
The Impact of Application of International reporting Standards on the Reporting of the Key Audit Matters

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Abstract: This research examined how the implication international financial reporting standards (IFRS) are related to the main audit aspects in the report of the auditor. The application of these standards could help many essential matters appear. In the report of auditor, these matters are to be disclosed. However, the current Iraqi auditor report does not include any clarifications to users on how to deal with these matters as a result of not applying auditing standard No. (701) accordingly.

Keywords: IFRS, Reporting standards, Key audit matters (KAM), Iraq.

INTRODUCTION

The implications of the IFRS must be proper and fair to the customers. In addition, the same is true with the accounting information. Also, these standards must be obeyed when preparing an auditor's report, which would help users obtain information that helps in rationalizing their decisions, which in turn will lead to Increasing confidence in the auditor's reports in particular and the auditing profession in general. The research also derives its importance from the need for mixed companies to adhere to the decisions of the Iraqi Accounting and Supervision Standards Board in its second session held on 11/26/2017 and Circular No. 2/5/22211 on 9/24/2019, which set the effective date for applying international standards in Iraq to the final accounts of the fiscal year of 2021.

The research methodology includes the following

THE RESEARCH PROBLEM

The research problem lies in the failure of the current accounting systems in Iraq to keep pace with the new changes in international accounting standards, as well as the lack of adequate scientific and practical qualifications for employees working on these systems to apply them, but another party, the Iraqi Accounting and Supervision Standards Board in its second session held on 11/26/2017 and generalization No. (5/5/22211) on 9/24/2019 has determined the effective date of applying international standards in Iraq to the final accounts for the fiscal year ending in 2021.

Applying these standards could help several issue to appear in in the auditor's report, although in that of the present report does not clarify to users how to deal with these matters as a result of not applying auditing standard No. (701) Accordingly, the research problem can be formulated according to the following:

Will the implementation of the International Reporting Standards result in material issued to be explained in the report under the main matters paragraph?

RESEARCH AIMS

The research seeks to achieve the following objectives:

- A. Knowing the mechanism of transition to (IAS & IFRS) standards, the steps for implementation, and then the theoretical framework of INTOSAI Standard 701. It aims to report the main matters of auditing report and the changes caused by the standard in terms of content and form in the report.
- B. Determine the main matters that should appear in the auditor's report.

RESEARCH HYPOTHESES

The research hypotheses are as follows:

Applying (IAS & IFRS) standards leads to the emergence of several fundamental issues. The auditor is responsible to report them in accordance with the standards of auditing (ISA: 701).

RESEARCH LIMITS

- A. Spatial boundaries: The Al-Mansour Melia Hotel Company was chosen - a mixed contribution for the practical application because it is one of the major hotels in the capital, Baghdad, which has an economic impact on the service sector in addition to listed of shares on the Iraq Stock Exchange.
- B. Temporal boundaries: 2019 was chosen as the year for the transition towards the application of international reporting standards because it is the most recent version of data issued by the Federal Office of Financial Supervision as well as being the year in which the researcher was allowed to obtain information from the company for practical research application.

RESEARCH METHOD

The inductive approach was used to frame the theoretical framework of the research, as well as in studying the actual reality of the company, the research sample and applying the standards of international financial reporting whose scope can be applied on the company, as well as a statistical analysis of the relationship of the application of those standards with the appropriateness of the value of the accounting information as well as the preparation of the main matters in the report. The checker that resulted from that app.

DATA COLLECTION METHODS

- A. The theoretical aspect: The researcher relied on laws, legislation, official documents, local rules and IFRS for the year 2017 and beyond, as well as Arabic and foreign books, dissertations, letters and research published on the Internet.
- B. The practical aspect: In achieving the objectives of the research and testing its hypothesis, the researcher relied on studying the actual reality of the company's accounting system, the research sample and the information it reached through conducting interviews and verbal inquiries, then applying IFRS whose scope applied to the company. The research sample and analyzing the relationship with The value of accounting information through extracting the effect before and after its application, and then reporting on the main matters that resulted from the researcher's application of those standards.

INTRODUCTION TO IFRS AND IAS STANDARDS

In recent years, the process of setting international accounting standards has achieved greater recognition and use of IFRS more broadly. A significant progress occurred in 2002 as the European Union (EU) used legislation that require companies in Europe to apply these standards in their consolidation of financial statements. This requirement was effective in 2005 and applied to more than (7000) companies in 28 different countries such France, Spain, Germany, Italy, and UK. Applying IFRS in Europe means that IFRS substitutes the National accounting standards and requirements. This substitution forms the foundations to prepare and present consolidation of the FS(FS) in companies within Europe (mirza, 2006: 1).

Ono –Europe companies, also moved to international IFRS, and in 2005, IFRSs became mandatory in several countries in such as Southern Africa, Southeast Asia, Latin America, Central Asia, the Middle East, the Caribbean, Australia, Hong Kong, the Philippines, New Zealand, and Singapore. They have national accounting standards as a means of IFRS. It is expected that about 70 countries ask their companies in the list to adopt the international standards to arrange and present their Fin 2005, and investors and financial analysts etc are welcomed. For financial data using the standards need specific features such as transparency, high-quality information, and comparability. This is because when there are no standardized standards, it the comparison of the financial information would be difficult by those companies in different countries in this universal economy. Therefore, the unration of a set of accounting standards increases significantly. Quality makes investment and other economic decisions easy in different countries increasing the efficiency of the market, reducing the capital rising cost(Chaudhry, et al, 2016: 3)

BRIEF HISTORY OF IAS AND IFRS

Historically, IAS started the in 1966, initially with the proposals for ICAEW, AICPA and CICA legislation in England, Wales, the United States and Canada. As a result, the International Accounts Studies Group was established in 1967, asking for change through publishing papers on important topics. This helped to establish the next standards. In 1973, there was an agreement to create an international body to write on accounting standards for international use.

In the middle of 1973, the IASC (International Accounting Standards Committee) appeared. It launched new international standards to be soon approved and adopted universally. ISAC was valid until 2001 in which it was reformed to be the International Accounting Standards Board (IASB) (Lavi, et al, 2016: 2).

A International Accounting Standards appeared as a series IASC between 1973 and 2000, and organized numerically. The first No. 1 and the last No. 41 in December 2000. At the time the IASB was established and adopted the set of standards IASC, No. 1 to 41. However, any following published standards will IFRS (bakker, 2017: 2).

The issue of differences between IAS and IFRS appeared in different accounting circles. If there they do not differ, still the series of IACS were published before the IASC between 1973 and 2001, while the IFRS issued by the IASB in 2001. When the IASB was founded in 2001 to adopt all international accounting standards calling the new standards IFRS. It is one of the main implications worth noting is that the principles of IFRSs are given priority if there is a contradiction with those of IAS, which reduces the principles IAS. (lavi, 2016: 2)

The researcher also refers to Paragraph No. (7) of International Accounting Standard No. (1) as the term (IFRSS) was defined as a set of standards of IASB such as:

- A. IFRS.
- B. IAS).
- C. Interpretations of the International Financial Reporting Interpretations Committee (IFRIC).
- D. Interpretations of the former International Interpretations Committee (SIC).

ADVANTAGES AND EFFECTS OF SWITCHING TO IFRSS

Using IFRS-based financial reporting framework has many benefits. First is its inevitable cost-effective. The second is bring many companies everlasting benefits as follows:

a. Advantages of Moving to IFRSs

There are many advantages to institutions that use IFRSs, the first is the comparability that the use of these standards could make. Also, IFRS could produce FS of the reporting entity from fixed frameworks and requirements. They are comparable and could enable current and potential investors users of accounts to easily compare the declared information and financial position, and this make more investments.

(Weaver, 2014: 15)

When the information environment improves, investors could make more low-risk investments. The companies in the markets could access to capital from international investors.

However, in terms of feasibility, it is easier to compare two sets of FS under IFRSs than that of accounting standards. Therefore, the comparison improved even if no clear effect appeared on Capital markets. Added to this are also other clear advantages to companies. For example, the consistent IFRS with international industry counterparts help to initiate businesses. In addition, it makes the companies themselves willing to invest worldwide, attracting an inflow from external financing. With this framework, obstacles to foreign investment are eliminated. An American work shows that moving to IFRS helps even small companies to decrease the operating costs in foreign business with lower international investing risks (Mohsen, 2015: 401).

Other studies have indicated that the use of IFRSs, enable companies to contract with customers and suppliers in a more effective way. This use also reduces long term costs. For instance, reconciling FS produced according to the accepted accounting principles is no longer required. In general, this applied to the data of two different countries when companies invest in multiple markets. Some firms could benefit from the transitional project and adopt other shifts that are beneficial to the business, such as improvement in the information systems or strength controls to prepare financial reports. Thus, it differentiation between the direct benefits to the IFRS transition from those of value-added. However, it, in general, is a positive experience for these firms (Zehri, 2013: 61).

Multinational firms have specific benefits regarding consolidation of financial statements. When all accounting personnel become familiar with IFRS, the ease of labor mobility could give more benefits, and despite the benefits described above, it is undeniable that the move to a new group An accounting standard for many large international companies is costly and time consuming.

(Weaver, 2014: 16)

b. Factors affecting IFRS Implementation

There is a lot of evidence that IFRSs influences the financial statements. However, it is impossible to generalize this issue because the type and nature of influence differ from one case to another based on different facts as:

The difference level and nature between the generally accepted accounting principles and IFRSs. They are different at the level of each country, that is, for example, whether or not previously accepted accounting principles are based on principles similar to IFRSs or not, and research works reveal that there are important variations in the impact of the transition to IFRS across countries.

Some the specific sector factors require the application of IFRS requirements with specific impacts on certain elements in the FS such as financial institutions in hedge accounting (Mohsen, 2015: 401).

The degree to which organizations tend to influence accounting policies by not only influence necessary for complying with IFRSs or adopting broader considerations of their policies of accounting.

The effect of audit companies in the selection and development policies of accounting and the disclosure level appears in the notes to the FS (Weaver, 2014: 16),

Based on the above, the researcher finds that the specific effects of moving to IFRS depend on financial performance and position and on the above-mentioned matters, which differ from one country to another.

The concept of reporting key matters:

Reporting on KAM is an significant enhancement in auditors' reports in recently, as it represents the core of the investors' wishes those of the audited FS to gain more information on the relevant organization.

Standard (701) reporting on main audit materials in the independent auditor's report is the main element in any group of the international auditing standards known as Reporting Standards on Audited Financial Statements. It was produced in January 2015 by the International Auditing and Assurance Standards Board (IAASB). Their main aim was to enhance the relevance and value of the auditor's report.

Whereas, the American Corporate Accounting Oversight Board (PCAOB) planned expanded the auditor reporting model. This expansion is by disclosing "KAM" by the auditors. The "matters involve more difficult, subjective, or judgments on the auditors side." Difficulties for the auditor in obtaining sufficient appropriate audit evidence or forming an opinion on the financial statements.

(PCAOB, 2013: 6)

According to ISA (701), KAM stands for as "those matters that, in the professional auditor's opinion, of utmost importance in the audit of the FS for the current period), and the (KAM) is selected". The matters communicated with those in charge of the governance, and the ISA: 701 standard are obligatorily applied when auditing entire groups of FS for general purposes for companies listed on the market for trading, with the voluntary application permitted for elements not the listed firms. In addition this standard is implemented when the law or regulation require the auditor to report (KAM) in their report.

(AIS: 701)

Factors to amend the auditor's report:

1. Numerous academic studies that have raised many research questions concerning the value of reports and recommendations of the auditor. These reports and recommendations could improve the report and make it reliable.
2. The variance in the financial reporting setting caused by the increase professional judgments and disclosures. Therefore, it necessitate to amend these variations in the auditing standards.
3. The handlers of the auditor's report produced by investors require extra information that materially changes their minds. The auditing process aims to help users in follow up the firms' financial performance.
4. The global financial crisis and the questions it raised about (the quality of the report of the auditor) and the effectiveness caused by his professional judgment in the auditing process and suspicion in the auditing profession as a whole, which made it necessary to take more steps to improve auditing standards and restore assurance in the report of auditor and the auditing profession in general.

(Muhammad, 2018: 22)

The objective of the amendments according to Standard 701: -

In general, this standard aims to improve the quality of the process of auditing. It also helps to increase the value of the information of the auditor's report with more audited financial information. When improved, the reporting process cause the following in the auditor's report: -

1. Enhancing clearness, specifically in issues linked to the continuity of the firms which are subject to auditing. This happens through the establishment of significant professional skepticism when they investigate the imposition of continuity.
2. It sheds light on the main audit matters, which are important in the auditing the financial statements. It helps in forming the opinion on the lists. It also, helps in highlighting the type and nature of the followed procedures.
3. Increasing the confidence in the audited FS the report to improve auditing by disclosing generally stated to improve the auditor's FS (IAASB, 2015: 3).

According to international auditing standard (701), aims are:

1. Increasing the independent auditing.
2. Changing the way auditors informed of their auditing in the reports.
3. Enhancing the auditor's emphasis on the issue of continuity by increasing transparency the work implemented on matters to increasing doubts of professionalism.
4. The communication of the key matters in the report on the FS in a different paragraph.
5. Laying the foundation for reports by new and revised standards for more universal and comprehensive future and improve auditor reporting.
6. Increasing communication between the auditors on the one hand and the users, investors and management on the other.

7. Building more users' confidence in the reports and financial statements.
8. Adding more transparency in the report, in terms of quality and the value of accounting information.
9. The managers and the compilers increase their interests in the FS in the information in the report of auditors.
10. For the public, enhancing financial reports.

(AIS: 701)

Benefits of reporting key matters in an audit: -

1. Improving Good Governance

Most important audit issues are transparent when the audit discusses it with a partner and the committee. Therefore, disclosing KAMs improves corporate governance.

In addition, in the market view, KAMs improves the role of the audit committee in the when applied in the coming year. Also, specifically, the significance of existing committee members with modern and relevant expertise in finance has been confirmed, as they pave the way to discuss KAMs.

2. Improving the Audit Process

Reporting information to the audit committee improves the quality of the audit as the teams of the audit are willing to contemplate on intricate difficulties that require good judgment and showing their ideas publicly in the reports.

So KAMs will improve the quality, when there is a selected KAM issue. The audit file explains proper feedback and have the auditors concentrate on these issues. They pay less attention to issues that are not KAM. Thus, more time is given large cases (ACCA, 2018: 7)

3. Improving Financial Reporting

KAMs has stimulated better financial reporting as it has prompted companies to add disclosing the FS actions of the past years.

The Standard 701 shows that it is important to discover significant improvements when reporting financially because of the audit).

KAMs not only improves the information quality for investors, but also the financial reporting process:

- KAMs aims to improve conversations of the auditor with those in charge of governance. This helps to improve the personal judgment of the auditor.
- In KAMs, the auditor focuses on the areas of audit with precise judgments increasing his/her quality.
- Assists KAMs by reviewing financial reports and disclosures of those KAMs. This, in turn, financial reporting improves the future.

Thus, these factors give KAM's bigger influence on the financial reporting process not only giving better information to investors.

(ACCA, 2018: 7)

ISA: 701 provides further guidance on how to determine consequence and whether an issue is a main matter:

- Understanding the FS target users generally, and their significance to the financial statements.
- The issue-related the basic accounting policy in management's choice of an appropriate policy in comparison with other entities in the area.
- The type or quantity of the corrected or accumulated wrong treatments because of the fraud or error.
- The audit efforts to address the issues such as the extent of the skill or knowledge in the application of audit procedures to evaluate the outcome of procedures, if any.
- The consultation nature outside the engagement team of the matter.
- The extent of difficulties in the application of audit procedures to evaluate the procedural outcomes so that the auditor depend on with relevant and reliable evidence such as objective judgment.
- The severity of any regulatory deficits identified in the matter.

If the issue has a number of distinct but connected audit considerations. For example, long-standing bonds could involve important auditors' interest in recognizing revenue and may have an impact on other accounting estimates.

(ACCA, 2018: 21)

THE ROLE OF REPORTING ON KEY AUDIT MATTERS IN REDUCING THE EXPECTATIONS GAP

Reporting contributes to the main audit matters in reducing the expectations gap by strengthening communication about important issues in the audit management and the people responsible for governance. This makes more confidence and concern for information in the auditor's report and audited FS, as their delivery in the report contributes to an increase in the level of confidence in the audit process. In addition, there is a

separate paragraph for the main matters in the audit would add importance to that information for users of the reports, increasing interest in them and form more reasonable future expectations because those main matters reported in the report are based on the auditor's persistence and personal judgment. More specific to the company or entity and has a concise and clear language for users, away from repeated stereotypes (gareeb, 2019: 69).

DETERMINE THE MAIN MATTERS IN THE AUDIT

In ISA 701, there is the "Judgment Based Decision Making Framework". It helps the auditors to determine what issues to report as (KAM) as follows

- A. Issues communicated with governance people introducing KAM to keep the audit scope. Those issues determine the KAM and what the communication of the auditor with those in charge of the governance based ISA (260) and other international auditing standards. That specifies the auditor's requirements for communicating significant is determined by the audit, for instance, the major problems in the audit, communications of the transactions of the party, restrictions imposed on reporting and discussions on problematic or debatable issues.
- B. Those issues needing the auditor's attention in the process showing that they could require greater attention to do the audit:

Difficulties for the auditor to gain adequate and proper auditing evidences.

- Difficulties for build opinions by the auditors.
- The issues in problematic audit judgments and significant managers' judgment in the FS affecting the auditor's inclusive audit plan, allocation of resource and efforts.

(KPMG, 2015: 4)

- C. The areas of highest rated risk of substantial errors or risks: The auditor finds and evaluates the risks of the FS and plans and adopts the audit procedures to the risks in the standard context. At the discretion of the auditor, private review, the higher risk are frequently areas requiring bigger attention from the auditor.
- D. The areas in the FS involving a crucial judgment from the managers. These areas cause to the auditor make judgment, such as accounting estimates with bigger uncertainty. For example, according the circumstances of a certain entity, and the weak friendliness or fair value of a certain financial tool, complex estimates could involve both an expert of the management and that of the audit. In addition, the auditor may use accounting policies and practices unpredictable in a similar sector.
- E. Important actions or transactions in the period whose impact on auditing could need the auditors' greater attention. They include vital transactions with associated parties, and with outside the usual transactions.

(KPMG, 2018: 8)

REPORTING IN THE AUDITOR'S REPORT BASED ON THE AUDITING STANDARD (701)

It was also discussed in the theoretical part that the new-style audit reports attracted the attention of the investor community, as investors appreciated this new vision in preparing the reports and found that it was of greater benefit, especially the paragraph of the main audit issues appeared and dealt with in the audit process that lead Greater understanding of what auditors do, thus increasing public confidence in financial reports.

standard reports were preferred over standardization, as studies showed when applying the new changes in the reports of auditors that stakeholders realized that the strengthened reports issued were just the beginning of the improvement trend in the second year of adoption, while reducing the number of standard observations.

Significant audit materials of the present period's audit of the FS that have been reported or to be reported to the committee of the audit such as:

- (1) Accounts or disclosures related material to FS and (2) with difficult or subjective judgments.

The researcher prepared a report form explaining the main paragraphs of the report with a review in a paragraph (Main matters in auditing) in the report. The researcher also included the main matters in the audit that she believes will be produced upon the company's FS auditing in the actual applying IFRS. The paragraph depends on the personal judgment of the auditor and differs according to the body subject to the audit and the sector to which it belongs.

International Accounting Standard No. (2): Inventory	
Upon the company's implementation of International Accounting Standard No. (2), the company judges the inventory value at the end of the period at cost or net realizable value, whichever is less, and determining the net realizable value based on the estimation of	Auditors must verify the management's assumptions in determining the net value and analyze sensitivity to the case of inventory depreciation below its cost. The correctness and adequacy of the management's procedures for determining the value of the end-of-

<p>selling price in the usual business minus the estimated costs of completion and the expected costs required for the completion of Selling, meaning that the company will determine the net value, which may (not) be the same as fair value deduction from it the selling costs.</p>	<p>term stock must be verified by the evaluation of it in terms of the cost or net value, based on the lower one.</p>
<p>The company follows the weighted average method in pricing the stock at the end of the period and evaluates it at the purchase price (for each item separately), as the company finds that there are not enough conditions that lead to a decrease in the value of the stock to less than its cost.</p>	<p>The auditor collects sufficient information to ensure that there are not enough circumstances decreasing the value of the stock to less than its cost.</p>
<p>IAS No. (8): Accounting policies, errors and changes in accounting estimates</p>	
<p>It is obligatory to define the principles and criteria that must be considered when selecting and changing the accounting policies to be followed when making FSs, explaining the accounting treatment for the change in the accounting estimates, explaining its treatment of errors that occur in previous periods and are discovered in the present time.</p>	<p>Auditors study the accounting policies that have been followed by the management when making the firm's FSs, along auditing the estimates related accounting treatments ensuring the correctness of these treatments for handling errors and retroactively.</p>
<p>IAS No. (10): Events subsequent to the budget date</p>	
<p>The administration shall disclose the events subsequent to the date of approval, determine whether or not the events require modification, and take the necessary measures regarding them due to their importance in the influence of the users' decisions on the FSs, estimating the financial impact of those events, if any, or disclosing that.</p>	<p>The auditor must ensure that management does the following:</p> <ul style="list-style-type: none"> - Disclosure and action r related to the events next to the approval date, which represents a cutoff point following the balance date in the sheet, to examine the events after that date. - A statement of whether the events that require amendment after date are important to a large extent so that not disclosing them will impact capability of users of the FS in taking rational and correct decisions. Important information are disclosed for each important type of those events, their nature, and their estimation of the financial impact. If the event is possible, and if it is difficult to estimate the financial impact, then this fact is disclosed. - Update the disclosure of the sheet date balance. If there is new information following that date on actions and circumstances on that date, their disclosures related have updated in terms of new information, whether the new information impact the amounts in the FSs or not
<p>IAS No. (16): Property, plant and equipment</p>	
<p>Re-estimating the period of benefit from current assets: The company owns non-current assets, and IFRS require the company to re-estimate the ages of those assets periodically, as these criteria do not allow for calculating depreciations of fully depleted assets, as these assets are cumulatively one of the most important balances in the company's balance sheet.</p> <ul style="list-style-type: none"> - The company evaluates the recoverable amount of each of the property and equipment and makes the necessary estimates in determining the main expectations supporting the provisional cash flows in business and their use disclosed in the FSs. 	<ul style="list-style-type: none"> - The audit procedures must include the company's procedures taken when re-estimating the reconstruction of its non-current assets, in a manner that ensures the soundness of the assessment process and its compliance with what is stated in the IFRS, with the audit procedures including the steps for evaluating the company's controls for analyzing accounts and depreciation. <p>Carrying out tests on the design, implementation and operational effectiveness of the controls set by the company to determine the impairment review process reasonableness. This test must include the following:</p> <ul style="list-style-type: none"> Ensuring the precision and totality of the impairment of the form calculation. Reviewing major meetings that are part of the impairment assessment review. • The involvement of internal evaluation specialists

	<p>within the audit team to assess the assessment of assets.</p> <ul style="list-style-type: none"> • Evaluate whether the models used by management to calculate the amount that is recoverable in each cash-generating unit complying to the IAS for asset impairment <p>Obtaining and analyzing key assumptions made by management to determine whether they are reasonable and supportable.</p> <ul style="list-style-type: none"> • A sensitivity analysis has been performed on the key assumptions used by management to ascertain the extent of change in those assumptions that will individually or collectively affect the asset book values. And the <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Management's assessment to assess the impairment loss recognized and the adequacy of the provision recorded in the books for future obligations in connection with the project. • Considering the adequacy of the group's disclosures in relation to this significant event included in the FSs.
IAS. (21): The change effects in foreign exchange rates	
<p>The company is obligated to report monetary amounts in foreign currency on the balance sheet date (BSD) using the closing rate, which represents (the spot exchange ratio at the end of the period of the reporting), this ratio (immediate delivery exchange rate) and the exchange rate represents (the rate at which two currencies are exchanged).</p> <p>It should be committed to disclosing the variations of the exchange in profit and loss accounts and disclosing the functional currency and the translation method used.</p>	<p>Ensure that the monetary amounts in foreign currency are reported on the BSD using the closing price, which represents (the direct rate of exchange at the end of the reporting period).</p> <p>It should also be ensured that the company discloses the amount of exchange differences recognized in the profit and loss accounts and discloses the functional currency and the translation method used.</p>
IAS No. (37): Provisions, assets and contingent liabilities	
<p>Provisions emerge when the company is obliged by a past event. Probably the firm is asked to settle the obligation, and make a reliable estimate.</p> <p>The company should disclose a brief statement about the nature of the potential commitment. Also, where practicable, the company discloses (its financial impact showing doubts related to the value or timing of any outflow).</p>	<p>The auditor must ensure that the company determines the current liabilities resulting from past events that may lead to claims for settlement, with an true estimate of the value of that responsibility if sufficient information is available for this, and he must also make sure that the management discloses the nature of these liabilities and their financial impact with an explanation of the related.</p>
IAS No. (32), Presentation, IFRS No. (7), Disclosure and IFRS No. (9)	
<p>In the assumption of the fair value measurement, the asset or exchanged liability is in a transaction in regular ordinary conditions among the participants selling asset or transferring the liability at the measurement date under current market conditions).</p> <p>At a fair value, the carrying financial assets measured in terms of profit or loss is to be disclosed in the balance sheet or in the notes. The same is true with the fair value to allow comparison with its carrying amount).</p>	<p>Ensure that the sale or exchange of the asset is carried out in a transaction in normal and regular conditions between market participants.</p> <p>Ensure compliance with the disclosure requirements contained in IFRS No. (7).</p>
IFRS No. (15): Revenue from contracts from clients	
<p>The company must recognize revenues to describe the process of transferring the service provided to clients values indication that the company has the right to exchange for those services it expects to receive.</p> <p>As the international standard requires proof of this after achieving the five controls specified in paragraph</p>	<p>Ensuring that the revenue recording process has not been tampered with and that it reflects the company's right in return for the services provided to customers.</p> <p>Ensure the controls related to revenue recognition.</p>

<p>(9) thereof, namely: -</p> <ul style="list-style-type: none"> - The agreement of the parties to the contract (in writing, orally, according to commercial practices) and that they are obligated to perform their obligations. - Each party has the right to determine the goods or services transferred. The payment of this transference can be specified. - The contract is commercial in terms of content, thus, risks, timing and future cash flows are expected because of the contract change. <p>Possible return can be obtained for those goods and services that will be transferred. -</p>	
<p>IFRS No. (1): Firt adopting of IFRS</p>	
<p>The administration prepares the first FS made according to user international standards and their comparability in the presented periods and provides an appropriate start for accounting based on these standards, paying attention that the cost of preparing them is not more than their benefits.</p> <p>The administration also arranged an opening budget based on the IFRS whose beginning is the BSD of the transition to international standards.</p> <p>The same accounting policies are used when opening its budget in all periods when it presents it first FS that applies to IFRS.</p>	<p>Ensure the correct preparation of the firm's first FS according to the relevant standards adhering to them with the opening budget arranged to convert to the international standards.</p>

CONCLUSIONS

1. The decision to impose the application of IFRS on joint stock companies in Iraq to grant an appropriate trial period prior to applying IFRS before imposing the obligation on these companies.
2. The process of applying IFRS on joint stock companies in Iraq has not preceded evidence of its correct application, which will lead to difficulty in implementing that decision.
3. Not to involve members of the tourism sector in the process of estimating the time period required to properly prepare the requirements for applying international financial reporting standards.
4. Most of the assets owned by the company are not linked to a major or secondary market that helps in determining their fair value, which forces the use of (cost or reassessment), which require some estimates by experts and specialists in the field of evaluation.
5. Non-application of auditing standard No. (701) when preparing the report of the auditor report by the Federal Office of Financial Supervision, as well as not issuing a proposed mechanism to implement that standard, in addition to holding workshops to prepare employees to apply it.
6. The application of International Auditing Standard No. (701) increases the users 'confidence in the auditing profession and the auditor's report, as provides more understanding of the auditor's procedures.
7. The new style audit reports is based on the auditor's personal judgment, the entity nature subject to the audit, and the implemented audit process.

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