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MEASUREMENT AND DISCLOSURE OF FINANCIAL INSTRUMENTS IN COMMERCIAL BANKS IN THE IRAQI ENVIRONMENT AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (A COMPARATIVE STUDY)

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Abstract:

The accounting measurement and disclosure requirements for financial investments in the Iraqi environment differ from the international financial reporting standards, as accounting recognition under local accounting rules requires conditions and events that differ from those required by international standards, and the adoption of international financial reporting standards leads to the possibility of comparison between the financial statements of companies to serve Many parties, including investors, in making their investment decisions. The research aims to identify the nature of financial instruments in accounting thought and to identify differences in measurement and disclosure of financial instruments according to local accounting rules and the unified accounting system for banks and insurance companies on international financial reporting standards. Recommendations, the most important of which are: The need for the Accounting and Supervisory Standards Board in the Republic to adopt the International Financial Reporting Standards for Financial Instruments (IFRS 9) and (IFRS 7), taking into account the Iraqi environment.

Keywords: measurement and disclosure, financial instruments, financial reporting standards

INTRODUCTION

In March 1999, the International Accounting Standards Committee (IAS) issued 39 Financial Instruments (Recognition and Measurement), which dealt with most of the problems related to recognition and measurement, which became mandatory in 2001, but after the global financial crisis that occurred during 2008 and the collapse it caused for many Banks and other companies have come to view International Accounting Standard 39 as the main cause of the crisis because of its late recognition of credit risks and the difficulties it entails in interpreting and applying it by the preparers of financial statements and auditors. Commercial banks grant loans and invest surplus deposits until they are required for repayment, as commercial banks seek to find feasible investment opportunities to employ their resources in return for obtaining benefits that cover their expenses, and what is more than that is considered a profit for the bank, (Abd & Kazem, 2022).That is, both the International Accounting Standards Board (IASB) and the American Accounting Standards Board (FASB) in March 2008 to publish a discussion paper entitled Reducing Complexity in Reporting Financial Instruments and working on issuing a new financial reporting standard that facilitates the report on financial instruments, as the International Accounting Standards Board developed a project to re-Considering accounting for financial instruments, and on this basis, the Board issued the final version of the new Financial Reporting Standard 9 (Financial Instruments) in July 2014 to replace International Accounting Standard 39 - Financial Instruments (Recognition and Measurement), which is mandatory for application in the year 2018.

On the local level, the Central Bank of Iraq obliged, The need for private banks and insurance companies to

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move from the unified accounting system to the international standards for the preparation of financial reports, including the standards for financial instruments, and then follow them with guiding instructions for applying the requirements of IFRS. On the local level,

The first axis / research methodology

1- Research problem

The accounting system of banks and insurance companies, as well as Accounting Rule No. (10) Disclosure of financial statements for banks and similar financial institutions issued by the Accounting and Supervisory Standards Board in the Republic of Iraq, did not keep pace with the changes in international reporting standards for financial instruments, despite the Central Bank of Iraq issuing circulars of the same number (12/9) on 4/1/2016 and (9/6) on 28/12/2018.

2-The importance of research

The research derives its importance from the importance of International Reporting Standards (IFRS) when measuring and accounting disclosure of the financial instruments in question in Iraqi private banks to provide appropriate and comparable information that fairly reflects the financial statements.

3-Research objective

The research seeks to achieve the following goals:

A- Identifying financial investments, their types and classification.

b- Explain of the most important differences in the measurement and disclosure of financial instruments between international accounting standards and those adopted in the Iraqi environment.

4-Research hypothesis

Comparison of international financial reporting standards for financial instruments with the accounting base and accounting system for banks and insurance companies leads to identifying the differences and thus the fairness of the financial statements.

5-Research method

The inductive approach was relied upon by examining the relevant international accounting standards and local accounting rules.

6-Data collection methods

For the purpose of completing the research with its theoretical and practical aspects (a comparative study) between the unified accounting system for banks and insurance companies and international reporting standards (IFRS), Arab and foreign books, dissertations, published research and periodicals, as well as the use of research and studies published on the Internet.

The second axis / measurement and disclosure of financial investments in accordance with international financial reporting standards

1-Definition of investment

Stocks are among the important and long-term financing sources that companies and even governments may resort to in order to cover their financing needs when resources cannot be obtained from their financial institutions .

An investment is also defined as one of the assets that the establishment maintains for the purpose of increasing its resources or developing wealth through what it obtains from distributions or for the purpose of increasing the capital value, or for the purpose of obtaining other benefits similar to those obtained through commercial relations. (Efftan et al., 2022: 203).

The investment was also defined as the current commitment to amounts for a period of time, in order to obtain future financial returns that would compensate the investor for the time in which the funds were committed, due to the expectation of an inflation rate in this period of time and the uncertainty in the future of payments. (Reilly & Brown, 2012: 4).

Investment was also defined from the financial concept as the purchase and sale of funds and financial assets such as stocks, bonds and foreign currencies for a different period of time in order to make profits from the differences between the purchase prices. (Abboud and Saeed, 2014: 28).

2-Types of financial investments: Financial investments are divided into:

A- Shares: Shares are defined as shares in the capital of an economic entity that are traded in the financial markets, and there are many factors that affect the share price such as fiscal policy, monetary policy, foreign trade policy, other macroeconomic factors, financial information, expectations Investors, market supervision and control and other internal factors. These factors and financial information are the basis that most investors are usually able to use when deciding whether to invest in shares of the economic entity or not (Wang: 20131), and it consists of two shares:

First- Common shares: Common shares are considered the first financing tool for capital formation in economic entities, and they are ownership tools that do not have a maturity date and are characterized by an unlimited share of the economic entity's profits and assets, as they participate in the profits after the premium share takes its right or share first, It also participates in the assets after fulfilling all other requirements, in addition to achieving capital gains as a result of the increase in the value of the investments

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when selling them, and it bears the loss in the event of a loss of the entity by the amount of the shares it owns. Among its characteristics is also the right for the holder of an Common share to vote in the meetings of the General Authority (Keiso, 2018:781).

Common shares are characterized by a set of characteristics, the most important of which are:
*Due date is not specified.
* The risk associated with it is high, since the owners of Common shares receive dividends after paying all obligations.
* Dividend distributions to shareholders depend on the decision of the General Authority of shareholders. If the economic entity needs additional financing, it may distribute part of the profits or not make distributions.
* The share return is not specified in advance and depends on the results of the economic entity's business and the profits it achieves.

Second-Preferred Shares: Shares that give its holder preference over ordinary shareholders is represented by determining a fixed percentage of return for these shares (Hassan, 2008:78) and called preferred shares because they differ from common shares in obtaining their rights (Abdul Qader, 2010:148).

B- Bonds: It is the most common form among credit investments, and it is a debt instrument or a debt document with periodic interest or a security that matures often after more than a long period, and it has a nominal value fixed on the bond certificate as well as the maturity date with a predetermined interest rate and dates. To pay the interest regardless of the performance of the economic entity, and to recover its nominal value when it is due (Al-Yasiri, 2010: 24), and the bonds are classified into types, including secured and unsecured bonds with real estate or assets, and the secured bonds are backed by mortgaging some types of guarantees, unsecured bonds are not It is backed by guarantees and therefore surrounded with risks and results in high interest. It is also classified into bonds with a specific date, bonds that are paid in installments, and callable bonds that give the issuer the right to call and settle the bonds before the maturity date, as well as convertible bonds that are paid in the form of goods and bonds at a discount. Bonds are distinguished With the following characteristics (Keiso, 2018:671):
*The amount of money on a specific date.
*Periodic interest at a specified rate of maturity amount (face value).

3-Definition of Accounting Measurement

The American Financial Accounting Standards Board (FASB) defined accounting measurement as the allocation of numbers for things or events according to specific rules, and it is a comparison process aimed at obtaining accurate information to distinguish between one alternative and another in the case of decision-making (Richard Schroyd, et al., 2006: 185), and the definition focuses on the use of certain rules in order to carry out the accounting measurement process, while the International Accounting Standards Board has defined measurement as the process of determining monetary amounts for the elements of the financial statements in order to be recognized in the statement of financial position and income statement, depending on the selection of a specific basis for measurement (IASB, 2006 (18): The definition focuses on the need to determine monetary values for each of the assets, liabilities, revenues, expenses, gains and losses, and among the basic requirements for the accounting measurement process is the subject of measurement, which refers to the economic events that occur in the entity, whether internal or external, and the characteristics of the subject of measurement, which expresses the characteristics, and it may be financial or non-financial, and finally the unit of measurement used, which is monetary units, for example, dinars and dollars.

4- Methods of accounting measurement: Accounting thought produced the emergence of many accounting methods. The following is a summary of these methods:

- **Cost:** Refers to the amount for which an asset is purchased or a liability is incurred, including transaction costs (Juma, 101: 2010), in other words, it represents the value that was paid to acquire an asset or a commitment to pay a liability.
- **Fair value:** IASB defines fair value according to IFRS13 standard as "the value that could be received to sell an asset or paid to settle a liability on the measurement date for a regular, regular transaction between parties dealing in the market in the current market conditions (IFRS-13, 2014: 961), while it sees Some define it as the value at which an asset can be exchanged, or a liability settled between knowledgeable parties willing to deal on a purely commercial basis (Humaidat, 2019: 625).
- **Amortized cost:** The amount measured by the amount of financial assets or liabilities minus payments for repayment of the principal amount plus or minus amortization (depletion) using the effective interest method of any difference between that initial amount and the maturity amount (IFRS, 2015, 371).

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5- Classification and measurement of financial assets: The International Financial Reporting Standard IFRS 9 established principles for financial reporting for financial assets, as the standard relied on a single approach to classify all types of financial assets and allow greater use of fair value and consider it the basis for measurement, noting that measurement The initial financial instruments are at fair value plus or minus transaction costs, and the measurement process is as shown in the following table:

IFRS 9 Classification and Measurement of Financial Assets Table

Sequences	financial assets	classification basis	The basic characteristics of financial asset classification	Measurement of the financial asset
1	Financial assets at amortized cost	Business model for financial assets held to collect contractual cash flows	- The objective of the business model is to hold financial assets in order to collect the contractual cash flows represented by the principal investment amount and returns. - The sale is an exceptional accident exclusively with regard to this model and according to the conditions mentioned in the standard, such as the presence of a deterioration in the credit capacity of the issuer of the financial instrument - Lack of sales cases in terms of periodicity and value - That a clear and approved documentation process takes place for the justification for each sale and its compatibility with the requirements of the standard .	When preparing the financial statements, the financial asset is measured at amortized cost, that is, it remains at cost with amortization of the premium or discount using the effective interest method. Profits and losses resulting from the recognition of the financial asset, for example, or the decrease in its value (impairment) or its reclassification, are recognized.
2	Financial assets at fair value through other comprehensive income	Business model for financial assets held for cash flow collection and sale	- Both the collection of contractual cash flows and the sale are integrated to achieve the goal of the model - High sales in terms of periodicity and value	So that it is measured at fair value with the recognition of the valuation differences within equity and as part of other comprehensive income in the statement of comprehensive income, and the valuation differences are included under the financial assets valuation reserve account.
3	Financial assets at fair value through profit and loss	Other business models include (trading, managing financial assets on the basis of fair value, covering cash flows by selling)	- Financial assets are classified at fair value through profit and loss when the main purpose is to trade them, or benefit from changes in fair value - Contractual cash flow collection is an incidental event of this model	They are evaluated at fair value on the date of preparing the financial statements, with the valuation differences being recognized in the income statement (L.P). They include: 1- Financial investments in debt instruments for trading purposes, such as investments in trading bonds .

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				2- Investments in equity instruments (shares) for trading purposes . 3- Investments in equity instruments (shares) for non-trading purposes: the standard allows the classification of investments in shares that are not held for trading such as (long-term strategic shares) within the category of financial assets at fair value through profits and losses.

Source: (2-3: 2015, IFRS9)

<u>The second axis / the reality of measurement and disclosure of financial investments in the Iraqi environment compared to international financial reporting standards</u>

The first topic / presenting the differences between the requirements for classification, measurement and disclosure of financial instruments for financial assets according to international financial reporting standards for financial instruments, local accounting rules and the unified accounting system for banks and insurance companies:

Statement	Unified accounting system for banks and insurance companies and local accounting rules	International financial accounting and reporting standards for financial instruments
the goal	1- Distinguishing between short-term and long-term investments that lead to maximizing returns through increased production and economic recovery. 2- Distinguish between investments in investing companies and companies specialized in investment.	Laying down the foundations and principles related to financial reporting on financial assets that would present appropriate and useful information for users of financial statements to assess the amounts, timing and uncertainties about the future cash flows of the enterprise.
Application date	In the Iraqi environment, the Board of Accounting and Control Standards in the Republic of Iraq, in its session held on 5/7/2001, approved Accounting Rule No. 14.	On 12/26/2018, the Central Bank of Iraq issued an official letter obligating all Iraqi banks listed in the Iraq Stock Exchange to disclose Financial instruments in the financial reports issued after 1/1/2019 with early application permitted, as this book included guiding instructions on the application of International Financial Reporting Standard 9 (Financial Instruments).
Initial recognition and measurement	There are several cases for the initial recognition of investments, which can be described as follows: 1- In the event that the purchase was in cash, as the investment cost includes the amount paid as the basic price of the purchase, plus all expenses related to the purchase process, such as commissions and registration fees, and subtracting the estimated value in exchange for	1-When preparing the financial statements, the financial asset is measured at amortized cost, that is, it remains at cost with amortization of the premium or discount using the effective interest method, and the profits and losses resulting from the recognition of the financial asset, for example, or the decrease in its value (impairment) or its reclassification, are recognized.

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	the due distributions that may be included in the purchase price. 2- In the event that the purchase was through the issuance of capital shares or any other securities, then the investment cost at the moment of initial recognition is the fair value of the issued shares or securities and not their nominal value. 3- If the investments were purchased through exchange for another non-monetary asset, the cost at which the investments are established at the moment of initial recognition is the fair value of the replaced asset or the market value of the purchased shares, whichever is more objective in measurement and adding direct expenses there to. 4- When investing in bonds indebted to others, the date of purchase of those bonds must be taken into account, as the interest on the bonds is payable and accrues daily. Therefore, the buyer bears the value of the accrued interest from the date of the last interest payment until the date of purchase (i.e. the price paid for these bonds includes the value of the accrued interest). Therefore, it must The accrual and recording of such interest is independent of the cost of those bonds. 5- In the case of investing in shares that represent equity, when the dividends are approved before the purchase process, the revenues (dividends) for those shares are considered a recovery of the investment cost and are recorded separately from the cost of buying the shares. If there is difficulty in making such a reduction, the cost of the shares is reduced. Investing in the value of accrued profits. 6-The difference between the cost of investment in debt securities and its recoverable value (i.e. the amount of the discount or premium upon purchase) is amortized over the period extending from the date of purchase to the date of maturity and in a way that achieves a fixed rate of return (fixed installment) on the investment and the amount is raised or charged The amortization premium related to the discount or premium to the profit and loss account, and the amortization premium is added or subtracted from the listed value of the investment, and the resulting book value is considered as an investment cost.	2- So that they are measured at fair value with the recognition of the valuation differences within equity and as part of other comprehensive income in the statement of comprehensive income, and the valuation differences are included under the financial assets valuation reserve account. 3- They are evaluated at fair value on the date of preparing the financial statements, with the valuation differences being recognized in the income statement (L.P). They include: 1- Financial investments in debt instruments for trading purposes, such as investments in trading bonds. 2-Investments in equity instruments (shares) for trading purposes. 5- Investments in equity instruments (shares) for non-trading purposes: The standard allows the classification of investments in shares that are not held for trading such as (long-term strategic shares) within the category of financial assets at fair value through profits and losses.
Category	The economic entity must distinguish in its financial statements between short-term investments and long-term investments, provided that the first is presented within current assets	1-Financial assets at amortized cost (the business model for financial assets held to collect contractual cash flows).

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	and the second within long-term assets, as investments in securities are classified within current assets, as it meets the following two conditions: 1-That the purpose of purchasing the securities is the temporary investment of the cash surplus, which will not last for a period exceeding a fiscal year or the operating cycle, whichever is less. 2-The ability of the economic entity to sell its investments in securities without any difficulties and in a short time and without exposure to the possibility of financial risks resulting from the inability to classify them in order to obtain the necessary cash for their operation in a timely manner. As for the long-term investments that are classified as long-term assets when the objective is to obtain benefits and returns for more than a year.	2-Financial assets at fair value through other comprehensive income (the business model for financial assets held to collect cash flows and sell). 3-Financial assets at fair value through profits and losses (other business models include (trading, managing financial assets on the basis of fair value, covering cash flows by selling).
Disclosures	1-Classifying investments into long and short term, with an indication of the current part of long term investments. 2-Statement of the accounting method used in evaluating and presenting financial investments. 3-An analytical statement of investments in companies and percentage of ownership or shares of other companies, or in bonds. 4-Statement of the market value of the investment according to the closing price at the end of the period. 5-The difference between the value of each investment in the records and its nominal value, the amount of the accumulated profits or interests on each investment. 6-Reservations, restrictions and obligations on the ownership of investments, the allowance for falling prices, how it is calculated and its movement during the year.	1- Disclosure of the book value of each category of financial assets, either on the face of the statement of financial position or in the explanatory notes, as follows: 1-Financial assets measured at fair value through profit or loss. 2-Financial assets measured at amortized cost. 3-Financial assets measured at fair value through other comprehensive income.

The second topic / comparison of entry treatments according to accounting rules and the unified accounting system for banks and insurance companies and international financial reporting standards for financial instruments:

Statement	Accounting entries under	
	Unified Accounting System for Banks and Insurance Companies (Applicable)	International Financial Reporting Standards (proposed)
In the case of buying when	When buying shares at a nominal value, knowing that the bank wants to sell them in order to benefit from the price difference. From/short-term financial investments 153 To / Cash in the box 181	<u>Financial assets at fair value through profit or loss.</u> When buying shares at a fair value with paying commissions and fees, knowing that the bank wants to sell them in order to benefit from the price difference. From / financial assets at fair value through income 154

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		From / expenses and commissions 3369 To / Cash in the box 181
	When making a purchase by issuing capital shares, then the cost of investments at the moment of initial recognition is the fair value of the issued shares or securities and not their nominal value. Fro /short-term financial investments 153 To / capital 211	
	When purchasing shares by exchanging them for another non-cash asset, the cost at which the investments are fixed at the moment of initial recognition is the fair value of the replaced asset or the market value of the purchased shares, whichever is more objective in measurement and adding direct expenses there to. From/short-term financial investments 153 To / fixed asset 11	
	When you buy shares with the aim of holding them for a long period of time in order to benefit from the profits achieved From/ long-term financial investments 152 To / cash in box 181	<u>Financial assets at fair value through other comprehensive income</u> When purchasing shares at a fair value with paying commissions and fees, knowing that the bank wishes to keep them in order to benefit from the profits achieved. From/ investments at fair value through other comprehensive income (equity) 155 To / cash in box 181
	When purchasing debt bonds on 1/1 with the aim of benefiting from the realized benefits and not selling them. From /long-term financial investments 152 To / cash in box 181	<u>Financial assets at amortized cost</u> When you purchase a debt instrument (a loan bond) that matures after 5 years at a fair value and will be kept for the maturity date. From / financial assets at amortized cost 156 To / cash in box 181

Note: All debt instruments and equity instruments are recognized on the date of acquisition at their value in addition to the expenses of the purchase process, with the exception of investments classified through fair value through income, so the transaction expenses are not charged to the investments, but these expenses are recorded as period expenses in the profit and loss account.

	When buying indebtedness bonds on 1/6 with the aim of benefiting from the accrued interest and not selling them, knowing that the interest is distributed semi-annually, i.e. on 1/7 of every year here, the buyer must pay the interest due to the seller for a period of 5 months along with the cost of the bonds on the date of purchase. From /long-term financial investments 152 From / accrued interest income 1662 To / cash in box 181	<u>Financial assets at amortized cost</u> When purchasing a debt instrument (a loan bond) that matures after 5 years at a fair value that is higher or lower than the par value of the bonds, the premium or discount entry will be recorded, knowing that the interest is due on 1/1 of each year, and accordingly the entries will be recorded on 12/31. From/accrued interest income 1662

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		From / financial assets at amortized cost 156 To / bond interest income 4635 If you buy at a discount From/accrued interest income 1662 To/financial assets at amortized cost 156 To / bond interest income 4635 In the event of a purchase at a premium
	When purchasing bonds at a nominal value less than the market value, in this case they were purchased at a discount, and therefore the entity must amortize the discount from the realized and received interest income in cash. From /long-term financial investments 152 To / bond interest income 4635 To / cash in box 1811	
	When purchasing bonds at a nominal value higher than the market value, in this case they were purchased at a premium, and therefore the entity must amortize the premium from the realized and received interest revenues in cash. From/ long-term financial investments 152 From / premium purchase of investments To / cash in box 181	
	When purchasing bonds at a nominal value higher or lower than the market value, in this case they were purchased at a premium or at a discount, and therefore the entity must amortize the premium or deduction from unrealized interest revenues, for example, in the event that the distribution of interest is on 1/1 of each year, it must be proven Recording the accrual of interest, so it is in the case of deduction and premium. From/ long-term financial investments 152 To / interest income received in advance To / cash in box 181 If you buy at a discount From/ long-term financial investments 152 From / accrued interest income 1662 To / cash in box 181 In the event of a purchase at a premium	
when re-evaluating	When the shares owned for a long time are re-evaluated at the end of the fiscal year, a comparison is made between the nominal value of the shares and the market price. In case the market price was lower, a impairment loss allowance is recorded. From/the risk of falling financial investments 3451 To / provision for impairment of financial investments 2251	Financial assets at fair value through profit or loss When the bank evaluates the shares at the end of the year at fair value, assuming that the fair value is less than the purchase cost. From/losses of investment revaluation (in the income statement) 3942 To/investments at fair value through the income statement 154

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		Financial assets at fair value through profit or loss When evaluating the shares at the end of the year at fair value, assuming that the fair value is higher than the purchase cost. From/investments at fair value through the income statement 154 To/gains on investment revaluation (in the income statement) 4641
		<u>Financial assets at fair value through other comprehensive income</u> When evaluating the shares at the end of the year at fair value, the entry is recorded on the assumption that the fair value is less than the purchase cost. From / fair value reserve 217 To/investments at fair value through other comprehensive income (equity) 155
		<u>Financial assets at fair value through other comprehensive income</u> <u>When evaluating the shares at the end of the year at fair value, assuming that the fair value is higher than the purchase cost</u> From/investments at fair value through other comprehensive income (equity) 155 To / fair value reserve 217
		<u>Financial assets at fair value through other comprehensive income</u> When the entity receives a cash dividend for investments in shares. From / cash in box 181 To/ revenue divided by profits 4643
in the event of a sale	When selling long-term financial investments, their cost up to the date of sale is compared with the sale value. If there are profits, the entry is recorded. From / cash in box 181 To / long-term financial investments 152 To / capital gains reserve 212	<u>Financial assets at fair value through other comprehensive income</u> When selling shares for cash, a comparison is made between the fair value of the shares and the sale value on the date of sale. If the sale was for a profit, the entry is recorded. From / cash in box 1811 From /fair value reserve 217 To/investments at fair value through other comprehensive income (equity) 155 To / gains from selling investments at fair value through other comprehensive income (income statement) 4644
	In the event that the sale process ended with a loss as a result of the difference between the cost and the selling value of the long-term financial	<u>Financial assets at fair value through other comprehensive income</u>

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	investments, the realized loss is recognized through the entry From / cash in box 111 From /capital losses 393 To / long-term financial investments 152	When selling shares for cash, a comparison is made between the fair value of the shares and the selling value on the date of sale. If the sale was at a loss, the entry is established. From/ cash in box 1811 From /fair value reserve 217 From/gains from selling investments at fair value through other comprehensive income (income statement) 4644 To/investments at fair value through other comprehensive income (equity) 155
		<u>Financial assets at fair value through profit or loss</u> When selling shares for cash, a comparison is made between the fair value of the shares and the sale value on the date of sale. If the sale was for a profit, the entry is recorded. From / cash in box 181 From /fair value reserve 217 To/ investments at fair value through other comprehensive income (equity) 154 To h / gains from selling investments at fair value through other comprehensive income (income statement) 4644
		Financial assets at fair value through profit or loss When selling shares for cash, a comparison is made between the fair value of the shares and the selling value on the date of sale. If the sale was at a loss, the entry is established. From / cash in box 1811 From/losses from the sale of investments at fair value through the income statement (income statement) 3942 To/investments at fair value through the income statement 154

THE FOURTH AXIS / CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS:

1-The issuance of the unified accounting system for banks and insurance companies dates back to 1992 and did not keep pace with developments in the field of financial institutions, in addition to not including accounting treatments for financial instruments.

2-There are some differences in measurement, especially with regard to accounting treatments for banking operations, between the procedures of the unified accounting system for banks and insurance companies approved in Iraq and the restrictive procedures stipulated in the International Financial Reporting Standards.

3- Accounting Rule No. (14) Investment Accounting, issued by the Accounting and Supervisory Standards Board in the Republic of Iraq, has not been updated to take into account the specificity and nature of the work of financial institutions in measuring and recognizing investments in accordance with international financial reporting standards.

4- Accounting Rule No. (10) Disclosure of Financial Statements for Banks and Similar Establishments, issued by the Accounting and Supervisory Standards Board in the Republic of Iraq, has not been updated to take into account the privacy and nature of the work of financial institutions and their disclosure in accordance with International Financial Reporting Standards.

RECOMMENDATIONS:

1- The need to update the unified accounting system for banks and insurance companies with the accounting requirements for measurement and disclosure in accordance with the accounting standards issued by the International Accounting Standards Board (IASB), and in a manner consistent with the nature and privacy of financial institutions, especially with regard to measurement, disclosure and accounting presentation of the financial instruments, the research sample, with the need to create accounts related to those instruments.

2-The need for the Accounting and Supervisory Standards Board in the Republic of Iraq to issue a new rule or update the accounting rule No. (10) disclosing the financial statements of banks and similar financial institutions and the accounting rule No. (14) accounting for investments, issued by the Accounting and Supervisory Standards Board in the Republic of Iraq.

3- The need to adopt the International Financial Reporting Standard (IFRS 9) Recognition and Measurement, (IFRS 7) Disclosures, and (IAS 32) Presentation of Financial Instruments in Non-Banking Financial Institutions.

4- The use of fair value to measure financial investments when preparing financial reports leads to presenting the financial statements fairly, because the use of historical cost does not reflect reality or is closest to reality.

5- The need to adopt the International Financial Reporting Standard (IFRS 9) Recognition and Measurement of Financial Instruments when measuring expected credit losses, provided that the attention of the supervisory and professional authorities is given to reduce the use of personal judgments and estimates when applying.

6- Follow-up of the Iraqi Securities Commission to implement international accounting standards for financial institutions listed in the market, because this gives them greater credibility and reliability and allows comparing their activity with the activity of other institutions that apply these standards, and not restricting them to the need to produce their financial statements only in accordance with international financial reporting standards.

7- Introducing amendments to the unified accounting system for banks in line with the International Financial Reporting Standards, because this would add accuracy, credibility, and fairness to the financial statements from the point of view of its users, and at the same time it is compatible with the requirements of the current economic stage.

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