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**FACTORS INFLUENCING THE ADOPTION OF INTERNATIONAL  
FINANCIAL REPORTING STANDARDS (IFRS): EVIDENCE FROM IRAQ**

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**MASTERS OF SCIENCE (INTERNATIONAL ACCOUNTING)**

**UNIVERSITI UTARA MALAYSIA**

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FINANCIAL REPORTING STANDARDS (IFRS): EVIDENCE FROM IRAQ**

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**Thesis Submitted to  
Othman Yeop Abdullah Graduate School of Business,  
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In Partial Fulfillment of the Requirement for the Master of Sciences  
(International Accounting)**



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## ABSTRACT

The purpose of this study is to examine the adoption level of the international financial reporting standards (IFRSs) in Iraqi companies. Data in the form of descriptive financial results taken in the year 2015 of 32 companies listed on Iraqi stock exchange were used in this study. It is found that the level of IFRS adoption in Iraq is less than 50%. Regression result indicates a positive and significant relationship between IFRS with the firm size and net profit and board size. However, the effect of foreign ownership on the adoption of IFRS in the Republic of Iraq is discovered to be insignificant.

**Keywords:** IFRS adoption, Iraq, Firm size, Net profit, Board size and firm foreign ownership.



## ABSTRAK

Tujuan kajian ini adalah untuk mengkaji tahap penggunaan piawai pelaporan kewangan antarabangsa (IFRS) dalam syarikat tersenarai di Iraq. Kajian ini menggunakan data untuk satu tahun kewangan 2015 daripada 32 syarikat yang disenaraikan di bursa saham Iraq sebagai sampel. Hasil kajian mendapati tahap pemakaian piawai pelaporan kewangan antarabangsa (IFRS) di Iraq kurang daripada 50%. Hasil regresi menunjukkan hubungan signifikan yang positif di antara pemakaian IFRS dengan saiz syarikat, keuntungan bersih dan saiz lembaga pengarah. Namun begitu, pemilikan asing didapati tidak signifikan dengan pemakaian IFRS di Iraq.

**Kata kunci:** IFRS, pemakaian, Iraq, saiz syarikat, keuntungan bersih, saiz lembaga pengarah dan pemilikan asing.



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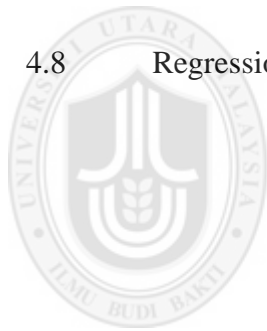


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## **CHAPTER ONE**

### **1.0 INTRODUCTION**

This chapter displays thesis overview which consists of seven sections. First section presents the background of study. The second section highlights the problem statement while the third and fourth sections include the research objective and research questions. The next section illustrates the significance and scope of this study. The last section describes the whole organization of study.

### **1.1 Background of the Study**

International Accounting Standards Board (IASB) has developed accounting conceptual framework in order to provide recognition, measurement, presentation and disclosure of requirements relating transactions and events that are reflected in the financial statements of businesses (Adetoso & Oladejo, 2013). A financial statement should provide information about the financial position, performance and changes of an entity in a standardized and accurate form for investors, regulators, financial analyst and other users for economic decisions (IASB Framework) making. Accounting standards are a set of rules that companies should comply with when preparing and presenting financial reports of an entity in order to ensure uniformity of the standards across the market. Companies listed on stock exchanges must publish financial statements in accordance with the relevant accounting standards (Hung & Subramanyam, 2007).

Accounting standards aim at providing creditors and investors with relevant, reliable and timely information consistent with IASB accounting conceptual framework for the preparation and presentation of financial statements (Outa, 2011). Accounting quality is the extent to which financial statement information reflects the underlying economic

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