best standards adopted to measure the transparency of corporate financial reporting is the Standard and Poor's scale to include all its reporting requirements.

### **S & P Transparency Reporting Standard**

S & P is a financial services company based in the United States. A subsidiary of McGraw Hill, which publishes research and financial analysis on stocks and bonds. They are well known for their indicators in the stock market. It is also one of the three major credit rating agencies, which also include Moody's and Fitch Ratings. The S & P Index, which includes a set of indicators, is one of the most important and best used transparency measures prepared by Standard & Poors after a series of research and studies. The Standard is not focused on a particular sector. It includes companies in various sectors such as technology, industry, banks and others. It measures the activity of the largest companies in the United States and includes in its ratings indices that measure the performance of different companies according to the value of their capital. The most important S & P indices are the S & P 500, the money And consists of 500 leading public trading companies in the US stock market. It provides a broad-based view of the market and is favoured by most investors because it reflects the actual market situation, the S & P 500 index of small cap stocks with a market capitalization of \$ 300 million to \$ 2 billion, and the S & P 500 index of mid- The Standard & Poor's 500 Index, compiled by Standard Pors, combines all the indices mentioned above, covering 90% of the market value of US stocks. The S & P index consists of three axes, outlined below: (Jumaili, 2016: 73).

**First:** The focus of transparency in the disclosure of ownership structure and investors' rights consists of 18 requirements and includes three indicators:

- 1- Property Transparency Index (8 Prerequisite): This index includes all information about all investors in the company, types of shares in companies and other information pertaining to the ownership of the company.
- 2- Ownership concentration index (2 requirement): Includes the names of employees in the company who own more than 5% and 10% of the company's shares.
3. Voting Procedure and Meeting of Shareholders (8 Requirement): The schedule of meetings of the general assembly of shareholders, the topics and proposals presented at those meetings, and the transparency of disclosure of extraordinary meetings, as well as other information.

**Second:** Transparency in disclosing financial and non-financial information (40 requirements): This index includes seven indicators:

- 1- The company's direction indicator (11 requirements): It contains information about the main strategy of management to achieve the objectives, nature and type of industry and commodity provided by the company and the main markets and market segments in which products are distributed and other information related to this indicator.
2. Statement of accounting policy (8 requirements): This indicator includes information on financial reports and the extent to which the company's accounting policies and standards, whether international or local, are disclosed. It also includes information on the transparency of disclosure of the methods of valuation of assets, inventory and disclosure of consolidated financial statements in the case of companies Affiliate.
3. Transaction index with related parties (3 requirement): Includes the percentage of ownership with other companies and the names of the parties concerned and the percentage of dealing with those parties.
4. Auditor Information Index (4 Requirement): Includes information on the name of the auditor who performed the audit, the auditor's report and the amount paid as fees and information in case the auditor conducts other services.
5. Opportunity and Risk Information Index (7 Prerequisite): It contains information on the nature of opportunities, risks, liquidity risks, internal and external sources and other information.
6. Industry Competitiveness Information Index (4 Prerequisite): This indicator includes information on the names of competitors, the extent of response to price changes as a result of competition, the number of companies that have increased on key contracts, and the extent to which the Company has disclosed the competitive advantage of its activities.

7. Employee Satisfaction Information Index (3 Prerequisite): Contains information on the extent to which employees participate in the development of strategic plans and the extent to which they encourage creativity, innovation and disclosure of financial satisfaction for employees.

**Third:** Transparency in Information on the Board of Directors (22 requirements): This indicator includes three indicators:

1. Board of Directors' Structure Index (6 requirements): This index includes transparent disclosure of the name of the Chairman of the Board of Directors, the names of the members of the Board of Directors, their previous experience, the names of the Board members and all matters pertaining to the Board.
- 2- Board of Directors' role index (8): It contains information about the remuneration of members of the Board of Directors and the remuneration of each member of the Board, their meeting schedule and other information pertaining to this indicator.
- 3 - Index of training and reward of members (8 Prerequisite): This index includes information on the training programs for members of the Board of Directors and the number of shares owned by members of the Board of Directors and other information pertaining to this indicator.

#### Application side:

##### First: A brief overview of the Iraqi Stock Exchange:

The Iraqi Stock Exchange was established in 1932 in the Royal era and began its active activity in the early 1990s under the name of the Baghdad Stock Exchange. It was closed as a result of the events witnessed by Iraq in 2003. It was re-established under the name of the Iraqi Stock Exchange under the Temporary Securities Law No. ( 74) for the year 2004 with a view to keeping the capital market in Iraq in line with the requirements of modern, transparent, efficient and harmonized capital markets at the same time as the transition from a non-transparent central economy to a free market economy. The Iraqi Securities Market aims to achieve the following: 2-13)

- 1- Train its members and maintain the recognized standards of companies in a manner commensurate with the objectives of investors and enhance their confidence in a free and efficient market characterized by honesty and transparency.
- 2 - To raise awareness of investors about investment opportunities in the market and to communicate with Arab and international securities markets for the purpose of development.
3. Collecting, analyzing and disseminating statistics and information necessary, organizing and facilitating securities transactions and providing services in other activities to support its objectives.

**Table (1) Iraqi companies listed in the Iraqi Stock Exchange**

Services		Banks		Industry	
1	Al - Nakhba for General Contracting	1	Dijla and Euphrates for Development and Investment	1	Baghdad for the manufacture of packaging materials
2	Al Badia for public transport	2	Ashur International Bank for Investment	2	Baghdad for soft drinks
3	Al Mamoura Real Estate Investments	3	Bank of Babylon	3	modern sewing
4	Baghdad Iraq for Public Transport	4	Bank of Baghdad	4	Electronic Industries
5	Iraqi for the transportation of oil products and goods	5	Commercial Bank of Iraq	5	Fallujah for the production of construction materials
6	Iraqi Bank for Land Transport	6	Dar es Salaam Investment Bank	6	National Furniture Manufacturing and Trading
7	City of Games Karkh tourism	7	Bank of Economics	7	Crescent Industrial
8	Mosul to the cities of the Games	8	Iraqi Islamic Bank	8	Iraqi Carton Industries
9	Al-Khaleej Commercial	9	Al- Kaleej Commercial Bank	9	Iraqi Company for the manufacture and marketing of dates
10	The tourist city in Mosul Dam	10	Iraqi Investment Bank	10	Iraqi for carpets and furnishings
11	Baghdad hotel	11	Iraqi Bank Iraqi Islamic	11	Engineering
12	Babylon Hotel	12	Middle East Investment Bank	12	light industries
13	chain of ishtar	13	Ceyhan Bank for Investment and Finance	13	Al-khazer to produce construction materials
14	hotels Karbala	14	of the country's bank for investment and finance Canadian	14	to produce veterinary vaccines
15	Mansour Hotel	15	Kurdistan Mansour Bank	15	National Pharmaceutical Industries
16	TOURIST INVESTMENTS	16	connector for development and	16	modern dyes industry

			investment bank		
17	Palestine hotel	17	Mansour Bank	17	chemical and plastic industries
18	Al-sadir hotel	18	Islamic National Bank	18	garment production
19	Insurance	19	Ahli Bank Insurance	19	Agriculture
20	eligibility for insurance for	20	North Bank Civil	20	agricultural production
21	the Secretary-general Insurance	21	The Iraqi Credit Bank	21	The production and marketing of meat Iraqi
22	Dar Es Salaam Insurance	22	Iraqi Trade Bank sur	22	agricultural products
23	Al- Kaleej Insurance and Reinsurance	23	United Bank of Iraq for investment	23	seed production
24	Investment Bank	24	country for investment and finance modern	24	Animal Production
25	Harmony financial investment	25	Communications	25	Middle East production and fish
26	El-zaoraa	26	Asiacell communications financial investment	26	
27		27	ring communications company	27	

The research sample Iraqi companies most active in Iraq securities market, which owns the highest capital at which segments of work set out in table (2) Below Table No. (2)

Iraqi companies (a sample search) according to the type of activity that the company and the date of its foundation and included venture capital for inclusion in the search period.

Sector Name	The Company's name	The percentage of private contribution	Date of Establishment	Date Listing	Capital Listing	Capital of the runway during the research period
Industry	Baghdad Soft Drinks Company	85.37%	/07/18 1989	/06/15 2004	10,000,000,000	133,000,000,000
Telecommunications	Asiacell Communications Company	100%	/07/25 2007	/12/05 2012	270,012,000,000	310,000,000,000
	Al Khatem Communications Company	100%	/07/29 2013	/06/10 2015	1,829,782,653,400	1,829,782,653,400
Banks	Kurdistan Commercial Bank	100%	/03/13 2005	/11/01 2006	50,000,000,000	400,000,000,000
	Al- Kaleej Commercial Bank	100%	/10/20 1999	/07/25 2004	4,120,000,000	300,000,000,000
Services	Al Mamoura Real Estate Investment Company	100%	/01/19 1993	/06/15 2004	2,700,000,000	19,200,000,000

Transparency reporting requirements are measured sample search companies in accordance with the model of the corporation (S&P(transparency, which was explained in the Supplement (1) which will be used with flexibility act allowed in further clarification to adapt the scale with the requirements of the Iraqi environment suitable measurable sample and results as accurate as possible, the Eci consists of (3) the items that contain (13) index of each indicator contains a set of specific reporting requirements to the total requirements (80) the requirement on the basis of which will be measured by the degree of transparency in the reporting of each sample search companies according to the following equation:

Disclosure requirements / total requirements \* 100%

1. The Baghdad Soft Drinks Company: The table shows the number (3) of the undisclosed requirements and non-disclosures of Baghdad For Drinks invading forces while the table shows the number (4) Transparency in the reporting of the company ratios above 2014 FAO 2000-2015 transcripts.

**Table (3) Transparency requirements disclosed and not disclosed during the period of research for the Baghdad Company for soft drinks**

Details			Years			
			2014		2015	
Items (Standards)	Indicators for each item	Total disclosure requirements for each indicator	Requirements disclosed	Unpublished requirements	Requirements disclosed	Unpublished requirements
I. Structure of ownership and investors' rights	1 - transparency regarding the ownership	8	4	4	4	4
	2 - the concentration of property	2	1	1	1	1
	3. Voting procedures and meeting of shareholders	8	2	6	2	6
Total	(3) Indicators	18	7	11	7	11
II. Transparency on financial and non-financial information	1 - Trends of the company	11	7	4	7	4
	2. Accounting policies and details	8	5	3	5	3
	3 - Transactions with related parties	3	2	1	2	1
	4. Auditor's information	4	2	2	2	2
	5. Information on opportunities and risks	7	3	4	3	4
	6. Information on the intensity of industry competition	4	1	3	1	3
	7 - Information on employee satisfaction	3	0	3	0	3
Total	(7) indicators	40	20	20	20	20
III. Transparency of information on the Board of Directors	1. Structure and composition of the Council	6	4	2	4	2
	2. The role of the Council	8	1	7	2	6
	3 - Training and reward members	8	3	5	4	4
Total	(3) indicators	22	8	14	10	12
total summation	(13) from index	80	35	45	37	43

**Table (4): Transparency in reporting of Baghdad Soft Drinks Company (2014-2015)**

Items	2014	2015
I. The structure of ownership of the rights of investors	%10	%7.5
ii. transparency of financial and non-financial information	%26.25	%26.25
iii. the transparency of information on the Governing Council The	%13.75	%13.75
total ratio analysis	%50	%47.5

From the table above, it is noted that the Baghdad Company for soft drinks that the proportion of reporting according to the scale of (S & P) for information for the year 2014 was 43.75% and increased in 2015 to become 46.25 levels below the level.

2 - Asiacell Telecom Company: Table (5) presents the disclosed and undisclosed requirements of Asiacell Communications Company while Table (6) shows the Company's reporting transparency ratios for 2014-2015.

**Table 5: Transparency requirements disclosed and disclosed to Asia Telecom for 2014-2015**

Details			Years			
			2014		2015	
Items (Standards)	Indicators for each item	Total disclosure requirements for each indicator	Requirements disclosed	Unpublished requirements	Requirements disclosed	Unpublished requirements
I. Structure of ownership and investors' rights	1 - transparency regarding the ownership	8	4	4	4	4
	2 - the concentration of property	2	1	1	1	1
	3. Voting procedures and meeting of shareholders	8	5	3	5	3
Total	(3) Indicators	18	10	8	10	8
II. Transparency on financial and non-financial information	1 - Trends of the company	11	6	5	6	5
	2. Accounting policies and details	8	4	4	4	4
	3 - Transactions with related parties	3	1	2	1	2
	4. Auditor's information	4	2	2	2	2
	5. Information on opportunities and risks	7	1	6	1	6
	6. Information on the intensity of industry competition	4	1	3	1	3
	7 - Information on employee satisfaction	3	0	3	0	3
Total	(7) indicators	40	15	25	15	25
III. Transparency of information on the Board of Directors	1. Structure and composition of the Council	6	4	2	4	2
	2. The role of the Council	8	2	6	2	6
	3 - Training and reward members	8	3	5	3	5
Total	(3) indicators	22	9	13	9	13
total summation	(13) from index	80	34	46	34	46

**Table 6: Transparency of reporting for Asia Telecom for two years (2014-2015)**

Items	2014	2015
I. The structure of ownership of the rights of investors	%12.5	%12.5
ii. transparency of financial and non-financial information	%18.75	%18.75
iii. the transparency of information on the Governing Council The	%11.25	%11.25
total ratio analysis	%42.5	%42.5

From the table above, the information rate of Asia-Telecom for the S & P 2015-2014 is 42.5, which is low.

3 - Al-Khatem Communications Company: Table 7 shows the disclosed and undisclosed requirements of Al-Khatem Communications Company. Table (8) shows the transparency ratios in the above reporting for the Company and 2014-2015.

**Table (7) Disclosures requirements for Al-Khatem Communications Company for the years 2014-2015**

Details			Years			
Items (Standards)	Indicators for each item	Total disclosure requirements for each indicator	2014		2015	
			Requirements disclosed	Unpublished requirements	Requirements disclosed	Unpublished requirements
I. Structure of ownership and investors' rights	1 - transparency regarding the ownership	8	3	5	4	4
	2 - the concentration of property	2	0	2	0	2
	3. Voting procedures and meeting of shareholders	8	2	6	2	6
Total	(3) Indicators	18	5	13	6	12
II. Transparency on financial and non-financial information	1 - Trends of the company	11	8	3	5	6
	2. Accounting policies and details	8	2	6	2	6
	3 - Transactions with related parties	3	0	3	0	3
	4. Auditor's information	4	2	2	2	2
	5. Information on opportunities and risks	7	1	6	1	6
	6. Information on the intensity of industry competition	4	1	3	1	3
	7 - Information on employee satisfaction	3	0	3	0	3
Total	(7) indicators	40	14	26	11	29
III. Transparency of information on the Board of Directors	1. Structure and composition of the Council	6	4	2	4	2
	2. The role of the Council	8	0	8	0	8
	3 - Training and reward members	8	2	6	2	6
Total	(3) indicators	22	6	16	6	16
total summation	(13) from index	80	25	55	23	57

**Table (8) The reporting transparency ratios for Al-Khatem Communications Company for the years (2014-2015)**

Items	2014	2015
I. The structure of ownership of the rights of investors	%6.25	%7.5
ii. transparency of financial and non-financial information	%17.5	%13.75
iii. the transparency of information on the Governing Council The	%7.5	%7.5
total ratio analysis	%31.25	%28.75

From the above table it is noted that the rate of reporting to Al-Khatem Communications Company on the S & P scale for its information for the year 2014 was 31.25% and it decreased in 2015 to 28.75%

4- The International Bank of Kurdistan: Table 9 shows the disclosed and undisclosed requirements of Al-Khatem Communications Company. Table (10) shows the transparency ratios in the reporting of the company above and for the years 2014-2015.

**Table (9) Transparency requirements disclosed and not disclosed to the International Bank of Kurdistan for the years 2014-2015**

Details			Years			
Items (Standards)	Indicators for each item	Total disclosure requirements for each indicator	2014		2015	
			Requirements disclosed	Unpublished requirements	Requirements disclosed	Unpublished requirements
I. Structure of ownership and investors' rights	1 - transparency regarding the ownership	8	3	5	3	5
	2 - the concentration of property	2	0	2	0	2
	3. Voting procedures and meeting of shareholders	8	5	3	3	5
Total	(3) Indicators	18	8	10	6	12
II. Transparency on financial and non-financial information	1 - Trends of the company	11	6	5	6	5
	2. Accounting policies and details	8	6	2	6	2
	3 - Transactions with related parties	3	2	1	2	1
	4. Auditor's information	4	2	2	2	2
	5. Information on opportunities and risks	7	4	3	4	3
	6. Information on the intensity of industry competition	4	1	3	1	3
	7 - Information on employee satisfaction	3	0	3	0	3
Total	(7) indicators	40	21	19	21	19
III. Transparency of information on the Board of Directors	1. Structure and composition of the Council	6	4	2	4	2
	2. The role of the Council	8	4	4	4	3
	3 - Training and reward members	8	3	5	3	5
Total	(3) indicators	22	11	11	11	11
total summation	(13) from index	80	40	41	38	42

**Table 10: Transparency in reporting to the Kurdistan Investment and Development Bank for the years (2014-2015)**

Items	2014	2015
I. The structure of ownership of the rights of investors	%10	%7.5
ii. transparency of financial and non-financial information	%26.25	%26.25
iii. the transparency of information on the Governing Council The	%13.75	%13.75
total ratio analysis	%50	%47.5

From the table above, it is noted that the rate of reporting to the Kurdistan Bank for Development and Investment according to the scale of the (S & P) information for 2014 was 50% and decreased in 2015 to 47.5%, which is low rates of reporting

5 - Commercial Bank of Al- Kaleej: Table (11) presents the disclosed and undisclosed requirements of Al- Kaleej Commercial Bank. Table (12) shows the transparency ratios of the above bank for the years 2014-2015.

**Table (11) Transparency requirements disclosed and not disclosed during the research period of Al- Kaleej Commercial Bank**

Details			Years			
			2014		2015	
Items (Standards)	Indicators for each item	Total disclosure requirements for each indicator	Requirements disclosed	Unpublished requirements	Requirements disclosed	Unpublished requirements
I. Structure of ownership and investors' rights	1 - transparency regarding the ownership	8	3	5	3	5
	2 - the concentration of property	2	0	2	0	2
	3. Voting procedures and meeting of shareholders	8	5	3	5	3
Total	(3) Indicators	18	8	10	8	10
II. Transparency on financial and non-financial information	1 - Trends of the company	11	5	6	5	6
	2. Accounting policies and details	8	5	3	6	2
	3 - Transactions with related parties	3	2	1	2	1
	4. Auditor's information	4	2	2	2	2
	5. Information on opportunities and risks	7	4	3	4	3
	6. Information on the intensity of industry competition	4	1	3	1	3
	7 - Information on employee satisfaction	3	0	3	0	3
Total	(7) indicators	40	19	21	20	20
III. Transparency of information on the Board of Directors	1. Structure and composition of the Council	6	4	2	4	2
	2. The role of the Council	8	3	5	3	5
	3 - Training and reward members	8	3	5	3	5
Total	(3) indicators	22	10	12	10	12
total summation	(13) from index	80	37	43	38	42

**Table 12: Al- Kaleej Bank's reporting transparency ratios (2014-2015)**

Items	2014	2015
I. The structure of ownership of the rights of investors	%10	%10
ii. transparency of financial and non-financial information	%23.75	%25
iii. the transparency of information on the Governing Council The	%12.5	%12.5
total ratio analysis	%46.25	%47.5

From the table above, it is noted that the percentage of transparency of reporting to Al- Kaleej Commercial Bank according to the scale of (S & P) for its information for 2014 was 46.25%, in 2015 it became 47.5%, which is low rates of transparency of reporting.

The table denotes a summary of the level of transparency in the reporting of the sample companies and for the years 2014-2015

**Table (13): Summary of the level of transparency in the reporting of companies in the research sample and for the years 2014-2015**

The Company's name	2014	2015	Average reporting ratios
Baghdad Soft Drinks Company	43.75%	46.25%	45%
Asiacell Communications Company	42.5%	42.5%	42,5%
Al Khatem Communications Company	31.25%	28.75%	30%
Kurdistan Commercial Bank	50%	47.5%	48,75%
Al- Kaleej Commercial Bank	46.25%	47.5%	46,875%
General average	42,75%	42,5%	42,625%

Table (13) shows that the highest level of transparency of reporting was to the Kurdistan Commercial Bank, where the average for the years 2014-2015 was 48.75%, while the lowest level of transparency of reporting was to the company for communications, which amounted to 30% for the two years above, Transparency of the reporting companies for the research sample 42,625% for the above two years. Based on the above, Iraqi companies do not achieve the required level of transparency in reporting information and their adherence to S & P indicators will increase the level of transparency of their reporting, which proves the main hypothesis of the research.

The sub-hypotheses on the mutual effect between S & P and S & P compliance will be used. The appropriate statistical methods (simple linear regression model, variance analysis and coefficient of selection) will be used and based on SPSS outputs:

### 1. The premise of the first

the degree of transparency in reporting, according to the indicators (S&P) have an impact on the level of reporting in companies)

**Table (14) shows the transactions between the degree of transparency, according to the indicators (S&P), the level of reporting**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	$\beta$	Std.Error			
1 (Constant)	2.330	5.013		.465	.655
	.438	.125	.778	3.507	.008

a. Dependent Variable: Y

Applying the following equation  $Y = \beta_0 + \beta_1 X$

as  $\beta_0 = 2.33$ ,  $\beta_1 = 0.438$

fixed parameters called steep transactions

Where Y is the value of the level of reporting and X تمثل value of the degree of transparency in reporting and  $\beta_1$  represents the change in output Y to change one unit of X and applying the above fair:

$$Y = 2.33 + 0.438x$$

find it if the value of the degree of transparency in reporting(X), according to the indicators S&P is equal to 0, the value of the level of reporting Y equals 2.33 and the increase in the value of X by 1% leads to an increase in the level of reporting by 43.8% Y is therefore accept the above hypothesis (the degree of transparency in reporting, according to the indicators (S&P) have an impact on the level of reporting in companies)

## 2. The second sub-hypothesis:

Degree of transparency in reporting, according to the indicators (S&P) moral significance at the level of Reporting in the firms) to prove the hypothesis above will use the variance analysis labs and the link as indicated in table (15). So Mercantile Exchange transparency statistical significance because the value of F tabular equal (18.095), the largest of which is equal to the value of Calculated (12.296) and to a lesser extent the less than moral 0.023 0.05 This this indicates that the degree of transparency in reporting moral significance at the level of reporting in The companies accordingly hypothesis above is accepted. Table No. (15) analysis of the contrast between the degree of transparency in reporting, according to the indicators (S&P, the level of reporting ANOVA

**Table No. (15) Analysis of the contrast between the degree of transparency in reporting, according to the indicators (S&P, the level of reporting ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	84.162	1	84.162	12.296	.008
Residual	54.757	8	6.845		
Total	138.919	9			

a. Dependent Variable :Y      b. Predictors:(constant):X

By means of the square (R) parameter shown in Table (16), the difference in the transparency of S & P reporting accounts for 70.8% of the variation in the level of corporate reporting and 29.2% of these total changes have been left to the error or other variables.

Table (16) Summary of the degree of compliance of Iraqi companies with indicators of transparency of reporting according to the scale (S & P)

Model	R	R square	Std. Error of the Estimate
1	.842	.708	4.64516

By means of the square (R) parameter shown in Table (16), the discrepancy in the S & P level of transparency accounts for 60.6% of the variation in the level of corporate reporting and 39.4% of these total changes have been left to the error.

## Conclusions and recommendations:

### First: Conclusions:

- 1 - Transparency of reporting is one of the important entry points to address many of the environmental and social problems of companies in the community as it helps to present the position of the company correctly and reflects the extent of interest to address these problems.
2. The availability of transparency in reporting has become a fundamental requirement reflecting the performance of these companies as the economy of any country is measured by the performance index of its companies.
- 3 - Many Iraqi institutions did not absorb the change in a way to enhance the transparency of reporting their financial and non-financial information, leaving them in place away from progress and success.
4. The degree of transparency of reporting to Iraqi companies listed on the Iraqi Stock Exchange can be measured using the S & P indices of transparency as the best indicators for measuring the transparency of reporting to include financial, non-financial and not sector-specific information but for all sectors.
5. The S & P scale can be adapted to the requirements of the Iraqi environment and in a manner that allows it to be flexible to be an appropriate measure for measuring the transparency of reporting.
6. The results indicate that the companies in the sample did not achieve the required level of transparency in reporting, that is, they hide some of their information because of some of the costs they can bear, such as taxes and social obligations.
- 7 - The research proved that there is statistical significance between the degree of transparency in reporting and the level of reporting to companies, which means that the degree of transparency in reporting has an impact on the level of reporting according to S & P indicators.

### Recommendations

- 1 - Adapting the conceptual framework of financial accounting in a manner consistent with the requirements of transparency of reporting.

- 2 - The need for Iraqi companies to be transparent about reporting financial and non - financial information through the development of an accounting framework that will make companies accountable for their transparency in accordance with internationally approved indicators and standards.
3. Adoption of the Standard & S & P by the Iraqi Stock Exchange to indicate the level of transparency of reporting to listed companies, which increases the transparency of reporting on accounting information
4. Educate and educate the authors of the annual reports of companies on the importance of transparent reporting and its role in promoting and ensuring the survival and sustainability of companies in the long term through the establishment of educational courses for corporate cadres.
6. Enhancing the supervisory role of the Securities Commission on financial reports and the use of meaningful penalties for companies that are not committed to transparent reporting and issuing a more comprehensive and detailed guide to prevent discrepancies between companies in reporting their financial reports transparently.
- 7 - Incorporate the concept of transparency of reporting within the plans and curricula of accounting by the concerned authorities so that university students can learn and understand the latest concepts Accounting

## Sources

### First: Arab Sources:

- Salar, Jawwar Ahmed Mohammed (Importance of the quality of accounting information in the financial statements of its users Study on a sample of users in organizations in the province of Erbil) Letter to the Faculty of Management and Economics / University of Mosul 2006
- RiyadHamza Al-Bakri et al. (Accounting Rules for Disclosure and Transparency), Consulting Office, College of Management and Economics, University of Baghdad. 2004
- Kam, Vernon, "The Theory of Accounting," translated by Riad Al-Abdullah, Dar Al-Kitab for Printing and Publishing, Mosul, 2000.
- AljjawiTalal Mohammed Ali and Mohammed Abdul Ali Al-Fathallah (Evaluation of transparency in disclosure of information published for Iraqi private banks and their reflection on the market capitalization shares), Iraqi Journal Issue 42 Volume 15 Baghdad - Iraq.
- Al-Hayali, Walid (Accounting Theory) of the publications of the Arab Open Academy in Denmark 2008
- Tamimi, NazemShaalanJabarosheb Salah Shaker (the role of the auditor in the promotion of disclosure of financial reports under the trial of companies) Journal of Accounting Studies and Finance Issue 9 Volume 3 Baghdad - Iraq.
- Jumaili, Huda Amin Alawi (Measuring the degree of transparency in the accounting disclosure of Iraqi companies in Iraq and the future of securities and prospects) Master thesis submitted to the Council of the Faculty of Management and Economics, Karbala University in Accounting Sciences 2016.
- Ashour, Othman Ziad (The extent of the commitment of industrial companies to contribute to the Palestinian financial accounting requirements in accordance with the International Accounting Standard No. (1) Master Thesis published, Islamic University, Gaza, Palestine 2008
- Ani, MuawiyaKarim, "The Impact of the Cultural Framework in the Financial Reporting System Iraq Case Study", PhD thesis submitted to the Board of the Faculty of Management and Economics at Mustansiriya University, as part of the requirements of the Ph.D.
- Muayni, Saad Salman, "The Economic Approach to Accounting Theory and its Role in Formulating a Consensual Model between Partial Accounting and Total Accounting", Thesis submitted to the Board of the College of Management and Economics, University of Baghdad.
- Lutfi, Amin Ahmed, "Accounting Theory (International Consensus Perspective)", University House, Egypt, 2005.
- Mohamed, AmalNouri, "Reflection of Accounting Information on Electronic Commerce and its Application in Iraq Stock Market", Master of Science in Accounting, University of Baghdad, 2007.
- Hammad, Tariq Abdel-Al, "Financial Reports", University House, Cairo, 2005 Foreign sources and the Internet.
- Belkaoui , Ahmed , " **Accounting Theory** " , 4<sup>th</sup>ed ., Business Pres – Thomson Learning , USA , 2000
- Hendrickson , Eldon's & Bread , Michael F. Van , " **Accounting Theory** " , 5<sup>th</sup>ed , McGraw Hill , Boston 1992 -
- DipiazzaJr,Samuel&Eccles,G.robert. "Building Public Trust- the future of corporate reporting", USA, JohnWiley&Sones, 2002
- Holler ,JamesR,B Peter Rossendoff James Roymond (Democracy and Transparency ) Mortar center for International studies , 2011
- Feigo , Belen F, Silvia Romero , Silvia Ruiz ( Effect of stock holder`s pressure on transparency of sustainability reports ) Springer science Business Miedia Dordrecht, 2013
- Lydenberg,steve,Jean,R David w.(From Transparency to performance :Industry Based sustainability Reporting on key Issues), 2010
- Vishwanath and Kaufmann ,1999
- Global Reporting Intitive .,2011 G3.1.Retrievedon ,December 1,2015 From ,http// WWW.global Reporting.org.
- Klein , Joe ( Standard and Poor`s Downgrades Itself ) time , 2011 www. Transparency.org.