The Role of Applying IFRS.13 Fair Value Measurements in Improving the Quality of Accounting Information

P.Dr.Jaafar Abdulhussein Hilo alkiabi/Ibn Sina University for Medical and Pharmaceutical Sciences/Jaafar.abdulhussien@ibnsina.edu.iq

Abstract

The present research aims to study the role of the application of fair value measurements IFRS, 13 in accordance with IFRS in improving the quality of accounting information, and to demonstrate the impact of their application on the performance of economic entity in general, especially in relation to the parties associated with these economic entity. To achieve the research objective, a questionnaire form was determined and distributed for 30 practitioners of which 27 were valid for analysis , and used percentages, repetitions , calculation circles were used for the purpose of identifying the trends of the sample answers for each paragraph of the questionnaire, for each dimension and for each axis, as well as the use of standard deviations for the purpose of measuring the degree of dispersion of the values of the sample answers from the computational circles for each paragraph of the questionnaire, for each dimension and for each axis, and for the purpose of testing research hypotheses, the (T-Test) used to compare the average of the answers with the hypothetical arithmetic mean of the answers, and simple linear regression to show the relationship between the search variables. The research found that there is a significant relationship between the fair value measurements of IFRS.13 and improve the quality of accounting information in Iraqi economic entity. The research recommended the need for the economic entity to conduct accounting work using the measurement based on the fair value of the appropriate information it provides and a degree of honest representation that meets the needs of current and prospective users of the financial statements of the economic entity.

Keywords : International Financial Reporting Standards , fair value , quality of accounting information .

Introduction

The International Financial Reporting Standards (IFRS) sets common rules so that the financial statements are characterized by the quality of accounting information to be objective and comparable in all parts of the world, external parties and management of the economic entity. Therefore, the adoption of fair value accounting for all assets and liabilities is consistent with the shift of the International Accounting Standards Board towards the statement financial position. The process of setting international financial reporting standards in the past few years has achieved a number of successes in achieving greater recognition and use of international standards for the preparation of financial reports, and to know the role of applying fair value measurements IFRS.13 in improving the quality of accounting information contained in the financial statements of economic entity listed in the Iraq Stock Exchange Finance, the research problem was identified in the following question:

Does the application of fair value accounting improve the quality of accounting information for the financial reports of the Iraqi economic entity?

The research aims to achieve the following:

1. Statement of the concept of fair value accounting and the quality of accounting information.
2. Demonstrating the importance of applying IFRS.13 fair value measurements in improving the quality of accounting information.

The importance of the research is through showing the effect of applying the standard of fair value measurements in the financial statements of the economic entity listed in the Iraq Stock Exchange on the quality of accounting information that includes the property of relevance and honest representation as well as other enhancing properties, through the theoretical side, while the practical side is The second aspect of the research, as the research receives its importance through the statement of the role of IFRS.13 application in improving the quality of accounting information in the Iraqi economic entity.

The research is based on the following main hypothesis: "There is a significant relationship between the application of IFRS.13 fair value measurements and improving the quality of accounting information in Iraqi economic entity".

The researcher relied on the theoretical side and the practical side in the research, as follows:

-**Theoretical side:** Based on the available literature such as books, periodicals, master's theses, and doctoral dissertations, local, Arab, and foreign.
-**The practical (applied) aspect:** - The research based on the questionnaire form to identify the opinions of the research sample consisting of accounting staff in joint stock companies listed on the Iraq Stock Exchange, who generally possess characteristics that suggest that they are qualified in terms of scientific qualification, experience and certification to answer the questionnaire questions more accurately .To indicate the relationship between IFRS fair value and IFRS.13 and improve the quality of accounting information in the Iraqi economic entity, as (30) questionnaires were distributed and (27) questionnaires were recovered valid for analysis.

2. Literature review

There are several studies that have addressed the fair value and quality of accounting information, including the study of (Majid, 2015) entitled "The reflection of the application of international financial reporting standards on fair value on the quality of accounting information, applied research on a sample of companies listed in the

The Role of Applying IFRS.13 Fair Value Measurements in Improving the Quality of Accounting Information

Iraq Stock Exchange - Legal Accounting ,The study showed the extent of the reflection of the application of fair value accounting on accounting information, and the improvement of the quality of financial information. The research reached a number of conclusions, the most important of which is that accounting for the fair value of financial assets has a fundamental impact on improving the informational content of financial reports. The most important recommendations were the need to adopt fair value accounting as a basis for measuring and disclosing financial assets in the supplementary disclosure for the preparation of financial reports, which leads to achieving high quality and fulfilling the requirements of international accounting standards.

Either study (Al-Nour, 2017) entitled "International Financial Reporting Standards and their Role in the Quality of Accounting Information in Sudan - A Field Study on a Sample of Public Shareholding Companies in Sudan" - PhD thesis ,This study aimed to find out the possibility of applying international financial reporting standards IFRS / IAS to improve the quality of accounting information, and to identify the changes that occurred in the standards to become international financial reporting standards. The study reached a number of conclusions, the most important of which is the financial reporting standards. The international organization plays an important and vital role in improving the quality of accounting information contained in the financial reports. The most important recommendations were the need to provide a more detailed explanation of international financial reporting standards for the purpose of applying them in the same manner by all institutions and thus providing comparable accounting information.

As for the study (Gulin, et al 2017) titled The concept of fair value to achieve the objectives of the users of the financial statements, The main objective of the research is to investigate and analyze accounting standards from the point of implementation of the fair value concept as required or the accounting policy permitted for measuring and evaluating economic categories. And explore the usefulness of information about the fair value of assets and liabilities to users of financial statements. Work has been done on the critical evaluation of the accounting standards, with special reference to the application of fair value accounting in order to serve the interests of the users of the financial statements. The results of the research show that different users of the financial statements have different interests, which means that the application of the concept of fair value contributes to achieving the interests of individual users of the financial statements only, while the interests of other users of the financial statements are not achieved. The above shows that the application of the concept of fair value leads to achieving the goals of only a certain number of users of financial statements. The results of the research also indicate that the application of the fair value concept has a significant impact on the quality of accounting information.

And study (budrientity ,& Jay ermauskas ,2018), historical cost vs. fair value in Forest accounting: the case of Lithuania, The aim of this study was to assess the strengths and weaknesses of the methods of accounting of enterprises based on fair value and historical cost and the practice of their use in Lithuanian enterprises. The monograph examines the scientific literature and publishes theoretical methods of Comparative Analysis, Critical Assessment, systematization, generalization. The experimental research included the analysis of the content of the document, the survey of the questionnaire. The article deals with the issues of using accounting methods for Forest accounting: traditional cost-based accounting methods do not reflect the biological

transformation of forests, impede the determination of costs for Forest Development and the end of their capitalization, the method of systematic exclusion from recognition. On the other hand, the fundamental complexity of using the fair value method is that the forest largely lacks an active market with listed prices. Thus, their fair value is determined on the basis of rather subjective assumptions by various valuation methods, which leads to unreliable and unverifiable information. The results of the research conducted on the forest accounting policy observed at private enterprises in Lithuania revealed that forest accounting by cost is carried out exclusively by all companies under investigation. However, the method itself was interpreted quite differently. The article presents cost-adjusted forest accounting methods, which allow minimizing the identified shortcomings.

As for the study (Anna Kasyan, et al, 2018) Disclosure of Fair Value Measurement Techniques of Financial Instruments – Study applied to the Portuguese Banking Sector according to IFRS 13, The study aimed to clarify what was determined by the IASB has defined in IFRS 7 ─Financial Instruments: Disclosures" and in IFRS 13 "Fair Value Measurement", the set of disclosures that a company should make regarding the fair value measurement techniques used. The fair value hierarchy concept, introduced in IFRS 7 in 2009, classifies the data used in the measurement according to three levels, of which two levels introduce some subjectivity in the measurement. IFRS 7 has been amended several times with the clear intention to improve the disclosure requirements about financial instruments. IFRS 13 defines fair value, sets out a single framework for measuring fair value and requires disclosures about fair value measurements. Hence, this research aims to study the disclosure of fair value measurement techniques of the financial instruments, required by IFRS 13, of companies operating in the banking sector in Portugal from 2013 to 2015. Its purpose is to understand whether those financial instruments duly applied the accounting standards that define the required disclosures and analyze the fair value measurement techniques used for financial instruments. The results of the study allow us to conclude that companies operating in the banking sector in Portugal have not generally disclosed information on fair value measurement techniques of the financial instruments required by IFRS 13. It was also concluded that most financial instruments measured at fair value are classified at level 2 of the fair value hierarchy, which limits the degree of certainty about their values.

As for the study (Andrei Filip, et al, 2019) dealing with the importance of the Fair Value Measurement Hierarchy: A Holistic Perspective This paper provides a non-traditional review of recent research on the fair value (FV) measurement hierarchy. We begin with a meta-analysis that synthesizes the studies on the value relevance of the FV hierarchy. Overall, we find that the value relevance is lower for level 3 than for levels 1 and 2. We also find that the value relevance of the FV hierarchy has increased over time, particularly for levels 1 and 2: this could be related to a learning effect among key parties (e.g., auditors, managers) and to advancements in technology. As for the level 3 results, the fundamentals of the underlying assets, model risk, and difficulties in conveying the complexity of the measurement process may contribute to a value relevance gap. In addition, we discuss studies that examine other issues related to the FV hierarchy, such as the attributes of investment securities and markets, managerial discretion, information content, and auditing and enforcement. We then evaluate the conclusions reached in the academic literature by adding insights from interviews with auditors and financial reporting professionals

from financial institutions. Learning about fair value accounting (FVA) has accumulated over time, bringing a formalization of the FV measurement and reporting process in practice that the academic literature has yet to fully recognize. This highlights conceptual and methodological issues in the existing literature as well as interesting areas for research with practical implications.

The study (Ramli, et al, 2021) explained the Implementation of IFRS 13 Fair Value Measurement: Issues and Challenges faced by the Islamic Financial Institutions in Malaysia, Fair value Measurement (FV) is claimed to be superior to other forms of measurement mainly because the former is easily understood by investors and stakeholders. However, the challenges faced in deploying International Financial Reporting Standards (IFRS) 13 FV Measurement could result in inconsistent application and unexpected costs related to the requirements of the standard. As such, this study explored the issues and challenges of implementing IFRS 13 FV Measurement faced by financial instruments, particularly within the context of Islamic Financial Institutions (IFIs). Upon adopting the qualitative approach, in-depth interview sessions were held with several academicians, accountants, auditors, and professional body representatives. The study outcomes revealed that issues in implementation of FV measurement were related to the relevance of measurement and hierarchy of level of FV measurement. Notably, issues pertaining to FV measurement were highlighted from the Shariah perspective. Valuable insights on the issues revolving around IFRS 13 implementation, particularly on financial instruments in Malaysia, are presented in this study.

Measurements of fair value (IFRS.13) and the quality of accounting information - a
conceptual introduction
Accounting measurement
1-Accounting of historical costs

The historical cost principle is based on several justifications, as it provides a large degree of objectivity in measurement, as the figures are comparable .It facilitates the process of accurately verifying historical cost data and thereby giving a high degree of confidence in accounting information. The historical cost has continued to be used as a basis for measurement and recording Because its reliance on facts that have already occurred, are supported by documents, are not subject to differences in estimation and personal judgment, are easy to verify, and are measured by the amounts paid for them in cash or equivalent at the time of occurrence. Economic entity are exposed to risks Because rapid and successive changes in the economic environment as a result of the exposure of their fixed assets to depreciation , **the most important of these changes are (Ibrahim, 2010:18):-**

A. **the speed of technological development**
B. **increased global competition**
C. **the change in demand for industrial machinery and equipment as a result of the change in the wishes of consumers**
D. **lack of rationality in administrative decisions**

Despite the justifications on which the historical cost principle is based, and its consistency with accounting assumptions and principles, it has raised many criticisms about the limited usefulness of using the resulting financial statements and reports .

Justifications for the deviation from the historical cost principle to the application of fair value accounting

A. The use of historical cost is a disadvantage for those users of financial information who want to know the current values.(Averkamp,2004:2)

B. The unreliability of the historical values of the items of the statement of financial position Because of Usage a combination of monetary entity with different purchasing power, which leads to the fact that the value of the financial position has become represented by a mixture of heterogeneous numbers, which means that they do not give an honest and clear picture of the financial position. (Abed, 2006:50)

C. The objectivity, reliability and verifiability of historical cost is one of the most important justifications for its support, but this objective evidence represented by documents quickly becomes contrary to the truth over time, because cost and value are synonymous only at the moment of exchange and then the equality between value and cost becomes just a coincidence, and the declared profits often look fake, therefore the objectivity provided by the historical cost basis the alleged objectivity of the party Supporters of historical cost are not scientific objectivity that requires accounting information to represent the realities of economic life, therefore historical cost negatively affects both the relevance and reliability of accounting information.(Sweden, 2012 :56)

2: IFRS.13 fair value measurements:

Fair value is a market-based measurement, not a specific measurement of a business entity and for some assets and liabilities; observable market transactions or observable market information may be available. For other assets and liabilities, observable market transactions and observable market information may not be available. However,(Salloum, & Nouri, 2009:9) , the objective of a fair value measurement in both cases is the same—an estimate of the price at which a transaction would take place in normal, regular circumstances. To sell the asset or to transfer the liability between market participants on the measurement date under current market conditions (i.e. the exit price on the measurement date from the perspective of a market participant holding the asset or owing the liability. (IFRS, 2018:508)

The measurement and disclosure based on the fair value positively affects the quality of the financial reports and makes the information of the financial statements with more qualitative characteristics (appropriateness and honest representation & et al, 2014:364)

The fair value of an asset is defined according to the American Generally Accepted Accounting Principles (GAAP) as that amount by which the asset is sold or purchased through a real exchange transaction between willing and knowledgeable parties to exchange, away from liquidation conditions, and in return; The fair value of a liability is the amount to which it would become due or the amount that would be settled in an arm's length transaction between willing parties, excluding the effect of liquidation. The fair value of any item is estimated through the prices offered or requested for it, and in cases where these prices are not available, the fair value of the item is determined in an estimated manner (Mohammed, 2016: 3).

The Financial Accounting Standards Board justified the use of the term fair value because not all assets and liabilities have a value that can be obtained from the market. The economic entity should disclose information that helps users of its financial statements in evaluating each of the following (IFRS, 2018:508) :-

For assets and liabilities that are measured at fair value - on a recurring or non-recurring basis - in the statement of financial position after initial recognition, the evaluation methods and inputs used to develop those measurements.

❖ For repeated fair value measurements that use significant unobservable inputs.

❖ The effect of the measurements on profit or loss or other comprehensive income for the period.

The objective of measuring the fair value:-

The objective of measuring the fair value is to estimate the price at which the transaction takes place under normal and regular conditions to sell the asset or to transfer the obligation between the market participants on the date of measurement under the current market conditions, and the measurement of the fair value requires **the economic entity to determine all of the following (IFRS, 2018:506):-**

1. The specific asset or liability that is being measured (in accordance with its entity of account)

1- For a non-financial asset, the valuation hypothesis that is suitable for measurement (in accordance with its maximum and best use) .

2- The principal (or the most advantageous) market for the asset or liability.

3- Appropriate valuation method(s) for measurement, taking into account the availability of data by which inputs are developed that represent the assumptions that market participants would use when pricing the asset or liability and the level in the fair value hierarchy within which the inputs are classified.

As for the accounting rule no. (6) Regarding the disclosure of information related to the financial statements and accounting policies, the means of disclosure were divided into two groups:

The first group includes the following:

A- Financial data, including the statement of financial position, the profit and loss account, the current operations statement, the cash flow statement, the sources and uses of funds, or the net income distribution statement.

b- The board of directors' report, which should include all information related to the economic entity, its performance status, its resources during the relevant period, factors affecting the entity's performance, and future prospects for its activity.

The auditor's report, which should shed light on any data or information contained in the financial statements or statements attached thereto, or the management's report that it deems necessary or useful to draw attention to, either in the absence or insufficiency of information disclosed by the management in relation to the financial statements. The external auditor should disclose in his report that he prepares about the financial statements what information he deems necessary in accordance with this rule or according to the conviction and professional judgment of the person and restrict his opinion if necessary.

The second group included the following:

A- Disclosure in the body of the financial statements themselves between brackets.

b- It can be through the margins.

C- Lists attached to the financial statements.

D-Disclosure on the basis of the disclosure relationship in the financial markets : **The types of accounting disclosure have been divided into three types according to their relationship to the financial markets, which are as follows :**

❖ **Correlational Disclosure :** Correlational disclosure means presenting information that helps users of financial reports , shareholders and other stakeholders , in making their decisions in the stock market.

❖ **Voluntary disclosure :** This type of disclosure means the disclosure of information in the financial reports by managers of economic entity that are available to them and are not obligated to disclose it compulsorily.

❖ **Efficient disclosure :** What is meant by this type of disclosure is the disclosure of information in financial reports that guarantee the efficiency of the stock market, regardless of the incentives of the economic entity management when disclosing that information.

Justifications for using fair value measurements:

There are several justifications through which the fair value can be used**, which are as follows (Dahmash, & Abu Zrar, 2006: 21)**

❖ The fair value focuses on placing greater importance on the appropriateness of accounting information in order to help the parties benefiting from it to make sound decisions in a timely manner.

❖ The concept of fair value in accounting is linked to the concept of accounting for in-kind capital, which reflects the picture of the performance of the economic entity.

❖ The fair value helps in improving the financial analysis process by providing ratios and indicators that measure the actual performance of the economic entity.

❖ The fair value often reflects the financial markets' assessment of the present value of the expected cash flows of the financial instruments.

❖ Fair value information helps in making comparisons between financial instruments that have similar economic characteristics.

The cons of fair value accounting (Trajkovska, et al, 2021: 8)

a) The measurement is not accurate because it is subject to personal opinions and opinions in the evaluation process, especially when there are no active markets.

b) Increased costs, especially for small companies, which makes them lose the benefit of applying them, in addition to the lack of competencies capable of applying accounting based on the concept of fair value in such companies.

c) Expectations of presentation of financial statements at inappropriate times Because the time required to determine the fair value, which may lead to the issuance of financial statements that do not help to make decisions at the necessary times for investors and shareholders.

d) The possibility of manipulating the results to cover gaps in accordance with the wishes of management.

e) Recognition of unrealized income items in the income statement or in equity without the presence of real operations may open the way for manipulation.

The concept of quality of accounting information

The quality of accounting information that results from compliance with the International Financial Reporting Standards (IFRS) contributes to the revitalization of the stock market, as the appropriate accounting information represents an essential part of the information that contributes to setting, establishing or installing the relative price structure of securities and plays an important role in allocating resources. Ltd. between different investment projects and in the distribution of securities among investors (AL-Sharqawi, 2014: 15) and the quality of useful accounting information determines the types of information that are likely to be more useful to investors, lenders and other creditors, current and potential, in making decisions about the economic entity prepared for the report on The basis of the information contained in its financial report (financial information) and in order for the financial information to be useful, it should be appropriate and honestly express what it aims to express. It

enhances the usefulness of the financial information if it is verifiable, comparable, available in a timely manner, and understandable (IFRS.2018:63)

As accounting information of high quality is an essential component in the framework of the work of the International Accounting Standards Board (IASB) and the American Financial Accounting Standards Board (FASB), as well as in the framework contained in the joint project, and this demonstrates its importance through the accounting concepts that have been addressed by the various frameworks. Accounting information for its users except in the light of its characteristics, and the preparation of accounting information based on the foundations and rules contained in accounting standards, whatever its source, is not sufficient if it is not characterized by the characteristics of information of high quality, (kieso, 2018: 30) and the qualitative characteristics in The common conceptual framework between the two councils about what is included in the two frameworks, Because the existence of common characteristics between the two frameworks before the agreement on the common framework, and the common framework, according to the previous illustration of the basic characteristics of accounting information, according to the working paper issued by the IASB entitled "Improving the conceptual framework for financial reporting" in the year 2008 with two characteristics The two principles are: the relevance and faithful representation of the qualitative characteristics of the main accounting information and the enhancing characteristics In order for the information to be useful, it should be relevant and at the same time truthfully expressed. The honest expression of an inappropriate phenomenon or the untruthful expression of an appropriate phenomenon does not help users make good decisions. The procedure for applying the quality of the foundation is usually more efficient and effective, **through the following (IFRS, 2010:65):**

❖ Determine the economic phenomenon that may be useful to the users of the financial information of the economic entity prepared for the report.

❖ Determine the type of information about that phenomenon that will be more appropriate if it is available and can be honestly expressed.

❖ Determine whether such information is available and can be truthfully expressed.

The characteristics are the qualities or features that should be characterized by accounting information in order to be faithfully representative of the reality of the situation in the economic entity. As indicated by the conceptual framework issued by the joint project between FASB and IASB, the characteristics that differentiate between the most useful information from the less useful information are appropriateness and faithful representation, for related phenomena and events, with some other properties branching from them (Ali & Mohammed, 2016: 538).

A :- Fundamental characteristics of accounting information:

Relevant:-

Appropriate information is that information that is capable of making a change in the decisions made by users (kieso, & et al, 2014: 32), and the American Accounting Association (AAA) considered that in order for accounting information to be relevant it should be related to the goal and purpose to be achieved (Al- Shahada et al., 2011: 246). The suitability property consists of three sub-characteristics, **which are as follows: (Ismail & Noam, 2012: 291)**

A-**Confirmatory value** - Provides information about past events

B-**Predictive value** - Provides predictive power regarding possible future events

C- **Materiality:** Information is considered to be of relative importance if its omission or misdisplay could affect the decisions taken by users (Ismail and Noam, 2012: 294)

Representation faithfulness :-

Representational faithfulness, also known as reliability, is the extent to which information accurately reflects a company's resources, obligatory claims, transactions, etc. To help, think of a pictorial depiction of something in real life – how accurately does the picture represent what you see in real life? For accounting information to possess representational faithfulness, it should be: (Ali & Mohammed, 2016: 538).

A- Freedom from error: - means that there should be no errors or omissions in the description and statement of economic events, and there should be no errors in the process of processing the declared financial information (Al-Obeidi, 2014: 51)

B- Completeness: It means that all the necessary information is provided, and omission may cause the information to be wrong or misleading, and therefore not useful to users of accounting reports. . (Muhammad, 2007: 31)

C- Neutrality: It means avoiding intentional bias that aims to reach prior results and have an impact on the behavior of the user of this information in a certain direction. (Al Humaidawi, 2016: 44)

B: Enhancing characteristics of accounting information:

The enhanced quality is complementary to the qualitative characteristics of basic accounting information, and is represented in comparability, verifiability, timeliness, and comprehensibility (kieso, & et al, 2014: 35). My agency:

1- **Comparability:** It is the ability to compare the financial statements for a specific financial period with the financial statements for a previous period or periods for the same economic entity, or to compare the financial statements of an economic entity with another economic entity for the same period. Users of accounting information benefit from making the comparison for the purposes of making appropriate decisions. (Al-Hamdan et al., 2013: 104) and symmetry includes following (Hanan, 2009: 81)

a- Same accounting procedures.

b- Same measurement concepts.

c- The tab itself.

d- The same measurement and disclosure methods.

2-**Verifiability :** It is the agreement between a numbers of measuring persons who use the same entity of measurement to reach the same conclusion regarding the preparation of the financial statements; otherwise the financial statements are not verifiable. (Al-Hamdan et al., 2013: 104)

3- **Timeliness :** Providing accounting information to those who need it, in a timely manner, given that accounting information loses its value and importance if it is not available when needed to use it, so that it loses its effectiveness in making decisions on which it is based (Al-Hamdan et al., 2013: 104)

4- **Understandability:** Those who prepare the financial statements should take into account the capabilities and competencies of those who use them, as the user of accounting information cannot benefit from them if they are not clear and well understood, and until communication is achieved that guarantees accounting reporting, i.e. reporting the data contained in the financial statements, Considering that those who use the financial statements, and even the accompanying explanatory reports, are not all accountants or have scientific competencies in the field of financial accounting(Al-Hamdan et al., 2013: 104)

The importance of using fair value accounting in improving the quality of accounting information:

Determining the objectives of financial reports is the starting point for applying the approach of usefulness of accounting information in rationalizing the decisions of beneficiaries, meaning that good information is that information that is most useful in the field of rationalizing decisions. Information quality concepts mean those characteristics that should be characterized by useful accounting information, and these characteristics are of great benefit. For each of those responsible for Setting appropriate standards and those responsible for preparing financial reports in evaluating the quality of information that results from the application of alternative accounting methods and methods (Al-Shirazi, 1990: 45)

The information is appropriate when it affects the economic decisions taken by the users by assisting them in evaluating the past, present or future events, and the information is reliable when it is free from fundamental errors or bias. Historical and fair value (Mikova, 2014: 4), while the historical cost model achieves a great deal of faithful representation and a lesser degree of relevance, the fair value model achieves a greater degree of relevance and a lesser degree of true representation, especially in the absence of an active market, and because it does not It is possible to dispense with any of the basic characteristics (appropriateness and faithful representation), because it should be balanced between them. In some situations, appropriateness is more important than true representation, and vice versa in other situations. Nevertheless, it is not possible under any circumstances to sacrifice any of the appropriateness or true representation in full (Saleh, 2009: 33). The importance of using fair value accounting in revealing the financial position appears by addressing the impact of the change in asset prices. It is distinguished from the historical cost by presenting a more accurate measurement of the current value of assets, which increases the degree of honest representation. And to reveal the income in dealing with the problem of irregular gains and losses, because its use is better than the historical cost, which leads to showing the net income in the true form of the economic entity.

Analysis of the relationship between the application of IFRS.13 fair value measurements and the improvement of the quality of accounting information - the applied side

This axis aims to analyze the relationship between the application of fair value accounting in accordance with the International Financial Reporting Standard and the improvement of the quality of accounting information. To achieve this goal, this relationship has been analyzed statistically through the use of percentages, frequencies and arithmetic means in order to identify the sample trends for each paragraph of the questionnaire and for each dimension. **Including and standard deviations:**

1: Analyzing the results of the questionnaire

This paragraph includes a statistical analysis of the impact of the International Financial Reporting Standard (IFRS.13) fair value measurements on the quality of accounting information. My agencies:

The first axis: - IFRS.13 fair value measurements

a. The sample agreed that the fair value measurement is the appropriate measurement that enables users of financial information to evaluate the financial performance that is related to the timing and degree of certainty of future net cash flows. With an agreement of 66.6%, with an arithmetic mean of 3.70.

b. The sample confirmed that the fair value measurement is characterized by honest representation because it provides fair information that represents the economic facts in order to make sound decisions because it depends on the current market prices. The agreement reached 83.3%, with an arithmetic mean of 4.17.

c. The sample agreed that the fair value measurement provides information about the expected benefits from the assets or the burdens resulting from the liabilities, with an agreement percentage of 73.4%, with an arithmetic mean of 3.97.

d. The sample agreed that the fair value measurement contributes to providing information that has a predictive value that helps its users to evaluate current and future events to predict the company's activity. With an agreement rate of 83.3%, with arithmetic mean of 4.17.

e. The sample confirmed that the fair value measurement is based on objective criteria in measurement, the most important of which is the market standard as well as the prevailing economic conditions at the date of preparing the financial reports, with an agreement ratio of 73.3 and an arithmetic mean of 3.97.

f. The sample agreed that the fair value measurement contributes to providing information that enhances the comparability feature by evaluating similar elements according to similar evaluation methods, with an agreement percentage of 86.7%, with an arithmetic mean of 4.13.

g. The lists prepared according to the fair value contribute to providing more information that is understandable to the creditors, which helps in rationalizing the credit decisions.

Table (1) IFRS.13 fair value measurements

paragraphs	Totally agree%	I agree%	Neutr al %	I do not agree %	I don't quite agree%	Arithmeti c mean%	standard deviation%
A fair value measurement is an appropriate measure because it provides fair information that represents economic facts for making sound decisions because it is based on current market prices	13.3	53.3	26.7	3.3	3.3	3.70	0.88
A fair value measurement is an appropriate measurement that enables users of financial information to evaluate financial performance in relation to the timing and degree of certainty of future net cash flows.	20.0	50.0	23.3	6.7	----	3.83	0.83
A fair value measurement provides information about the expected benefits from assets or the costs arising from liabilities.	23.3	50.0	26.7	---	---	3.97	0.72
Fair value measurement contributes to providing information that has predictive value that helps its users evaluate current and future events to predict the company's activity.	33.3	50.0	16.7	---	---	4.17	0.70
The fair value measurement is based on objective measurement criteria, the most important of which is the market standard, as well as the prevailing economic conditions at the date of preparing the financial reports.	13.3	60.0	26.7	----	----	3.87	0.63
Fair value measurement provides information that enhances comparability by valuing similar items according to similar valuation methods.	26.7	60.0	30.0	3.3	---	4.13	0.84
Lists prepared according to fair value contribute to providing more understandable information to creditors, which helps in rationalizing credit decisions.	60.0	30.0	10.0	---	---	4.50	0.68
The general arithmetic mean						4.00	0.49

From the above table it is clear that the arithmetic mean for this axis was (4.00), which is greater than the value of the hypothetical mean which is (3.0). This means that the sample's answers are heading towards complete agreement and agreement, with a standard deviation of (0.49). This is a positive indication that there is a positive impact of the application of the International Financial Reporting Standard fair value (IFRS.13) on the property of appropriateness and the property of honest representation, which are considered basic quality of accounting information as well as the reinforcement characteristics contained in the financial statements of the economic entity listed in the Iraq Stock Exchange.

The second axis: - the quality of accounting information

a. The suitability of accounting information is one of the most important characteristics that should be available in this information, and it means its ability to help its users to make more accurate predictions about future events, with an agreement rate of (73.4%) and an arithmetic mean of (3.87).

b. The visualization of the economic phenomenon is complete if it includes all the information necessary to represent it, as omission can make the information false or misleading, and therefore not useful to users of financial statements. The financial statements provided by economic entity prepared according to fair value accounting creditors contribute to rationalizing decisions Creditability This was confirmed by the sample with an agreement rate of (66.7%) and an arithmetic mean (3.87)

c. The feature of comparability allows the performance of the same company to be compared from time to time. Accounting information is useful to those who use it in the comparison process if similar methods of measurement and disclosure are adopted. With an agreement rate of (63.4%) and an arithmetic mean (3.67)

d. The concept of verifiability is achieved when a high degree of agreement is obtained between a number of individuals doing the measurement who use the same measurement method, with an agreement rate of (70%) and an arithmetic mean (3.83)

e. Accounting information loses its value, importance, and comprehension if it is not available when needed to use it. With an agreement rate of (66.7%) and an arithmetic mean of (3.90)

Table (2) Quality of accounting information

paragraphs	Totally agree %	I agree %	Neutral %	I do not agree %	I don't quite agree%	Arithmetic mean%	standard deviation %
The suitability of accounting information is one of the most important characteristics that should be available in this information and means its ability to help its users to make more accurate predictions about future events.	26,7	46,7	3,87	1,04	6,6	3,87	1,04
The depiction of the economic phenomenon is complete if it includes all the necessary information for its representation, as omission can make the information false or misleading, and therefore not useful to the users of the financial statements.	26,7	40,0	3,87	0,90	--	3,87	0,90
The comparability feature allows the performance of the same company to be compared from time to time. Accounting information is useful to those who use it in the comparison process if similar methods of	16,7	46,7	3,67	0,92	--	3,67	0,92

measurement and disclosure are adopted.							
The concept of verifiability is achieved when there is a high degree of agreement between a number of individuals doing the measure who use the same measurement method	16,7	53,3	3,83	0,75	--	3,83	0,75
Accounting information loses its value, importance and comprehension if it is not available when it is needed for its use.	26,7	40,0	3,90	0,84	--	3,90	0,84
The general arithmetic mean						3,83	0,42

From the above table it is clear that the arithmetic mean for this axis amounted to (3.83), which is greater than the value of the hypothetical mean which is (3). This means that the sample's responses in this axis are directed towards the agreeable and strongly agreeable, with a standard deviation of (0.42) from the previous analysis of the sample's answers to the questionnaire paragraphs on the effect of IFRS.13 fair value measurements on improving the quality of accounting information in Iraqi economic entity, the following can be seen:

a. The financial statements based on the fair value provide information of a high degree of accuracy that helps in rationalizing the appropriate decisions for the economic entity to continue to carry out the activity for which it was established, as well as to rationalize the decisions of other users of the financial statements.

b. Many of the respondents tend to use the measurement based on the fair value because of the accounting information it provides with a high degree of appropriateness and honest representation that helps in rationalizing the decisions of the users of the financial statements, as well as other enhancing properties.

c. It is necessary to work using the measurement based on the fair value because of the important and appropriate information it provides and a degree of honest representation that meets the needs of the current and expected users of the financial statements of the economic entity.

d. The use of the economic entity to measure based on fair value contributes to estimating the amount of future cash flows for the economic entity, and these financial statements based on fair value will contribute to estimating the timing and uncertainty of the amount of future cash flows for the economic entity.

2: Testing the research hypothesis statistically

This paragraph aims to test the research hypothesis statistically, which states that "there is a significant relationship between the application of fair value measurements IFRS.13 on improving the quality of accounting information in Iraqi economic entity" through the use of appropriate statistical methods, and the researcher relied on the (T - Test) in the hypothesis test, and Simple linear regression , Which is represented by the following equation:

Y = 1.50 + 0.48 X_1, whereas:

y:- quality of accounting information

x:- measurements IFRS.13, as shown in the following table:

Table (3) T-Test Results

The role of applying IFRS.13 fair value measurements in improving the quality of accounting information

independent variable X_t	dependent variable y_t	B value	Nature of the relationship	df	computed T-value	Calculated F value	R^2	R
measurements IFRS.13	Quality of accounting information	1.50	Moral	26	16.99	48.39	0.504	0.799

The table is prepared by the researcher

The above table showed that the calculated value of T is equal to (16.99), which is greater than its tabular value at the level of significance (0.05). This means that there are significant differences in applying the fair value measurements IFRS.13 and improving the quality of accounting information. The arithmetic of this dimension is (4.10), which is greater than the value of the hypothetical arithmetic mean of (3), and this means that the significance is in favor of the arithmetic mean, and this means Refusal the nothingness hypothesis and accept the alternative hypothesis., "There is a significant relationship between the application of fair value measurements IFRS.13 and the improvement of the quality of accounting information in Iraqi economic entity.

The calculated value of F (48.39), which is greater than its Tabular value, appears at the level of significance (0.05) and degree of freedom(1, 25) and the amount (3.88), which means rejecting the hypothesis of nothingness and accepting the alternative hypothesis, that is, there is a significant relationship, and since the signal of the beta coefficient is positive, this means that the effect is positive, that is, there is a (direct relationship)between the two variables of the hypothesis, as the value of the determination coefficient R^2 (0.504), the value of the beta coefficient (0.50) this means when one entity changes in the application of IFRS fair value measurements.13, There will be a 59% increase in the improvement of the quality of accounting information, which proves the research hypothesis, which states that " there is a significant relationship between the application of IFRS fair value measurements.13 and improve the quality of accounting information in Iraqi economic entity ".

Conclusions and recommendations
Conclusions

1. The fair value measurement is based on objective criteria for measurement, the most important of which is the market criterion as well as the prevailing economic conditions at the date of preparing the financial statements, which makes the various economic entity of all types and activities more understanding and close to the global market, and helps them enter the global market and reduce the cost of capital transfer across borders.

2. The quality of accounting information that results from compliance with the International Financial Reporting Standards (IFRS) contributes to the revitalization of the stock market because the accounting information of high quality represents an essential part of the information that contributes to setting, establishing or installing the relative price structure of securities.

3. The information on fair value measurements is more appropriate to the needs of the users of the financial statements compared to the information provided by the historical cost, as it better reflects the current financial situation.

4. There is an impact of fair value measurement in improving the quality of accounting information because it is an appropriate measure that enables users of financial information to evaluate financial performance that is related to the timing and degree of certainty of future net cash flows.

5. The current research showed, through statistical analysis, that there is a significant relationship between the application of IFRS.13 fair value measurements and the improvement of the quality of accounting information in Iraqi economic entity.

Recommendations

In light of the results and conclusions reached by the researcher, the following recommendations can be made:

1. The need to provide a professional cadre among the workers in the economic entity listed in the Iraq Stock Exchange, who have experience with regard to the application of international financial reporting standards, especially with regard to fair value measurements IFRS.13.

2. The need to apply international financial reporting standards for fair value measurements IFRS.13 because of its role in reflecting the results according to economic reality.

3. The need for coordination between educational institutions and the economic entity listed in the Iraq Stock Exchange that are obligated to apply international financial reporting standards to provide professional expertise for the activity of the economic entity.

4. The necessity of preparing the financial statements on the basis of IFRS.13 fair value measurements, because the availability of information on a high degree of appropriateness that helps in rationalizing decisions.

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The Role of Applying IFRS.13 Fair Value Measurements in Improving the Quality of Accounting Information

دور تطبيق قياسات القيمة العادلة IFRS.13 في تحسين جودة المعلومات المحاسبية

م.د. جعفر عبد الحسين حلو /جامعة ابن سينا للعلوم الطبية والصيدلانية
Jaafar.abdulhussien@ibnsina.edu.iq/

المستخلص

يهدف البحث الحالي إلى دراسة دور تطبيق قياسات القيمة العادلة IFRS,13 وفقا لمعايير الابلاغ المالي الدولية في تحسين جودة المعلومات المحاسبية, وبيان تأثير تطبيقها على أداء الوحدات الاقتصادية بشكل عام، ولاسيما فيما يتعلق بالأطراف التي ترتبط مع هذه الوحدات الاقتصادية. ولتحقيق هدف البحث تم استخدام استمارة استبيان اذ تم توزيع (30) استبانة وتم استرداد (27) استبانة صالحة للتحليل, ولقد تم استخدام النسب المئوية والتكرارات والاوساط الحسابية لغرض التعرف على اتجاهات اجابات العينة لكل فقرة من فقرات الاستبانة ولكل بُعد ولكل محور , فضلا عن استخدام الانحرافات المعيارية لغرض قياس درجة تشتت قيم اجابات العينة عن الاوساط الحسابية لكل فقرة من فقرات الاستبانة ولكل بُعد ولكل محور ولغرض اختبار فرضيات البحث فقد تم استخدام الاختبار التائي (T-Test) لمقارنة متوسط الاجابات مع الوسط الحسابي الفرضي للإجابات, والانحدار الخطي البسيط لبيان العلاقة بين متغيرات البحث. وتوصل البحث إلى انه توجد علاقة ذات دلالة معنوية بين قياسات القيمة العادلة IFRS.13 وتحسين جودة المعلومات المحاسبية في الوحدات الاقتصادية العراقية . واوصى البحث الى ضرورة قيام الوحدة الاقتصادية بأجراء العمل المحاسبي باستعمال القياس المستند الى القيمة العادلة لما توفره من معلومات ملائمة وعلى درجة من التمثيل الصادق التي تلبي حاجات مستخدمي الكشوفات المالية للوحدة الاقتصادية الحاليين والمتوقعين.

الكلمات المفتاحية : معايير الابلاغ المالي الدولي ، القيمة العادلة ، جودة المعلومات المحاسبية .

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