

# Evaluation of al-Mansour Hotel' performance under the International Financial Reporting Standard 8: A Practical Study

كلية بغداد للعلوم الاقتصادية الجامعة

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## Abstract

The aim of this research is to apply the international financial reporting standard 8 operating sectors for the operational sectors of Al Mansour Hotel for the purpose of evaluating performance. The sector financial statements at Al Mansour Hotel have been prepared in accordance with the International Financial Reporting Standard 8, as well as evaluating their performance through a range of public and operational financial ratios for hotel activity. Many conclusions have been reached, the most important of which is that the preparation of sector financial reports according to IFRS8 for the operational sectors leads to improved performance evaluation at Al Mansour Hotel Company. The researcher recommends that IFRS8 should be adopted in the company of al-Mansour Hotel for the purpose of improving the preparation of the sector financial statements and evaluating their performance in order to provide useful information to rationalize decisions.

**Keywords:** Performance evaluation, financial reporting, financial disclosure quality.

## Introduction

Accounting is a service activity whose job is to provide information to decision makers, so the application of international accounting standards or international financial reporting standards in general, particularly the International Financial Reporting Standard 8 for the operational sectors, aims to provide useful information to decision makers. Which aims to provide useful information to decision makers to rationalize their decisions.

It is well known that hotel companies prepare their financial listings for the hotel as a whole within the annual report of the hotel which provides accounting information about the financial center of the hotel and the result of its activity, which is insufficient for decision makers when evaluating performance and making decisions.

Hence the need to apply the international financial reporting standard 8 for the operational sectors in order to provide detailed information on the result of the activity of the production sections within the hotel instead of providing information about the hotel as a whole for the purpose of rationalizing decisions.

Therefore, the evaluation of performance using financial ratios based on the annual reports (financial statements) to evaluate the performance of the economic unit or the hotel does not provide useful information for decision makers, so the performance of the hotel must be evaluated after preparing the sectoral financial reports for the productive sections (especially the income list) according to the international financial reporting standard 8 for the operational sectors to know the strengths or weaknesses of each sector or department through the use of public and operational ratios to reach useful results based on the rationalization of decisions.

**Research methodology**

**The problem of research:** the problem of research is through the use of performance indicators to evaluate the performance of the hotel as a whole, which leads to the giving of inaccurate results, so you must adopt and use these indicators in the evaluation of the sectoral performance of the hotel represented by the productive sections to reach accurate results, and know the successful sections that add value and get rid of the failed sections that do not add value, this and highlight the problem of search through the following questions :

1. Is the use of ads indicators for hotel financial reports as a whole appropriate for making good decisions?
2. Is there a possibility of applying IFRS 8 to financial standard prepared in hotel companies?
3. Is there any possible use of performance calendar indicators in the sector financial statements prepared in accordance with the international financial reporting standard 8?
4. Is performance evaluation information reached through financial statements prepared in accordance with IFRS 8 useful for decision makers?

**The importance of research:** The importance of research through the use of sectoral financial reports prepared in accordance with the IFRS 8 in evaluating the performance of hotel companies to reach useful results for each sector or department of Antagi to rationalize decisions instead of providing information about the hotel as a whole.

**Research hypothesis:** Research seeks to test a basic hypothesis that "The sector financial reports prepared in accordance with the International Financial Reporting Standard 8 contribute to improving the performance of hotel companies."

**Previous studies**

(Ibrahim 2015), the study aimed to show the role of the list of cash flows standard in strengthening financial analysis indicators through their own financial ratios, as well as percentages of the income list and balance sheet to improve the performance calendar. The (ISA 2017) aims to show the implications of international financial analysis indicators on improving decisions, particularly international investment decisions. The study (Allawi 2009) aims to improve the methods and methods of performance of the positions of responsibility using the basis of activities due to the lack of traditional method and the failure to achieve justice and objectivity in the evaluation process. The study (Sharif 2018) aims to indicate the extent to which liability accounting is used in evaluating the performance of economic units, including the hotel and tourism sector, research sample, and studied the performance evaluation criteria used in evaluating the performance of investment centers, and identifying the results of the application of these criteria, namely (the criteria of the rate of return on invested capital, residual income, and added economic value) on companies (hotel and tourism sector) listed on the Iraqi Stock Exchange through the financial statements published for the year.

The study aims to build a model to evaluate the performance of employees in production units (and to diagnose the effectiveness of the use of the proposed model to evaluate the performance of employees in the General Electric Industries Company in a way that increases the productivity of the worker and enhance the competitive position of the company. Learn about the disclosure practices of sector information in companies listed on the Iraqi Stock Exchange.

It was found after reviewing the previous studies that the current study differs from being comprehensive and integrated to many of the variables of the study through the application of the IFRS 8 for the operational sectors in the Mansour Hotel Group, which has been divided into many sectors for the purpose of evaluating its sectoral performance using the public and operational financial ratios to provide useful information to decision makers in order to rationalize their decisions.

**Hotel activity properties**

Hotel activity today is one of the most important economic activities developed throughout the year, and most countries have taken care of this activity as one of the advances of any country until it became known as the "hotel industry" and emerged huge hotel establishments spread ing branches all over the world and its capital is bordered by billions.

The success of the hotel establishments depends on the success of its management and its understanding of the nature of administrative management and the efficiency of the human element, as well as on the accuracy of the accounting system used and the extent to which the data provided by that system is utilized.

Therefore, the accounting system in the hotel sector plays an important role in the success of the hotel business as it provides protection for the hotel's assets and assets through internal control methods and accurate and effective control over all aspects of the activities prevailing in the hotel by following the systems of reports and financial and accounting records, which at the same time enable scoring the result of the hotel activity of profit or loss and determining the real financial position of the hotel on a certain date.

(Webster) defined the hotel as a building or institution that provided the public with accommodation, food and service, and according to British law, the hotel is a place where the traveller receives shelter and food services for a fixed price (Malakaoui and others, 2009: 28-29).

Properties of hotel activity include Balati (Matar and Zwely, 2003: 243):

- 1- The need to provide high quality services, the success of the hotel is measured by the quality of the services and the satisfaction of the guest and not the hotel equipment.
- 2- The human element is the main pillar in the hotel activity and the hotel industry.
- 3- The need for full coordination between the different departments to ensure the efficient delivery of services.
- 4- The density of fixed assets and the speed of capital turnover.
- 5- Seasonality of hotel activity.
- 6- Rapid monetary dealing.
- 7- Hotel production is characterized by diversity and asymmetry and therefore it is difficult to charge each resort individually with its own direct and indirect expenses.
- 8- The geography of hotel activity.
- 9- The speed of damage and the non-storage of production.

**Structure**

From an accounting perspective, the organizational structure varies from hotel to hotel according to the size of the hotel and the services it offers, as well as multiple sources of revenue and expenses vary according to the different aspects of activity in the hotel. Generally, the organizational structure of the hotel can be divided into two main groups (Salameh, 2013: 98-100):

Group 1: Revenue sections: These are intended for the production sections of the hotel, which provide different services to guests, which bring revenue to the hotel, and the number of these sections varies according to the size of the hotels are as follows:

First: Room section

Second: Food and Beverage Department

Third: Telephone and fax section

Fourth: Laundry Department

Fifth: Other revenue sections

**Group 2: Service Sections**

It is intended for those that provide complementary services to the hotel's revenue departments and include financial management. Department of Personnel Affairs. Department of Legal Affairs. Maintenance department. Marketing Department. And the security department. It should be noted

that although the service departments are a burden on the hotel budget, their role is important in supporting and supporting revenue departments.

The revenue and expenses lists of the revenue sections are divided into a list of income and expenses of the room section, a list of income and expenses of the food and beverage section, a list of revenues and expenses of the communications department, a list of income and expenses of the laundry section and the list of revenues of other departments.

### **Performance calendar definition**

The performance evaluation is defined as "a means of investigating and ensuring that the production processes completed at the end of a certain period of time (usually one year) are identical to the work i want to accomplish in accordance with the specific plans and programs and the instructions issued and the principles adopted in order to provide the concerned authorities with any deviations or bottlenecks with analysis of their causes for the purpose of submitting scientific and practical proposals for future treatment and avoidance." (Carpenter, 2006: 352) (Fahad, 2009: 27).

The performance evaluation is also known as one of the important links in the overall management process based on the use of a set of measures and indicators to examine the extent to which the economic unit achieves its objectives and identify positive and negative deviations and know its causes and propose appropriate treatment" (Al-Obaidi, 2009 :13)

(Blocher.et.al)also defined it as the process by which the administration and all levels provide information about the performance of activities within the economic unit through which performance is judged by the criteria set in budgets, plans and objectives. (Blocher et al.,2010:801)

### **Performance evaluation process objectives**

The performance evaluation process in the economic units has several different objectives, the most prominent of which can be presented as follows (Al-Halafi, 2008:12):

1. Determine the responsibility of each centre or department in the economic unit for the imbalances and weaknesses of its activity.
2. Correcting planning budgets and putting their indicators on the path that balances ambition and potential.
3. Provide a database and information on the performance of the economic unit that improves performance patterns and improves efficiency.
4. To show the strength of senior management and its weakness in its corrective decisions of emerging deviations and follow-up implementation.
5. Activate the regulatory agencies to perform their work to achieve their goals as required.
6. Coordinating the financing process with the best use of funds and putting the right person in the right place.
7. Ensure that economic balance and consistency between different economic and productivity sectors are achieved to exploit the resources and possibilities available as efficiently as possible and invest in the best investment.
8. Compare implementation with the scheme to detect deviations and their causes for timely treatment.

### **Performance evaluation stages in economic units**

The performance evaluation process in economic units includes several successive stages that can be explained as follows (Al-Karkhi, 2001:51):

Phase 1: The collection of statistical data and information required in the economic unit.

Phase 2: Analysis and study of data and information on activity on the accuracy and validity of the calculation of the criteria, ratios and indicators needed for the performance evaluation process.

Phase 3: Conducting the evaluation process using appropriate criteria and indicators of the activity of the economic unit, with the evaluation process covering the overall activity of the unit, i.e. all the activities of its centres of responsibility in order to achieve an objective and accurate and reliable judgement.

Phase 4: Make the right decision about the results of the calendar.

**2-6: Performance calendar levels:** The calendar process is carried out at four levels (Gittinge, 2019; 38-40) (Thomas Weelen 1995; 280):

- A. Calendar at the project level.
- B. Sector-wide calendar.
- A. Calendar at the local level.
- D. Regional calendar.

The researcher believe that the evaluation of performance aims to know the performance of the hotel as a whole as well as the performance of the sections independently through the sector reports provided, so should use the financial and non-financial ratio indicators of the hotel activity to identify the strengths and weaknesses in each section of the hotel in order to support activities that add value and get rid of activities that do not add value.

### **Sectoral reports under IFRS8**

Following the importance of disclosing the different sectors of the unit, that this information shows the risks and returns related to the company's work through the presentation of the financial position and performance by the operational sectors, where this information helps users of financial reports to better understand the risks associated with the performance of these sectors. The standard determines what information should be disclosed about the sectors so that useful information is disclosed to users of accounting information without excessive in-depth inproviding and disclosing information (Abu Nassar and Hamidat, 2016:735).

In order for managers to work efficiently and effectively, they need information about the results of the sectors they can manage more than they need a single income list for the company as a whole, as the company's income list provides summary information for all of the company's operations and does not contain sufficient details to allow the manager to discover the opportunities and problems that the company may face, for example one product may be more profitable while others are not profitable or some sectors do not use the energy or resources available to it. Efficiently or may be a more efficient selling center than others (Garrison and Noreen, 2002: 602).

The sector financial reports are intended to fragment and disassemble the company's total information into information related to its constituent sections, and to carry out the financial reporting process for each of these sections, with the aim of providing more detailed information on the performance of the company's components (Nobes&Parker, 2010:428).

Sector financial reports have also been defined as reporting information that meets the needs of users to better understand the performance of companies by providing information on profitability, risk, and growth opportunities for each of the business sectors, the results of which may vary significantly in the company itself (EC, 2007:100).

Some have identified it as disclosing information about the components of the company's main operations in the notes attached to the financial statements, which help users of the financial statements to evaluate the company by looking at the constituent parts (Stanko et al, 2002:100).

In light of the above, we note that the sector financial reports can be defined as measuring financial information that concerns the activity of the branches of the company and tabulating them by sectors and disclosing them in financial reports, in order to enable users to evaluate the performance of the company's sectors and estimate the risks associated with it and estimate its future cash flows and thus reach a thorough and comprehensive evaluation of the performance of the company as a whole.

**International Financial Reporting Standard 8 (IFRS8) Operational Sectors:**

The international financial reporting standard (8) aims to disclose information that helps or enables users of financial statements to evaluate the business activities of the enterprise, and to indicate its financial effects, as well as the economic environment in which it operates, but with regard to the areas of application of this standard, it can be described as follows: (Abu Nassar and Hamidat, 2016: 735) this criterion must be applied to the following:

1. Separate financial statements of the unit.
2. Consolidated Financial Statements.
3. If a non-binding company applies this standard by disclosing information related to the sectors and these disclosures are not in line with the requirements of this standard, it is not permissible to describe this information as sectoral.
4. If the annual financial reports include both the consolidated financial statements of the parent unit and the separate financial statements of the parent unit, the information about the sectors is required in the consolidated financial statements. (Abu Nassar and Hamidat, 2016:735).

**Sector financial reports and number steps**

The sectoral financial reports are intended to disassemble and divide the overall information at the level of the establishment into information about the component sections of this establishment, as well as financial reporting on these sections, in order to provide detailed information on all these sections and in a way that helps the decision-maker to make a decision, and in order for managers to be able to do their work efficiently, professionally and effectively, they need information about the sectors they manage, more than they need information related to the company as a whole, and here should be available detailed and concise information. For the manager to be able to take advantage of the opportunities and develop solutions to the problems facing the sector that manages it, and thus the ability to develop solutions to the problems facing the company (Garrison and Noreen, 2002: 602). Sector financial reports are defined as the means by which information is provided to meet the needs of users to make decisions and know and understand the performance of the enterprise by providing information on profitability, risk and growth opportunities for all sectors and others (Es, 2007: 100). As for the most important steps in the numbers of sectoral financial reports, they are as follows:

1. Identifying economic sectors: The first step for the purpose of preparing financial reports is to identify the sectors of the company as well as the levels of the numbers of sector reports represented by divisions, products, services, sales, external operations as well as customers and geographical areas.
2. Determining the revenues generated from the sectors: After determining the sectors of the company, the revenues generated from it, which is represented by sales, which may be external sales, any sales to customers outside the company or internal sales are the sales of products between the production sections.
3. Determining the contribution margin of the sectors: the contribution margin of each sector must be determined by subtracting the variable costs
4. Determining net income: Net income equals the sector's contribution margin minus all general fixed expenses that cannot be allocated to a particular sector (Hilton, 1997: 593).

**Methods for identifying operational sectors covered by financial reports**

The International Financial Reporting Standard (8) applies to the operational sectors that are defined as part of the enterprise engaged in activity and this activity results in revenues as well as incurring expenses and has an operating manager and this director is directly responsible by the main decision-maker of the enterprise for the resources allocated to this sector as well as the performance assessment, (Robert, 2002: 370). As for the most important methods to be adopted for the purpose of identifying the operational sectors covered by financial reports in accordance with

the International Financial Reporting Standard (8), they can be included in the following( Association of Accountants and Auditors, 2017: 126):

1. The internal revenue of the internal and external sectors must be 10% or more than the total revenue for all operational sectors.
2. The result of the operational sectors, whether profit or loss of 10% or more than the combined result of all sectors of profit or the combined result of all sectors of loss, should be greater in their absolute amount.
3. The assets of the operating sector must be 10% or more of the total assets of all sectors.

### **Information to be disclosed under Financial Reporting Standard No. 8**

The International Financial Reporting Standard (8) in force from January 2009 specifies the information to be reported and disclosed in the form or quantity on which the decision-maker is relied upon in making decisions. The following: (Al-Jajawi and Massoudi, 2014: 23) (Abu Nassar and Hamidat, 2016: 739-746)

1. General information intended for all information related to the identification of the sectors of the establishment as well as the types of products and services from which each sector covered by the financial reports receives its requests.
2. Information on the declared profits and losses of the operating sector and this information is related to revenues and expenses for the sector as well as information on the assets and liabilities of each sector in detail.
3. Metadata is intended for all metadata related to sectors.
4. Matching the operating sector lines with the company's terms as a whole.
5. Presentation of comparative sectoral information for the previous period.

**Under this standard, the company is required to provide and display matches for all of the following items:**

- 1- Total revenues of the sectors included in the financial reports with the company's revenues.
- 2- Total profits or losses of the sectors included in the financial reports with the company's profits and losses.
- 3- Total assets of the sectors included in the financial reports with the company's assets.
- Total liabilities of the sectors covered in the financial reports with the company's obligations.
5. The total amount of each material item disclosed in the sectors covered in the financial reports with the corresponding amount in relation to the Company. (Abu Nassar and Hamidat, 2016:744).

### **Decentralisation and sectoral reports:**

The Director explained that the sectoral report is very valuable for companies that follow decentralization, and that decentralized companies are not only decision-making in which decisions are made only by a limited number of senior officials but spread throughout the organization, as managers at different levels make important operating decisions within their responsibilities, and decentralization must be seen in terms of degree as long as all organizations have decentralization to some degree, some organizations are highly decentralized as they focus on leaving the freedom to the sector manager. Decision-making is even at the lowest level, and by contrast, organizations that are run with high centrality are not granted the freedom to make decisions other than senior management levels (Garrison and Noreen, 2002: 613)

### **Sector reports and accountability:**

Accountability helps to delegate the authorities to administrative levels in the administrative hierarchy as well as help in determining responsibilities for these levels, as the responsible manager is administrative decisions within the limits of his delegation and the special responsibility center and is also responsible for the results of these decisions, which are reflected in the performance

report, which is in accordance with the accountability of liability, and therefore responsible accounting helps the administration to decentralize management decisions without losing control of the senior management and control over the performance of the company's positions of responsibility. Senior management must ensure that all sectors are working to achieve their sector goals and in the short and long term (Abu Hashish, 2005:366).

The researcher believe that the sector may be a profit center or an investment center where costs and revenues occur and the director of the sector is responsible for controlling and controlling the costs and revenues generated in the sector, and in hotel companies dividing the divisions into profit centers and the manager of the department is responsible for the revenues and costs of his department to reach profits.

### **Benefits of using sector reports**

The use of sectoral reports in decentralized facilities is important:

1. The sectoral report measures the ability of each sector to allocate resources and also measures the ability of the sector manager to make the best use of available resources as the sectoral report is a tool to control the use of production factors used within each sector, which are materials, wages and services. (IASCF,2009:5)
2. The sectoral report transforms each sector into a center of profitability even if the products are not sold outside the company, as in the case of the transfer of semi-manufactured products that have not been manufactured to another sector to be completed, in this case the products are sold between sectors based on conversion prices, and in this way sectoral reports can measure the ability of each sector to make profit and in a way that leads to competition between sectors (Morse et. Al., 2003:570). Management can obtain more detailed information on the performance of the sectors and in a way that enables management to measure the performance of each sector and help it to know the extent to which its subsidiary sectors achieve the plans developed by the company. (IASCF2009:5) .
4. The sector report helps management make long-term decisions by relying on the sector's contribution, which represents the sector's ability to make profits after excluding the costs that can be allocated to the sector (Garrison and Noreen, 2002:611).

The main purpose of providing information about the company's sectors is to provide information on the different forms of corporate economic activities and the economic environments in which they operate (FASB, 1997:5). The sectoral financial reporting standards issued by the International Accounting Standards Board and the U.S. Financial Accounting Standards Board agree that the objectives of reporting sectoral information are (FASB,1997:5), (IASB, 2006:4), (IASC, 1997:4):

- 1- Help financial reporting users to gain a better understanding of the company's performance.
- 2- Help users make better estimates of the company's returns and risks as well as future cash flows.
- 3- Help them reach informed judgments about the overall performance of the company.

Based on the above, it can be said that the sectoral information prepared according to (IFRS8) is an important addition to financial reports so it provides the user of financial reports internal information about the performance of the company is not usually available to users with limited capabilities, and the disclosure of sectoral information is made annually and interim where the sector information is part of the annual financial reports issued by the companies and part of the progress reports. The disclosure or report of sectoral information is part of the management's report and additional observations.

The importance of sectoral information has increased in recent years to be classified as one of the top three financial statements provided by companies in their financial reports along with income disclosure and cash flow disclosure, due to the enormous analytical capabilities provided by the sector information to its users (Herrmann & Thomas, 2:2). Where the sectoral information



is distinguished from the rest of the information contained in the financial reports low levels of aggregation in it and thus enables users of financial reports to easily interpret the figures of amounts contained in the total lists such as the amount of net income, amount of income and amount of assets, Etc. by returning these figures to their components or causes, thus increasing the quality of the content of financial reports.

### **Evaluation of performance in hotel companies according to sectoral reports prepared under IFRS8**

Note from the above that the evaluation of performance in the hotel companies is done by evaluating the hotel as a whole and which does not give useful information to decision makers, so it is suggested that the performance be evaluated according to the sectoral reports prepared under IFRS8 prepared in the productive sections to reach the result of each section of the hotel to guide the decisions through the following:

**Financial ratios:** Means financial analysis indicators related to the existence of an element relationship with another element to reach a specific result.

**Special operational financial ratios:** Means private hotel accounting ratios, which represent the second set of financial ratios for hotels only, and are not shared by any other economic unit, these ratios are related to and related to hotel activity and these ratios indicate the extent to which the hotel is able to exploit its capacity for guests, or spaces and seats for parties and conferences. Its data are derived from documents, records, statistical statements, lists and sectoral readings of the hotel's productive sections, which are intended to show the results of the operation of the hotel on a day, week or monthly. These ratios are used for daily, weekly, quarterly and yearly revenue statistics, and contribute to the direction of management efforts towards the optimal utilization of available resources.

The researcher believes that the idea of research related to improving the performance of the hotel according to sectoral reports prepared under (IFRS8) can be indicated through the practical aspect.

### **Practicality**

This research focuses on evaluating the performance of the hotel in accordance with the international financial reporting standard 8 for the operational sectors to prepare the sector lists in order to determine the result of activity and improve the performance evaluation, after it was based on the financial statements published in the annual report of Al Mansour Hotels for 2015, especially the balance sheet and income list, which does not give a clear result of the profits or loss of the divisions of the hotel and that the hotel is available profit the hotel as a whole and this does not help to evaluate the performance of the hotel sections. Therefore, the income list for each department must be prepared, by relying on the international financial reporting standard 8 to obtain detailed information useful in improving performance evaluation and rationalizing decisions after the income list has been prepared for each department and its amounts are approved in financial ratios, and can be clarified by:

Evaluating the performance of hotel sections using private and public operational General operating ratios

#### **1- Liquidity ratios**

<b>Percentage</b>	<b>Calculation</b>	<b>Result</b>
Trading ratio	Current assets/current liabilities	time 1.267 =2374782286/3009935229
Quick trading ratio	Current assets - inventory) / Current liabilities	time 1.193=2374782286/2833863986

## 2-Operating or activity ratios

Percentage	Calculation	Result
Inventory turnover rate	Cost of commodity sold / stock balance	$176071243 / 1121089229$ $6.637 = \text{time}$
Sales period	/ 360 Inventory turnover rate	$54 = 6.637 / 360 \text{ days}$
The turnover of the receiving countries	Net sales/debtor balance	$2.189 = 2246540058 / 4917893784 \text{ time}$
Average collection period	/ 360 Debtors Turnover Rate	$164 = 2.189 / 360 \text{ days}$
Fixed asset turnover rate	Net sales/fixed assets	$4.099 = 1199572914 / 4917893784 \text{ time}$
Asset turnover rate	Net sales / total assets	$1.168 = 4209508143 / 4917893784 \text{ time}$
Accounts payable turnover rate	Cost of commodity sold / creditor balance	$0.476 = 2354617286 / 1121089229 \text{ time}$
Average payment period	/ 360 Turnover rate of credits	$756 = 0.476 / 360 \text{ days}$

## 3-Leverage or debt management ratios

Percentage	Calculation	Result
Debt-to-asset ratio	(Total short liabilities/ total assets) x 100%	$= 4209508143 / 2374782286$ $\%56.414$
Debt-to-equity ratio	(Total liabilities/property rights) x100%	$\%81 = 2923200000 / 2374782286$

## 4-Profitability ratios

## A - For the hotel as a whole

Percentage	Calculation	Result
Net profit ratio	(Net profit/sales) x 100%	$= \%100 \times 4917893784 / 69208205$ $\%1.40$
Percentage of total profit	(Total profit/sales) x 100%	$= \%100 \times 4917893784 / 3796804555$ $\%77$
Return on investment	Net profit/total assets	$\%1.6 = 4209508143 / 69208205$
Return on equity	(Net profit/equity) x100%	$\%2.36 = 2923200000 / 69208205$

## B -For the hotel sections independently

Percentage	Calculation	Result
Percentage of net profit of the room section	Net profit of the room section / revenue room section	$1967158514 / 41525923$ $\% 2.11 =$
Net profit ratio of the food and beverage division	Net profit of the Food and Beverage Division / IRAD Food and Beverage Division	$1229473446 / 10381230$ $\% 0.84 =$
Net profit ratio of the telecommunications department	Net profit of the communications department / revenue of the communications department	$1000135642 / 13841641$ $\% 1.38 =$
Percentage of net loss of laundry section	Net loss of laundry department / laundry department revenue	$172126182 / (6920820)$ $\%4.02- =$
Net profit ratio of other divisions	Net profit of other sections / revenue of other sections	$459000000 / 10381231$ $\% 1.82 =$

## Special operational ratios

## 1- Hotel occupancy rates range:

Hotel room occupancy rate	$100 \times (\text{occupied rooms number}) / (\text{for works available rooms number})$	%73 = 273/200
Family occupancy rate	$100 \times (\text{busy family number}) / (\text{for available family work number})$	% 74= 431/320
Double occupancy rate	$100 \times (\text{occupied double rooms number} ( / \text{occupied rooms number})$	%2 = 273/7
Restaurant occupancy rate	$100 \times (\text{restaurant serving meals number}) / ((\text{seats number}) \text{ available restaurant power})$	% 70 = 50/35
Seat turnover at the hotel	$(\text{Restaurant serving meals number}) / (\text{seats number})$	T 0.7 = 50/35

## 2-Inmate spending ratios

Overall average expenditure power per download	$(\text{All of eht s'otelh total revenue services}) / (\text{guest number})$	115200/4917893784 dinar/inmate 42690=
Average expenditure of the insinuator on the patient	$(\text{thOvernig. gross income}) / (\text{guest number})$	/1967158514 17076=115200 dinar/inmate
Average expenditure of the income on food	$(\text{Food. gross income}) / (\text{guest number})$	10672=115200/1229473446 dinar/inmate
Average guest spending on communications	$(\text{Contacts. Gross Revenue}) / (\text{Guest Number})$	8681=115200/1000134642 dinar/inmate
Average guest spend on laundry	$(\text{laundry. gross income}) / (\text{guest number})$	149 = 115200 /172126182 dinar/inmate
Average guest spend on other services	$(\text{erhOt otelh a. total revenue}) / (\text{guest number})$	475 = 115200/549000000 dinar/inmate

## 3-A range of profit ratios for hotel activities:

Profit rate of the activity of the laboratory	$(\text{Total} - \text{overnight costs total income}) / \text{total cost}$	$\frac{1347842814 - 1967158514}{1347842814}$ % 45.9=
Profit rate of food and beverage activity	$(\text{Food total cost} - \text{food gross income}) / (\text{food total costs})$	$\frac{853364551 - 1229473446}{853364551}$ %44 =
Profit rate of other services activity	$(\text{other total costs} - \text{other total income}) / (\text{other total costs})$	$\frac{566691641 - 640038610}{566691641}$ %12.9 =
The profit rate of the hotel in all its sections	$(\text{Hotel total cost} - \text{otelh total income}) / (\text{otelh total costs})$	$\frac{4939724189 - 5008932394}{4939724189}$ %1.4 =

## 4-A range of revenue ratios and cost of hotel operation:

## Direct cost-benefit ratios for hotel occupancy

The percentage of the cost of the patient	$\frac{(total\ thovernig\ costs)}{(total\ income)}$	$\%29 = \frac{577689777}{1967158514}$
Food cost ratio	$\frac{(Food\ total\ cost)}{(food\ gross\ income)}$	$\%29 = \frac{356727665}{1229473446}$
The cost of other hotel services	$\frac{(erhot\ otelh\ total\ costs)}{(erhot\ otelh\ total\ income)}$	$\%11 = \frac{62965738}{549000000}$

## 5-The range of ratios for the human element (employment):

## A-Percentages of the cost of the human element

The government's policy of reducing the number of	$(Gross\ wages) / (gross\ income)$	$\frac{2291783802}{4917893784}$ %47
A. Average worker cost	$(Total\ wages) / (workers\ number)$	$\frac{2291783802}{312}$ dinar/worker 7345460
B. Average room rate available for occupancy of wages	$(Total\ wages) / (for\ works\ available\ rooms\ number)$	$\frac{2291783802}{273}$ dinar/room8394812
C. Average amount of paid room	$(Total\ wages) / (occupied\ rooms\ number)$	$\frac{2291783802}{200}$ dinar/room 11458919

## B-Ratios related to the training of the human element

A. Percentage of trained workers	$\frac{(Trainees\ working\ number)}{(employees\ number)} \%100x$	$\%51 = \%100x \frac{160}{312}$
B. Average worker's type of training cost	$(Total\ cost\ training) / (staff\ number)$	$631410 = \frac{197000000}{312}$ Dinar/worker
C. The ratio of the cost of training to total wages	$\frac{(Training\ total\ cost)}{(total\ wages)} x \%100$	$\%100x \frac{197000000}{2291783802}$ %8.5 =
D. The ratio of the cost of training to the total cost of the cost	$\frac{(Total\ cost\ training)}{(total\ cost)} \%100x$	$\%100x \frac{197000000}{939724189}$ %20.9 =
E. Employment turnover rate	$x100 \frac{(period\ during\ service\ left\ by\ numb)}{(period\ during\ number\ of\ employees)}$	$\%0.961 = \frac{3}{312}$
H. Productivity Index	$(Total\ sales) / (Total\ wages)$	$3.899 = \frac{9178937844}{2291783802}$

Note from the results reached by providing useful information to decision makers by evaluating the performance of each section of the hotel according to the public and operational financial ratios according to the sector reports, therefore all economic units, whether hotel or other, must evaluate

their performance according to the general and operational financial ratios to access useful information.

Based on the information contained in the previous investigation, the hypothesis that sectoral financial reports prepared in accordance with the International Financial Reporting Standard 8 contributes to improving the performance of hotel companies.

### Conclusions

Based on the information contained in the previous investigation, the following conclusions were reached:

- 1- The hotel activity is characterized by characteristics that distinguish it from other companies being industrial, commercial and service at the same time, as well as its reliance on rapid cash dealing seasonality work and dependence on the human element.
- 2- The performance evaluation is represented by a set of indicators that determine the efficiency and effectiveness of economic units, especially hotel companies.
- 3- The sectoral reports are the information available on the production sections in order to provide useful information about these sections to rationalize the decisions.
- 4- The basic requirements for preparing sectoral reports are the existence of decentralization and accountability of responsibility for the economic unit to be prepared sector reports for its production sections.
- 5- Sectoral financial reports prepared in accordance with the international financial reporting standard 8 improve the quality of accounting information.
- 6- The use of public and operational financial ratios for hotel activity based on sectoral reports prepared in accordance with the International Financial Reporting Standard 8 contributes to improving the hotel performance evaluation.

### Recommendations

In light of the conclusions reached, the researchers recommend the following:

- 1- Hotel company administrations should pay attention to providing services to Iraqi and foreign guests in an appropriate manner, as it is distinguished by certain characteristics that increase tourism in Iraq.
- 2- Economic units, especially hotels, should perform an annual performance evaluation to identify strengths and weaknesses.
- 3- Economic units, especially hotels, should prepare sectoral reports prepared in accordance with the International Financial Reporting Standard 8 to provide detailed information on the production departments to rationalize decisions.
- 4- The necessity to provide the basic requirements for preparing sectoral reports, such as decentralization and accountability for preparing sectoral reports.
- 5- Economic units and hotel companies in particular should use the general and operational financial analysis indicators that are based on the sectoral reports prepared in accordance with the International Financial Reporting Standard 8 to improve the hotel performance evaluation.

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