



Contribution of International Accounting and Financial Reporting Standards to Improving the Results of Financial Analysis in Economic Entity

مساهمة معايير المحاسبة والابلاغ المالي الدولية في تحسين نتائج التحليل المالي في المؤسسة الاقتصادية

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Abstract

This study aims to demonstrate the contribution of International Accounting Standards and International Financial Reporting Standards (IAS/IFRS) in improving the outcomes of financial analysis in economic entity. The findings indicate that adopting international accounting standards enhances transparency and reliability in financial disclosure, thereby improving the quality of financial information available for financial analysis. These reports become more accurate and reliable, as reliance on financial statements prepared according to these standards provides an effective tool for making sound decisions. Financial information generated from the application of these standards is more reflective of reality, enabling the financial analyst to accurately assess the financial position of the entity, analyze its financial policies and decisions, and identify strengths while uncovering weaknesses that may require reevaluation and appropriate measures to improve the entity's financial standing .

Keywords

International Accounting and Financial Reporting Standards; Financial Analysis; Quality of Financial Reports;

JEL Classification Codes : M41 ; M49

المصنف	الكلمات المفتاحية
تهدف هذه الدراسة إلى إظهار مساهمة معايير المحاسبة والابلاغ المالي الدولية (IAS/IFRS) في تحسين نتائج التحليل المالي في المؤسسة (المنشأة) الاقتصادية.	معايير المحاسبة والابلاغ المالي الدولية ؛ التحليل المالي ؛ جودة التقارير المالية.
وما تم التوصل إليه أن تبني المعايير المحاسبية الدولية يساهم في تعزيز الشفافية والموثوقية في الإفصاح المالي، مما يحسن جودة المعلومات المالية المتاحة لعملية التحليل المالي. حيث تصبح هذه المعلومات أكثر دقة وموثوقة، إذ إن الاعتماد على التقارير المالية المعدة وفقاً لهذه المعايير يوفر أداة فعالة لاتخاذ القرارات الصائبة.	معايير المحاسبة والابلاغ المالي الدولية ؛ التحليل المالي ؛ جودة التقارير المالية.
إن المعلومات المالية الناتجة عن تطبيق هذه المعايير تكون أقرب إلى الواقع، مما يمكن المحلل المالي من تقييم الوضع المالي للمؤسسة بدقة، وتحليل سياساتها وقراراتها المالية، كما يساعد ذلك في تحديد نقاط القوة، واكتشاف نقاط الضعف التي قد تستدعي إعادة النظر واتخاذ الإجراءات المناسبة لتحسين الوضع المالي للمؤسسة.	معايير المحاسبة والابلاغ المالي الدولية ؛ التحليل المالي ؛ جودة التقارير المالية.
تصنيف JEL: M41 ؛ M49	

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I.INTRODUCTION:

As a result of the advancement of the global economy, trade liberalization, the evolution of international business, the liberalization of capital movements, the emergence of multinational corporations, and the expansion of their activities, accounting has come to play a prominent role by providing important financial information published in the form of financial reports. These reports must possess characteristics that allow for easy comparison, readability, and comprehension by various users of these reports.

The differences and discrepancies between local accounting systems across countries have led to accounting issues, making measurement difficult, creating heterogeneity, and distorting comparisons, which negatively impacts decision-makers. In light of these changes, organizations have emerged to address these issues, eliminate disparities, and create alignment and convergence between various accounting practices across countries. Their efforts have culminated in the evolution of global accounting standards.

1.Study Problem:

The problem of this study can be formulated in the following main question:

How do accounting and financial reporting standards contribute to improving the results of financial analysis in economic entity?

The following sub-questions fall under this problem:

- What are the fundamental principles and benefits of international accounting and financial reporting standards that have prompted several nations to pursue their implementation?
- How does the content of financial statements prepared according to international accounting standards contribute to improving financial analysis results in economic entity?

2. Study Hypotheses:

To answer the previous questions, we propose the following hypotheses:

- The importance and advantage of international accounting standards are evident through the provision of qualitative information that positively impacts the quality of financial statements, making them more useful for users when making decisions. This is the reason why many countries are moving toward adopting these standards.
- Financial statements serve as the primary input for the financial analysis procedure. Therefore, preparing these statements in accordance with international accounting standards, which provide numerous advantages, significantly contributes to improving the analysis process, thus revealing the true financial situation of the company.

3. Study Objectives:

- To address the theoretical framework of financial analysis and highlight its role and importance;
- To define international accounting standards;

- To understand how financial statements prepared according to international accounting standards contribute to the financial analysis process in an entity.

4. Study Importance:

The importance of this study arises from its fundamental function of the economic institution, which is considered the cornerstone of any economy. The future of the economy as a whole is determined by the success of these institutions in surviving, growing, and securing a place in the face of existing competition, whether global or local, as they are an open system that both influences and is influenced by its environment. Given that the institution is the primary entity affected by the consequences of international accounting standards, and since the burden of implementing these standards falls primarily on it—especially with the growing trend toward applying international accounting standards and the desire for integration into the global economy—many countries have adopted these standards. Other countries have worked on adapting their accounting systems to align with these standards. Therefore, it is important to examine the impact of enforcing these criteria on financial analysis of economic institutions.

5. Study Methodology:

The nature of the study's subject, and in order to comprehensively understand its various aspects, answer the research problem, and test the validity of the proposed hypotheses, necessitates the use of the descriptive method.

II.THEORETICAL FRAMEWORK AND PREVIOUS STUDIES:

1. Previous Studies:

Study by (Tebba), "The Role of International Accounting Standards and International Financial Reporting Standards in Enhancing Financial Analysis within an Organization – A Case Study of the National Civil Engineering and Construction Company (GCB)", The Scientific Journal of Economic Future, Issue 01, Volume 01, 31/12/2013, University of M'hamed Bougara Boumerdes. The objective of this investigation was to illustrate the impact of applying international accounting standards on financial analysis within an organization. The researcher concluded that financial analysis is a precise and well-studied process that helps reveal the true financial position of an organization based on meaningful indicators, enabling correct financial decision-making. Furthermore, financial reports prepared in accordance with the financial accounting system derived from international standards support financial analysis and facilitate the application of its techniques.

2.The Conceptual Framework For financial analysis:

Financial analysis, in its modern sense, emerged from the circumstances of the 1930s, a period marked by the Great Depression in the United States. The conditions of that time revealed instances of fraud and deception practiced by the management of some publicly-owned institutions, which harmed both shareholders and lenders alike. This led to legislative intervention and the requirement to publish financial information. The publication of this information gave rise to a new function during that period, known as financial analysis. Since then, financial analysis has gained increasing importance among users of accounting and financial information, including lenders, shareholders, and the financial management of the institution (Al-Dardiri & El-Sayed, 2020, p. 29).

Financial analysis is one of the essential stages for assessing and evaluating a company's financial policy through the use of financial analysis tools and techniques. The results of financial analysis help evaluate the performance of the institution and the effectiveness of its financial policy. It plays a critical role in assessing current performance and, thus, in judging the efficiency of the institution's financial management. Additionally, it guides managers in identifying the real causes of the challenges the institution faces and in analyzing them.

Financial analysis also focuses on examining the general policy to search for potential solutions and take measures that support the formulation of future policies that will enhance the institution's activities and lead to a new financial strategy (Latrash & Ayad, 2017, p. 24).

A. Concept of Financial Analysis

There are many definitions of financial analysis, and we will mention some of them here:

- Financial analysis of financial statements is described as "a process of interpreting and understanding published financial statements to diagnose and evaluate an institution's performance in light of a comprehensive understanding of accounting measurement and recognition principles (Lazaar, 2012, p. 71)."
- It is also defined as "an organized process aimed at identifying the strengths in an institution's situation to reinforce them and the weaknesses to provide the necessary remedies. This is done through: the careful reading of published financial statements, and utilizing available relevant information such as stock prices and general economic indicators (Al-Shanti & Shaqur, 2007, p. 125)."
- Another definition describes it as "the study of financial statements after properly classifying them, using mathematical and statistical methods, ratios, averages, trends, and standards with the objective of determining the financial value of an institution at a specific date, as well as assessing its performance, profitability, and future sustainability (Lazaar, 2012, p. 71)."
- In another definition, it is described as "a structured process of handling the available financial data of a specific project to obtain information used in decision-making and in evaluating past and present performance while predicting future outcomes (Al-Shubayb, 2009, p. 55)."
- It is also defined as "a diagnosis of the institution's financial position from various perspectives at a specific date, usually the date of the financial statements' closing, to identify weaknesses, investigate their causes and address them, as well as to highlight strengths to maintain and reinforce them in the future (Zegheib & Bouchnegre, 2011, p. 16)."

From the previous definitions, we notice that financial statement analysis serves as a disclosure of the institution's financial status and the various policies it has adopted. This analysis helps to identify the strengths for reinforcement and the weaknesses for correction.

B. The Importance and Objectives of Financial Analysis:

Financial analysis is the process of converting the financial and transforming accounting data from financial statements into information used for informed decision-making. The goal of this

analysis is to enhance the positive trends within the institution and address some incorrect practices. Generally, financial analysis aims to achieve the following:

- Understand the institution's position within its sector (Mohammad, 2009, pp. 120-121);
- Provide a general financial evaluation of the financial policies pursued over one or more cycles of its activity through a detailed study of the various accounting and financial data that identify the strengths and weaknesses in the institution's financial policy (Boumediene, Taqrarat, & Ben Zaama, 2022, p. 11);
- Monitor clients and analyze the risks of their default, as well as follow up on the receivables collection policy (Chenouf, 2012, p. 30);
- Provide ready financial information that helps officials make decisions with financial impact (Harrouch, 2013, p. 71);
- Determine the institution's ability to service its debts and its capacity to borrow;
- Evaluate the feasibility of the institution's investments;
- Utilize the available information for making control and evaluation decisions (Khanfar & al-Matarneh, 2009, p. 72);
- Assist in formulating the institution's future policies and programs, and provide a suitable foundation for decision-making (Farajallah, Delfouf, & Hattatash, 2023, p. 16);
- Assess the efficiency of management (Al-Shanti & Shaqur, 2007, p. 129).

C. Factors that Increased the Importance of Financial Analysis:

The shift in perspective regarding financial statements, from viewing them as isolated pieces of information to recognizing the necessity of analyzing and studying them, can be attributed to several factors, the most important of which are (Belakab, 2023, pp. 100–101):

- Significant industrial development: The significant industrial growth has led to the need for large capital, requiring substantial amounts of money;
- Credit: Credit is the backbone of economic life, consisting of a series of interconnected links. The disruption or delay of any link affects the rest. For example, if some debtors delay repayment, it will impact other parties and create a financial issue. As a result, specialized financial institutions and lenders, such as banks, place special emphasis on studying the financial position of borrowing entities before granting loans. Hence, the focus is on analyzing and studying financial statements;
- Financial markets: In capitalist countries, joint-stock companies represent the dominant legal form for the large-scale formation and investment of funds. Regulatory bodies in these countries have intervened by setting regulations aimed at ensuring the clear disclosure of companies' financial statements. This intervention reflects the acknowledgment by these entities of investors' right to make objective comparisons between companies based on financial statements that clearly demonstrate the performance efficiency of the companies in which they wish to invest;
- Government intervention in the exposition of data in financial reports: The success of companies as a means of investing savings depends on protecting investors from manipulation by managers and founders. Therefore, governments have enacted laws to

ensure this protection, such as requiring the appointment of auditors and the publication of financial statements to the public, acknowledging the right of external parties to access them.

D. General Rules of Financial Analysis:

Adopting any method in the field of financial analysis requires adherence to certain rules that ensure consistency in financial studies and help achieve the set objectives. These rules are as follows (Shiha, 2013, p. 48):

- Financial analysis must be comprehensive, meaning it should not be limited to the financial studies of a single function, but should be conceived as a thorough diagnosis of the institution's various structures;
- Financial analysis is not confined to a specific time period but extends over multiple cycles until the institution ceases its activity;
- Financial analysis is used to prepare comparative studies between a group of institutions within the same industry sector. This comparison allows the institution's position to be assessed relative to industry standards or the shareholders' standpoint;
- The complexity of the variables within the scope of financial analysis requires a certain methodology, moving step by step.

E. Components of Financial Analysis:

Financial analysis, like other branches of knowledge, requires the availability of certain fundamental components to achieve its objectives successfully. The fundamental objective of a financial analyst is to provide accurate indications that represent the institution's operations, several essential elements must be ensured, including:

- Credibility of information: The information on which the analyst relies must be trustworthy and reliable, characterized by both objectivity and relevance;
- Methodology and techniques: The financial analyst must adhere to a scientific technique aligned with the analytical goals, using techniques and tools that possess a level of objectivity and relevance to achieve the desired outcomes (Ajeela, 2013, p. 77).

In summary, these components form the basic pillars necessary for conducting effective financial analysis.

F. Limitations of Financial Analysis:

Despite the significance of financial analysis and its ability to assist in understanding the financial position of an institution, evaluating the efficiency of its various operations, and assessing its investment capacity, there are numerous limitations to financial analysis of financial statements that an analyst must exert effort to overcome. These limitations include (Lazaar, 2012, pp. 75-76):

- The level of the analyst's interest in the institution and the depth of analysis required;
- The quantity and quality of information that directly impact the outcome of the analysis;
- The incorporation of certain subjective judgments in the preparation of financial statements, such as judgments related to depreciation, inventory valuation, and doubtful debts reserve;

- The consistency in applying accounting methods and principles, as changes in these methods will lead to variations in results;
- The absence of notes regarding the accounting methods used in preparing the financial statements, particularly in terms of asset valuation, depreciation, and the transition from one generally accepted accounting principle to another;
- The financial statements do not reflect management activities, expansion plans, or relationships with suppliers and creditors.

G . Areas (Applications) of Financial Analysis:

Financial analysis can be used to serve multiple purposes and cover several areas. The main ones are summarized in the following table:

Table (01). Areas of Financial Analysis

Fields	Objective
Credit analysis	This analysis is conducted by lending entities to identify the risks that the borrower (institution) may face.
Investment analysis	Investment analysis is of great importance to individual and corporate investors, as their focus is on the safety of their investments and the adequacy of returns.
Merger and acquisition analysis	In the case of a company's desire to purchase another company, the buyer's financial management undertakes the evaluation of the current value of the target company.
Performance evaluation analysis	Its goal is to assess the profitability of the institution, its efficiency in managing its assets, its financial balance, solvency, and liquidity, as well as the growth trends it follows. It also compares the institution's performance with other companies in the same industry or in different sectors.
Planning	Planning for the future is essential for every institution. The planning process involves forecasting the institution's expected performance based on its past performance.

Source: Prepared by the student based on: (Qorosh & Abdulraouf, 2022, pp. 16-17).

H. The Role of Financial Analysis in Decision-Making:

Accounting data is characterized by its limited significance and is insufficient on its own to accurately assess an institution's financial situation unless it undergoes analysis and interpretation to ensure that the achieved results align with the set objectives. Naturally, the efficacy of any economic activity is contingent upon managerial choices, which need an ongoing sequence of selections among options. These decisions are mostly grounded on financial analysis, which assesses the institution's fiscal condition and the flow of its financial assets.

All decisions that management faces daily can be categorized into key areas, which are:

- Engaging in economic activities using resources;
- Investing resources;
- Financing financial resources, which is a critical area regardless of the category of economic activity, the magnitude of these efforts, or the legal structure of the institution. The management's role in these entities is summarized in the optimal planning of resource

use to create sufficient economic value to recover all invested resources and achieve an acceptable return on them.

This, of course, depends mainly on making sound and correct decisions in the following areas:

- Selecting investments;
- Guiding economic activities through the effective utilization of all employed resources;
- Financing economic activities responsibly by balancing expected benefits with the costs of the capital used, particularly considering the potential risk from using external borrowing sources.

The ability to make successful decisions is the core element in creating value, and it represents the primary challenge of financial analysis: to develop a suitable and useful set of data and relationships in a logical manner that can be effectively applied through appropriate analytical tools and methods. When properly implemented, the results of this analysis should empower management to make appropriate decisions (Aichouche, 2010/2011, pp. 24-25).

I. Types of Financial Analysis Based on the Party Conducting It:

This classification refers to the combination of parties with an interest in the company and the source of available information for conducting the analysis and making appropriate decisions (Boufafa, 2024, p. 60). The analysis performed by the financial management within the institution is called internal financial analysis, while the analysis conducted by external parties interested in the financial position of the institution—such as financial institutions, major shareholders, creditors, and investors in the financial market—is called external financial analysis. External analysis differs from internal analysis in that it relies on limited information about the institution compared to the extensive data available to internal analysts (Qorosh & Abdulraouf, 2022, p. 20).

- **External analysis:** This refers to the analysis conducted by parties outside the institution and aims to serve these entities by using published data to assess the organization's performance, its capacity to fulfill responsibilities, and its sustainability. The accuracy of this information depends on the caliber of the accounting and financial data within the institution. Therefore, international accounting standards work to improve the quality of financial information in terms of reliability and provide a true picture of the institution's financial status. For instance, short-term lenders rely on financial ratios that measure the institution's capacity to fulfill short-term liabilities, while long-term loans are assessed based on ratios that evaluate the institution's capacity to meet long-term liabilities. This analysis is also used to understand the institution's financial policies that affect the market price of its shares. These elements are interconnected; for example, failure to repay loans can negatively impact the institution's stock in financial markets, reducing liquidity and leading to a loss of trust among external parties.
- **Internal analysis:** The internal financial analyst has greater access to information, as they are familiar with the institution's management policies and accounting methods. This type of analysis generally serves the management itself and is more precise and detailed than external analysis. This is due to the availability of essential data provided by management and the analyst's ability to access the necessary information. The analyst has the

advantage of directly reviewing information and data, such as cost and revenue details for various products and divisions of the institution. More importantly, the cooperation of all relevant parties within the institution is key to achieving a thorough and accurate analysis of all units, both inside and outside the institution, in order to identify and address weaknesses, thereby improving the institution's performance and its image to external analysts (Aichouche, 2010/2011, pp. 33-34).

J. Results of Financial Analysis:

The results of financial analysis form the basis for decisions made by various stakeholders involved with the institution. These results include:

- **Results of External Financial Analysis:** External analysts can reach several conclusions, the most important of which are:
 - Evaluating the financial results, which allows for determining the taxable amounts;
 - Observations on the financial activities conducted by the institution;
 - Assessing the institution's financial position and its ability to handle the consequences of loans;
 - Proposing financial policies to change the institution's financial and operational situation;
 - Comparing the institution's overall position with other institutions in the same sector, highlighting the best or weakest (Qorosh & Abdulraouf, 2022, p. 25);
 - Determining the institution's standing compared to other companies in the same sector and its size within the economy;
 - Assessing whether the institution can borrow again, based on the available borrowing margin (Dadi Addoun, p. 270).
- **Results of Internal Financial Analysis:**
 - Evaluating the financial management for the period under analysis;
 - Reviewing the effectiveness of the institution's financial and productivity policies during the period under analysis;
 - Verifying the institution's financial position and identifying potential financial risks, such as those related to debt;
 - Making decisions regarding investments, financing, dividend distribution, or changes to capital;
 - Using the obtained information to benefit the overall monitoring of the institution's activities as a basis for future estimates (Qorosh & Abdulraouf, 2022, p. 25);
 - Determining the efficiency of the institution's use of financial resources by applying the concept of profitability;
 - Assessing the institution's financial position and its degree of independence from external parties;
 - Determining whether the institution has achieved the required financial balances;

- Utilizing the results of various studies to inform future research, establish new financial policies, or alter the direction of the institution, among other initiatives (Dadi Addoun, p. 270).

3.The Conceptual Framework For International Accounting and Financial Reporting Standards(IAS/IFRS):

Due to significant developments in the global economy, trade liberalization, and the free movement of capital, along with the emergence of multinational corporations and the expansion of their activities, accounting has come to play a crucial role by providing relevant financial information presented in financial reports. These reports must possess characteristics and specifications that allow for easy comparison, readability, and understanding by the various stakeholders.

The differences and inconsistencies between local accounting systems across countries have led to accounting problems that negatively affect measurement accuracy and make comparison difficult, thereby hindering proper decision-making. In light of these changes, international organizations have emerged with the aim of resolving these issues and reducing gaps between different accounting practices. Their efforts culminated in the development of international accounting standards, which seek to harmonize and bring closer the accounting systems worldwide.

A. Definition and Emergence of International Accounting Standards:

Before delving into the definition of international accounting and financial reporting standards, it is essential to define the terms "standardization" and "accounting harmonization." Standardization refers to the adoption of shared and similar terms and rules across all enterprises, resulting in financial statements with identical content and presentation. Accounting harmonization, on the other hand, is the first step toward accounting standardization. It represents a more flexible approach, as it involves bringing different accounting systems together—an effort to unify the diverse accounting practices that arise from varying environments. Accounting harmonization reduces the differences in financial reporting applications (financial statements) between countries, thereby increasing the comparability of financial data. In this sense, harmonization narrows the range of choices between accounting policies and leads to the adoption of similar accounting systems. This contrasts with accounting standardization, which aims for strict unification of accounting rules and policies (Touriat, 2023, p. 12).

▪ Definition of Standards:

In general, the term "standard" refers to a model used to measure the weight, length, or quality of something. In accounting, it refers to the primary guide for measuring transactions, events, and conditions that affect an institution's financial position and its operating results, as well as for communicating this information to its users.

The accounting standard can be defined from two perspectives:

- Perspective of the form of the accounting standard: An accounting standard is "a written statement issued by an official accounting body or a professional regulatory body regarding elements of financial reports, or certain transactions or events related to the

fiscal status and operational outcomes. It specifies the appropriate methods for measurement, presentation, handling, or recognition."

- Perspective of the substance of the accounting standard: The International Accounting Standards Committee, accounting standards are regarded as "guidelines upon which professionals rely to support their judgment and inform their decisions. However, they do not eliminate professional judgment. Rather, they represent a high-level professional description of generally accepted practices, aiming to reduce discrepancies under similar circumstances. They also serve as a general framework for enhancing the quality and efficiency of technical work and for defining the nature and scope of professional responsibility. These standards are not designed to impose strict limitations on application but to serve as guidelines for the purposes of measurement, fair presentation, and sufficient disclosure (Al-Jajawi & Al-Khafaji, 2013, pp. 10-11)."

An "accounting standard" is a fundamental measure, paradigm, or principle that delineates the appropriate approach for identifying, measuring, and presenting data, and revealing components of financial statements, as well as the impact of transactions, events, and circumstances on the fiscal standing and performance of the institution. Accounting standards are typically linked to a certain component of the financial statements, such as a fixed assets standard, or with operating results, such as a revenue standard. They may also relate to a specific transaction category, include a benchmark for securities investment, or to occurrences and circumstances influencing the institution's financial status and performance, such as a standard for contingencies and post-balance sheet events.

Therefore, international accounting standards are considered the primary tool for achieving harmonization and moving toward accounting standardization.

The significant development in profit-oriented business activities has led many countries and organizations to recognize the importance of establishing financial accounting standards that define how to measure the influence of transactions, events, and circumstances on the financial status and performance of institutions (Blue Pages Publishing House, 2008, p. 08).

▪ **The Emergence and Development of International Accounting Standards:**

Since the beginning of the second half of the last century, there has been increasing interest from professional bodies in establishing accounting rules. Prior to this, no common scientific standards were applied by accounting practitioners, and each professional body in industrialized countries developed its own accounting rules based on their individual accounting concepts (Mohamed & Al-Sakani, 2015, p. 38).

The reasons behind this growing interest include the economic globalization and financial markets, which in turn led to the globalization of accounting, often referred to as the language of business. Additionally, pressure from users of accounting information—such as shareholders, investors, creditors, financial analysts, international organizations, and governments—resulted in several initiatives aimed at creating a unified set of international accounting standards. This movement began in the early 20th century, marked by several conferences (Al-Nasrawi & Aniza, 2019, p. 22), starting with the first international conference held in 1904 in St. Louis, USA. This

conference was sponsored by the Federation of American Certified Public Accountants concentrated on the potential for unifying accounting methods internationally.

Following this initial conference, a series of subsequent meetings took place, eventually leading to the establishment of a dedicated committee for concerning global accounting standards, known as the International Accounting Standards Committee (IASC). This occurred during the tenth conference, held in 1972, which was attended by 4,347 delegates from 59 countries. At this conference, the groundwork was laid for the creation of an organization capable of addressing international accounting issues and the accounting practices used by various countries.

B. Reasons for the Need for International Accounting Standards and the Rationale for Their Establishment:

The need for international accounting standards can be attributed to both general and specific reasons, as follows:

▪ **General Reasons:**

- Trade Exchange: The tendency towards free trade exchanges between countries, the gradual elimination of trade barriers, and the increasing number of countries signing the World Trade Organization (WTO) agreement have led governments and companies to focus on production costs in order to set prices and comply with fair competition rules. This requires the adoption of international accounting standards.
- International Development: International development is a goal pursued by nations and governments and international entities such as the World Trade Organization (WTO) and the World Bank are concerned with studying economic development indicators worldwide. These organizations provide statistical assistance in this field with the aim of preparing national accounts based on standardized principles that are suitable for comparison between countries. This necessitates adherence to the foundational standards of national accounts set by the United Nations, or reliance on international accounting standards, making standardization possible and enabling the transparent and comparable preparation of national accounts.
- Capital Flows: Capital flows play an important role in driving international investment. These flows take various forms, such as establishing branches of multinational companies in regions or countries where the presence of these branches benefits the parent company. In such cases, the branch faces challenges in preparing its financial statements, as it must comply with local laws governing accounting measurement and disclosure. However, the central management needs to consolidate the financial statements of the various branches with the headquarters. Differences in measurement and disclosure standards require complex accounting adjustments before the financial statements of the headquarters and branches can be consolidated. Given the growing power of these companies in the global economy and their dominance over many countries, and in order to facilitate the flow of capital between different nations, the need for unified accounting standards governing measurement and disclosure has emerged. This contributes for the creation of financial statements and reports that are understandable and comparable (Hamza, 2011, pp. 72-73).

- Convergence and Advancement of Financial Markets: The convergence and interconnection of financial markets, along with their increasing complexity, make it necessary to harmonize accounting rules at the international level (Brun, 2011, p. 20).
- Intervention of International Bodies: The involvement of international bodies in the field of accounting is a key reason for the application of these standards. However, the impact varies between developed countries, which established these bodies to serve their interests, and developing countries, which are often compelled to apply these standards for various reasons (Tessaadit & Haciane, 2018, p. 18).

▪ **Specific Reasons:**

The specific reasons can be summarized as follows:

- Comparison to Facilitate Decision-Making: The decision-making process is based on comparing different alternatives, which requires relevant information prepared according to widely accepted and recognized principles. The presence of international accounting standards facilitates the creation of financial accounts in a clear and comparable manner (both at the institutional level and across different institutions locally and internationally), facilitating the comparison and decision-making process.
- Cost of Information Processing: When financial statements are prepared according to various and differing standards, users of these statements are forced to translate them into a unified basis, incurring processing costs that could be avoided if the financial data were prepared according to standardized principles (Hamza, 2011, p. 73).
- Avoiding Errors in Decision-Making: The absence of standards can sometimes lead to the use of improper accounting practices for measuring transactions, events, and conditions that affect the institution and conveying the results to users. As a result, the institution's financial statements may not fairly reflect its financial position or operating results, leading to errors in decision-making.
- Avoiding Complexity: The lack of accounting rules may result in the preparation of financial statements in a concise and complex manner, even if the accounting treatment is technically correct. This makes it difficult for users to benefit from them, as understanding such statements may require reference to their sources or advanced scientific knowledge, which is often unavailable. These sources may be inaccessible due to confidentiality or complexity, resulting in a lack of trust and negatively impacting the effectiveness of decisions made (Blue Pages Publishing House, 2008, p. 09).
- Facilitating the Evaluation of Institutions: One of the methods of evaluating institutions involves assessing their shares in various stock exchanges (Boutin, 2010, p. 44).

This highlights the importance and advantages of adopting international accounting standards.

C. Characteristics of International Accounting Standards:

International accounting standards possess a set of characteristics, the most important of which are as follows:

- They feature a reference framework derived from the Anglo-Saxon accounting standardization model, prepared by accounting professionals;

- The standards are developed based on an approach that reflects the economic reality of transactions, emphasizing the essence of the transaction rather than its formal structure;
- They prioritize the interests of investors, shareholders, and creditors of the institution;
- The adoption of the fair value concept facilitates a more accurate assessment of the institution's actual financial status;
- The incorporation of the concept of current value to consider the influence of time on the valuation of assets and liabilities (Ketouch, 2011, pp. 18-19);
- Their ability and suitability to achieve consensus in accounting practices, especially after the recent reforms in the International Accounting Standards Committee (IASC), which expanded consultation and standard-setting processes to include all relevant stakeholders without neglecting the perspectives of qualified national bodies;
- Their strength lies in reconciling the differences that distinguish local and international accounting practices, particularly in areas covered by the standards;
- They are flexible because they provide solutions that satisfy various users, with the key feature being not what they allow but what they prohibit (Tartar & Mansar, 2015, p. 23);
- They are not mandatory as they do not carry legal or regulatory authority.

For international accounting standards to achieve these characteristics, they must possess certain qualities, which include:

- Being written clearly and understandable, with the ability to be applied;
- Providing guidelines for measuring and recognizing events related to the economic unit;
- Disclosing the financial performance of the economic unit to all stakeholders of financial statements;
- Being appropriate for the purposes of the accounting profession and the needs of financial statement users in the environment where these standards are applied;
- Ensuring consistency in the rules and principles of these standards so that they are integrated and effective in achieving the purposes of the accounting profession;
- Gaining general acceptance from both preparers and users of financial statements (Al-Nasrawi & Aniza, 2019, pp. 32-33);
- Continuous development, characterized by flexibility and adaptability, responding to changes in economic conditions. The development and updating of standards is an ongoing process that reacts to changes in the commercial landscape and the international landscape, keeping pace with economic developments, as accounting is an integral part of it and avoids rigidity.

The continuous development of international standards takes various forms, including (amendments to standards, elimination of some accounting alternatives, modifications to definitions, elimination of certain accounting practices, merging interpretations into standards, and replacing some standards with newer ones) (Ayash & Ben Youssef, 2020, p. 30).

D. Objectives and Importance of International Accounting Standards and the Advantages of Their Application:

▪ **Objectives of International Accounting Standards:**

international accounting standards are designed to achieve the following objectives:

- Achieve harmony in accounting practices among countries and reduce differences. They also aim to align financial statements across companies worldwide that apply these standards, ensuring easier comparability between the financial accounts of firms within the same sector or when choosing between possible investment alternatives or stock market investments. This facilitates decision-making (Hamza & Ben Hama Riche, 2021, p. 35).
- Ensure transparency in the preparation of financial reports;
- Facilitate the worldwide listing of enterprises on stock markets;
- Build and restore investor confidence;
- Provide a reference accounting framework for countries (Brun, 2011, p. 20);
- Improve accounting measurement methods and narrow the scope of testing between measurement alternatives to ensure comparability;
- Enhance economic efficiency by assisting investors in recognizing global opportunities and threats. These standards improve capital distribution for enterprises, and employing a singular, dependable accounting language minimizes capital expenditures and the expenses associated with preparing financial reports (Saidi, 2022, pp. 16-17).

▪ **Importance and Advantages of Applying International Accounting Standards:**

The significance and benefits of implementing international accounting standards as the foundation for preparing and presenting financial statements globally can be highlighted in the following points:

- Consistency and Harmonization: This refers to institutions applying the same accounting standards and principles, regardless of their nationality;
- Comparability: As a result of the standardization of accounting treatments and methods, financial statements prepared in this manner become directly comparable for stakeholders. This allows for clear and informed comparisons and decisions, free from subjective judgment and improvisation, thereby improving the decision-making process based on accounting and financial information (Ayash & Ben Youssef, 2020, p. 20);
- Meeting the Requirements of Globalization: Today's world resembles a small village, with country borders only marked on maps due to advances in communication technologies, the expansion of global commerce, and the expansion of political and economic blocs. Additionally, international professional organizations aim to coordinate and align practices on a global scale, leading to the globalization of the accounting profession. This has resulted in the creation of a global professional body to regulate accounting, enabling stakeholders to benefit from the advantages of globalization while mitigating its risks;
- Compliance with Legal Requirements: Many countries mandate by law that economic entities apply international accounting standards. For these entities to maintain their

presence and effectiveness at the national level, compliance with the law is essential; otherwise, they risk facing penalties (Al-Nasrawi & Aniza, 2019, p. 35);

- Meeting the Needs of Local and International Funders: Institutions cannot operate in isolation and often require funding to expand their operations. Financial institutions will only grant loans after thoroughly reviewing the entity's financial statements seeking funding. Such reviews are only effective if the financial statements have been produced in compliance with established international accounting rules (Ayash & Ben Youssef, 2020, p. 21);
- Access to International Financial Markets: Economic entities are currently competing to enter global financial markets, listing and trading their shares internationally with the help of advanced communication technologies. To access these global markets, adhering to international accounting standards is crucial. Entities that do not apply these standards remain isolated and miss out on many opportunities (Al-Nasrawi & Aniza, 2019, p. 36);
- Understandability and the Potential for a Unified Understanding of Financial Statements: The majority of financial statement customers possess a restricted capacity to comprehend accounting and financial data. If financial statements are prepared according to non-standardized principles, it becomes difficult for users to effectively benefit from them in making comparisons between different entities or even between financial periods of the same entity (Mohamed & Al-Sakani, 2015, p. 38);
- Establishing Unified Approaches to Global Issues: For example, currency exchange rates cannot be translated based on local laws and standards, as this would hinder comparability. A global, unified approach, reflected in international accounting standards, is required (Ayash & Ben Youssef, 2020, p. 23);
- Improving the Quality of Financial Information: These standards are developed by experts in international accounting, and the process of issuing standards—especially the opportunity for public commentary on drafts and consultations available to anyone worldwide—enhances scientific knowledge and increases the quality of financial information (Chnaït & Habiche, 2022, p. 30).

Furthermore, the importance of international accounting standards is evident in their role in identifying and measuring the financial events of an institution and determining the appropriate measurement methods. These results are communicated to users of financial statements to enable informed decision-making.

The absence of accounting standards would lead to discrepancies in the methods used to define and handle the accounting transactions and events of individual institutions and between different institutions. Consequently, decision-making by internal and external users becomes more difficult (Houari & Hadidi, 2017, p. 39), as it complicates the comparison of financial positions and performance results across institutions. This, in turn, makes it harder to compare different alternatives when making decisions (Tartar & Mansar, 2015, pp. 34-35).

E. Constraints on the Application of International Accounting Standards:

International accounting standards face several obstacles that limit their full implementation on a global scale. The most significant of these are:

- The inability to fully apply international accounting standards across all countries due to differences in the environments and cultures considered when these standards were developed;
- The application of some international accounting standards requires amendments to laws, regulations, and legislation in the implementing countries, as well as the instructions and notifications issued under these frameworks;
- International accounting standards are subject to constant change due to interpretations issued by the Interpretations Committee and feedback that emerges after the standards are applied. Often, amended standards include the relevant interpretations;
- The varying levels of education among countries implementing the standards. While understanding international accounting standards may not pose a challenge for practitioners in developed countries, it can be significantly more difficult for those in developing countries. Additionally, language poses a challenge, as considerable efforts are required to translate the standards into multiple languages since they are originally developed in English;
- Political pressures exerted on the International Accounting Standards Board (IASB) when setting and amending standards. The accounting profession cannot remain isolated from political developments and pressures (Ayash & Ben Youssef, 2020, pp. 23-26);
- Differences in terminology, concepts, behaviors, and values, along with the variations in systems, laws, and regulations;
- The varying roles of professional associations and bodies responsible for overseeing the accounting profession;
- In many cases, the texts of the standards are not suitable for local conditions;
- Some international standards are issued in a general form, leaving the details to individual countries. International standards typically cover only events of international significance, for which most countries feel an urgent need, without focusing on specific standards that may suit the conditions of a particular country or a limited group of countries (Tartar & Mansar, 2015, p. 31).

III.The Role of Accounting and Financial Reporting standards in Enhancing Financial Analysis Results :

Financial statements serve as the primary inputs in the financial analysis process. Therefore, the manner in which these statements are presented has a direct impact on the analysis and its results, especially since financial analysis seeks to identify relationships between the various elements that make up these statements.

The objective of applying accounting standards is to produce and provide financial reports with high-quality information content, helping all users of these reports make informed economic and

financial decisions. The quality of financial reports pertains to the degree to which the supplied financial information satisfies the requirements of its consumers. Quality encompasses several key aspects, including transparency, comparability, accuracy, and relevance.

Adopting international accounting standards brings about changes in financial analysis by introducing enriched information into the balance report. For instance, the way assets and liabilities are categorized into current and non-current sections will reveal many details that were not previously available under the old balance sheet format.

In general, the adoption of these standards will facilitate the financial analysis process for the following reasons (Lachheb, 2014, pp. 115-116):

- A clearer and more accurate picture of the institution's debt will be provided;
- There will be improvements in how assets are accounted for. Under IAS 36, asset values are required to be assessed at least once annually, reducing the risk of overvaluation;
- IAS 16 allows institutions to reassess tangible assets annually at market value;
- There is a mandatory shift towards the cash flow statement. Non-cash items are removed when calculating the gross self-financing margin, making liquidity evaluation easier. As a result, the focus shifts from detailed margin analysis to a comprehensive analysis of cash flows generated by the institution's activities;
- The balance sheet becomes more significant compared to the revenue statement and the cash flow statement gains importance over the balance sheet.

Several standards directly impact the financial analysis process. The most important of these will be discussed in the following sections.

1. Accounting Standard No. 01 (IAS 01): Presentation of Financial Statements:

One of the most crucial informational sources that lenders, investors, and financial analysts rely on is financial statements, and other stakeholders interested in the institution for decision-making purposes. The primary goal of preparing these statements is to provide financial data about the institution's fiscal standing, its operating results, and monetary inflows and outflows. The information contained in these statements should be useful and relevant to a broad range of users in making decisions. Financial statements are a structured presentation of an institution's financial position and performance over a specific period. To fulfill their aims, financial statements must include: assets, liabilities, equity, income and expenses (including gains and losses), changes in equity, and cash flows. Additionally, the company is required to provide notes and explanatory comments, along with accounting policies that assist users of the financial statements predict the institution's prospective cash inflows, their timing, and the degree of certainty about their realization.

The standard requires a complete set of financial statements to have the following five elements:

- Statement of Financial Position: This encompasses the institution's assets, liabilities, and equity as of a designated date;
- Statement of Profit or Loss: This encompasses the entity's income and expenditures, illustrating the profit or loss for the financial period;
- Statement of Changes in Equity: This outlines changes in equity across the financial term;

- Cash Flow Statement: This statement illustrates cash inflows and outflows over a designated time, detailing their sources, including cash flows from operational, investment, and finance operations;
- Notes (explanations, interpretations): This includes an overview of key accounting rules and other explanatory details.

By adhering to this standard, institutions are required to prepare five financial statements (four statements plus explanatory notes). This benefits financial analysts, as the standardized presentation of the statement of financial status (balance sheet), according to the classification required by this standard into current and non-current items, includes both current-year data and data from the previous year, facilitating comparison. Additionally, the statements can be used without reclassification, as was necessary in the past. All these changes introduced by the standard make financial statement analysis easier and more credible than it was before (Tebba, p. 171).

Moreover, these financial statements offer several advantages. In addition to presenting the institution's financial position as of the preparation date, the statement of financial position can assist in (Khaled Jamal, 2017, p. 235):

- Assessing the entity's creditworthiness by comparing its liabilities to its equity, according to the coverage ratio, which indicates the extent to which the institution's equity covers its liabilities;
- Determining the institution's ability to meet its outstanding liabilities, measured by liquidity and current ratios;
- Evaluating the extent to which the institution relies on self-financing through retained earnings or external financing based on the ratio of liabilities to equity;
- Assessing management's ability to fulfill its duties, indicated by the growth in the institution's total assets and equity;
- Facilitating the analysis of financial leverage, financial structure ratios, current ratios, and other financial metrics;
- Understanding the institution's policies toward its financial investments.

Regarding the income statement, in addition to understanding the institution's results, it provides the following advantages:

- Evaluating management's financial performance, with total comprehensive income used as a measure of performance;
- Determining the possibility of dividend distribution to the owners;
- Identifying the results of discontinued operations and extraordinary activities of the institution;
- Calculating the amount of tax owed;
- The income statement's results are one of the main indicators used in determining stock prices, and certain ratios, such as the P/E ratio, are linked to it;
- Understanding the institution's activities and the structure of its expenses (burdens);
- Calculating certain ratios, such as the profitability ratio.

Regarding the disclosure of changes in equity, it allows users to understand the institution's equity and its components, along with any detailed information. It also highlights changes that occurred during the period, as well as gains and losses recognized directly in equity, such as those related to the purchase and sale of treasury shares (Khaled Jamal, 2017, p. 259).

The International Accounting Standards Board (IASB) has established a particular standard for the cash flow statement, known as IAS 07.

2. IAS 07: Statement of Cash Flows:

This criterion was first issued in 1977 as the "Statement of Changes in Financial Position," and it was reissued in 1992. As a result of amendments to IAS 1 in September 2007, it was renamed the "Statement of Cash Flows." (Houam, 2023, p. 35), this standard addresses the prerequisites for formulating the statement of cash flows, it delineates the cash inflows and outflows of a company within a certain timeframe. This statement is considered an essential component of the financial statements, classifying and presenting cash flows into Operating, investing, and financing operations using both the direct and indirect ways.

The statement of financial flows offers numerous benefits, making it one of the most important tools used by financial analysts. Among the benefits it offers are the following (Khaled Jamal, 2017, pp. 316-317):

- Understanding the cash position of the entity;
- Determining the entity's ability to settle its liabilities through available liquidity;
- Reporting cash flows associated with operating, investing, and financing operations;
- Distinguishing between profit or loss and the net cash flows derived from operational operations;
- Assessing the entity's ability to generate future cash flows, the timing of such flows, and the uncertainties surrounding them, allowing the entity to adapt to changing circumstances;
- Forecasting restricted and unavailable cash flows and cash equivalents within the entity;
- Comparing cash positions between different entities and within the same entity across different periods;
- Understanding the entity's policy regarding non-current assets and their replacement, as well as its cash policies related to treasury shares and loans, both as a lender and borrower;
- Offering an analysis of the entity's financial framework, including liquidity and potential financial problems;
- Enhancing the published information for the purposes of evaluating changes in assets, liabilities, and equity within the entity;
- The presentation of the statement of cash flows, which categorizes cash flows throughout a period into operating, investing, and financing activities, provides information that enables an evaluation of the effects of these activities on the entity's financial situation, the sources of liquidity, and the relationships between these activities (Nassar & Hamidat, 2022, p. 111).

In addition to the aforementioned advantages provided by the cash flow statement, it also allows financial analysts to derive new ratios and indicators that were not available through other financial statements, thereby aiding in important decision-making (Tebba, p. 172). The cash flow statement is

constructed on a cash basis instead of an accrual one, as is the case with the revenue statement and financial account. An example of this is profitability quality measures, as the cash flow statement provides information that distinguishes between net profit based on accrual accounting and net profit based on cash accounting. This measure highlights the significance of the cash generated during the year from the entity's operating activities. It also offers liquidity quality measures, as liquidity provides the entity with a sense of security by ensuring its ability to meet current cash obligations. Since net financial inflows from operational operations form the foundation for providing liquidity, the cash flow statement provides critical information in this regard and offers insights into the

3. IAS 10: Events After the Reporting Period:

This standard provides guidance on accounting for and disclosing further events, which are classified into events that result in adjustments and those that do not (Allawi, 2012, p. 376). Since the preparation, auditing, and printing of financial statements may need many months after the conclusion of the entity's fiscal year, there may be events and information that arise during this period that impact the content of the financial statements. These must be taken into account, as failure to disclose them reduces the relevance and utility of the financial statements for financial analysts and other users of the statements (Nassar & Hamidat, 2022, p. 168).

4. IAS 16: Property, Plant, and Equipment:

IAS 16 "Property, Plant, and Equipment" was issued in 1993 by the Standards Committee, replacing the earlier version of IAS 16 "Accounting for Property, Plant, and Equipment" issued in 1983. The latest amendment to the standard was made in 2003.

Under this standard, an entity must regularly and sufficiently revalue its assets at fair value. The reassessment of property, plant, and equipment should be conducted annually if there is a significant or material difference between the revalued fair value of the asset and its recorded carrying amount. However, if no such significant difference exists, revaluation every three to five years is considered sufficient, given the stability of the asset's prices (Nassar & Hamidat, 2022, p. 227).

Revaluing assets to their true (fair) value, instead of their historical cost, on the balance sheet results in more accurate and credible financial statements, provided the fair value is determined through an active market. This improves the ease of financial analysis, allowing for direct assessments, unlike in the past when financial analysts had to manually revalue balance sheet elements.

5. IAS 24 Accounting Standard: Related Party Disclosures:

Given the complexity of the operations that an organization may undertake and the stakeholders' interest in understanding all aspects of its activities, knowing the transactions between the organization and parties that have a significant direct or indirect influence on its decisions has become important and necessary. This information facilitates the decision-making process for stakeholders within the organization.

Moreover, the organization may engage in purchasing, selling, lending, or borrowing transactions with related parties, without other parties being aware of the volume or the terms of these transactions. To ensure the transparency and fairness of these transactions, and that they are conducted on a commercial basis, the standard requires disclosure of such relationships between the organization and those parties (Nassar & Hamidat, 2022, p. 312).

In April 2001, the Standards Board adopted the IAS 24 Accounting Standard, which was originally released by the Standards Committee in July 1984. In December 2003, the Board promulgated an amended version of IAS 24. This standard was revised again in November 2009 to simplify the definition of a related party and to provide disclosure exemptions for certain related governmental entities. Additionally, partial amendments to the standard were made through other International Financial Reporting Standards (IAS 19, IFRS 12, IFRS 11, IFRS 10) (Kimouche, 2022, p. 475).

The objective of this standard is to guarantee that the financial statements of the organization furnish the requisite information to users. The existence of a related party is essential and useful for financial analysts (Tebba, p. 172), as they constantly need detailed information to conduct more precise analyses. It also helps in assessing the risks and opportunities faced by the organization.

6. IAS 33 Accounting Standard: Earnings per Share:

In April 2001, the Standards Board adopted this standard, which was issued by the Standards Committee in February 1997. It was amended in December 2003, and partial modifications were introduced through other International Financial Reporting Standards (Kimouche, 2022, p. 524).

Earnings per share (EPS) is a commonly used statistic for evaluating a company's profitability and performance. It is used to evaluate the company's performance throughout consecutive time intervals. Analysts use EPS to evaluate the profitability and performance of a business in relation to comparable firms within the same industry over the same financial period (Nassar & Hamidat, 2022, p. 329). Furthermore, EPS facilitates the computation of essential financial ratios, including the price-to-earnings ratio (P/E Ratio).

7. IAS 38 Accounting Standard: Intangible Assets:

It cannot be said that an entity's rights are limited solely to its tangible resources, which are characterized by having a physical existence, such as vehicles, buildings, and similar assets. Some properties may be represented by intangible assets, which lack physical substance. However, their existence cannot be denied due to their importance to the organization and their recognition as assets (through the inflow of economic benefits and reliable measurement), on one hand, and their potential monetary value under certain conditions, on the other.

Intangible assets are among the most important items on the balance sheet (statement of financial position). They are recognized when the aforementioned conditions are met and are considered a critical resource for many organizations. These types of assets serve as a primary and essential source of revenue generation for such institutions.

8. IFRS 08 Financial Reporting Standard: Operating Segments:

The Standards Board adopted this standard in April 2001, originally issued by the Standards Committee in August 1997, replacing IAS 14 "Segment Reporting," which had been issued in August 1981. In November 2006, the Board issued IFRS 08 "Operating Segments," replacing IAS 14. As a result of the 2007 review of IAS 1, terminology in this standard was amended, and partial modifications were introduced through other standards.

The importance of this standard lies in the disclosure of information related to the different segments of the organization. Such information reveals the risks and returns associated with the

organization's activities by presenting the financial position and performance according to operating segments. It also provides details about the organization's products, services, geographic areas of operation, and major customers. This information helps users of financial reports better understand and assess the risks associated with the performance of these segments (Nassar & Hamidat, 2022, pp. 608-609).

Additionally, the standard facilitates the analysis of economic profitability through segment information based on the nature of the activity and geographic region. It allows analysts to calculate segmental economic profitability by comparing segment results to segment assets. This approach offers insights into overall economic profitability by breaking it down into segmental profits, thus identifying sources of profitability and growth. It also supports the monitoring of growth strategies through segmental investments (Tebba, p. 173).

9. IFRS 15 Financial Reporting Standard: Revenue from Contracts with Customers:

This is one of the modern and important standards, replacing IAS 18 "Revenue." It was issued in May 2014 and was initially scheduled to take effect from 01/01/2017. However, its implementation was postponed to January 01, 2018, following a vote by the Standards Board (Houam, 2023, p. 205). The standard outlines the criteria for recognition, measurement, and disclosure of income derived from contracts with clients. It delineates standards for conveying pertinent information to consumers of accounting data about the type, quantities, timing, and uncertainties of revenue and cash flows derived from contracts with customers.

The standard was primarily introduced as a substitute for both IAS 18 "Revenue" and IAS 11 "Construction Contracts" due to the difficulty in applying these standards in complex and overlapping revenue recognition situations. It was developed as a joint project between the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States to create common revenue recognition requirements aimed at:

- Eliminating discrepancies and deficiencies in the prior standards;
- Establishing a comprehensive framework for revenue recognition in many scenarios;
- Improving the comparability of revenue recognition practices across businesses, sectors, legislations, and capital markets;
- Enhancing disclosure standards to provide consumers of accounting data with more relevant information.

The relevance of this standard stems from the critical nature of the issue it tackles, "revenue," which is a fundamental component of financial statements. Revenue serves as an important indicator, allowing financial statement users and analysts to assess the present and anticipated performance of the organization and its financial position, as well as improving the comparability between different organizations.

10. IFRS 16 Financial Reporting Standard: Leases (Lease Contracts):

This is one of the most recent and significant standards, issued in 2016 and effective starting in 2019, replacing IAS 17. It pertains to the acknowledgment, assessment, representation, and revelation of lease agreements for both lessees and lessors. The standard was developed as a joint project between the IASB and the FASB. It introduced a significant change in the accounting treatment of operating leases for lessees, requiring the capitalization of all lease contracts with

durations exceeding 12 months as assets, with corresponding liabilities recognized. An exception is made for lease contracts involving low-value leased assets. This standard resolved the long-standing debate in accounting theory over the omission of operating leases and related liabilities from financial statements.

The standard on "Leases" stipulates that leased assets, which are not owned by the organization, may be included in the asset list if certain conditions are met. Treating lease contracts as a form of financed investment has direct effects on the financial statements. Including these contracts in the balance sheet allows for a direct reading of the value of the assets in use and provides a more accurate assessment of the organization's real financial indebtedness (Behar, 2010, p. 55). This, in turn, facilitates financial analysis. If leasing transactions are not included on the balance sheet, the economic resources and debt levels (financial liabilities) will appear understated, distorting financial ratios (Tebba, p. 172).

The objective of adopting international accounting standards lies in enhancing the quality of reporting, producing fiscal data that is transparent, comparable, and possesses qualitative characteristics. This enables decision-makers to better diagnose the financial position of the organization, making it more suitable for future decision-making and comparison between alternatives.

IV. STUDY RESULTS (ANALYSIS AND DISCUSSION) :

Through this study, the outcomes were as follows:

- Result of testing the initial hypothesis: This hypothesis states: "The advantage and importance of international accounting standards emerge through the provision of information with qualitative characteristics that positively affect the quality of financial statements, making them more useful for users when making decisions. This is the reason behind the trend of many countries towards adopting these standards." This was confirmed through the study, leading to the conclusion that the purpose of applying the standards is to produce and provide financial reports with high-quality informational content (transparency, comparability, accuracy, relevance, etc.).
- Result of testing the second hypothesis: This hypothesis states: "Financial statements serve as the primary input in the financial analysis process. Accordingly, preparing these statements in accordance with international accounting standards, which offer many benefits, contributes significantly to improving the analysis process, and thus reveals the true financial position of the organization." This hypothesis was also confirmed through the study, with the conclusion that adopting international accounting standards significantly enhances transparency in disclosure and improves the quality of financial information used in financial analysis. Thanks to the precision of this information, the financial analyst can rely on the financial statements prepared according to these standards as a reliable tool for making informed decisions. The financial information

resulting from these standards reflects a reality closer to the truth, which enhances the reliability of financial analyses and decisions.

Financial analysis is a set of methods and procedures that meet the needs of decision-makers both inside and outside the organization, providing a clear picture of the organization's current and future financial position. This analysis reflects the efficiency of management in handling finances (financial policy), as management decisions directly affect the financial statements, which, in turn, reflect the financial outcomes of these decisions. Therefore, it is natural for financial analysis to depend on the data included in the financial statements.

The success and effectiveness of the financial analysis process depend on the quality of the information in the financial statements, which are the primary inputs for analysis. Hence, the positive impact of adopting international accounting standards on the financial analysis process and the financial decisions of the organization becomes evident.

V.CONCLUSION:

Several international organizations have worked to develop international accounting standards to achieve consistency in accounting practices, which facilitates the interpretation of financial statements and enhances comparability. These standards improve and harmonize the ways in which organizations present their financial statements, especially given the rapid and continuous changes in the global business environment, and they have become internationally recognized guidelines.

Adopting international accounting standards contributes to enhancing transparency and improving the quality of financial information used in financial analysis, making it more accurate. Therefore, relying on financial statements made in compliance with these standards is an effective tool for making sound decisions. The financial information resulting from these standards is closer to reality, helping financial analysts diagnose the financial position of the organization, evaluate its financial policy, and identify strengths and weaknesses that may require appropriate decisions to improve the organization's financial position.

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