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International Financial Reporting Standards IFRS and the reasons for its adoption in developing countries: A Literature Review

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Abstract: *- The study aims to identify the reasons for the global trend to adopt international financial reporting standards, as the stage of adopting international financial reporting standards is an important stage for interested parties. Therefore, the research goal focuses on studying the mechanisms to be adopted in countries whose financial markets are inactive, which increases the difficulty of adopting standards. Financial reporting for the first time in light of the lack of prior adoption of international financial accounting standards in it and the adoption of these countries on local standards that are not updated in accordance with international financial accounting standards, by studying the accounting literature that transact with the topic of research, and the study reached a conclusion that the adoption of financial reporting standards International IFRS contributes directly to the process of selecting accounting policies, which is positively reflected in the process of standardization and harmonization of accounting principles applied locally in developing countries; They must be international, which makes them generally accepted international accounting principles. The adoption of international financial reporting standards also contributes to a positive impact on the way of interpreting the financial statements.*

Keywords: *- IFRS, accounting standards, developing countries, financial markets*

Introduction

The pursuit of quality and uniformity in preparing financial statements has led to the introduction of International Financial Reporting Standards (IFRS). Most of the countries of the world have joined in adopting international financial reporting standards in order to improve the quality of financial reporting. Through review of the accounting literature on the implementation of international financial reporting standards, these studies have demonstrated that the financial statements are viewed as providing relevant, reliable and comparable financial information from one accounting year to another. Understanding the impact of international financial reporting standards on a company's financial performance is critical to the ability of investors, auditors, and financial analysts as well as academic institution researchers to make informed decisions. As a result of the harmonization of international Financial reporting standards, the adoption of IFRSs has been widely accepted by various countries of the world. Financial reports can only be considered useful if they represent the "economic core" of the economic unit in terms of relevance, reliability and comparability, and the useful accounting information derived from qualitative financial reports helps in the ineffective allocation of resources by limiting the presentation of overshadowed information. There is a need to adopt and adopt reporting standards. International Finance. Understanding the stages of issuing and adopting international financial reporting standards by countries that implement or intend to do so is a roadmap that saves them from many deviations in the proper application of international financial reporting standards.

The concept of the standard and the accounting standard

The word standard in the English language has its origins in the Latin language and is derived from the Latin word (Norm), which means "the rule or model according to which the measurement is made for the weight, length, or degree of quality of an object" (Nograni, 2016: 64). The standard was defined according to the opinion of the International Organization for Standardization (ISO) as "a document prepared unanimously and approved by an official or professional accounting regulatory body, used for common and frequent uses, or outlines or specifications for activities or their results to ensure an optimal level of organization in a particular context.

The standard has been defined in the field of the accounting profession as "a written statement issued by a formal accounting or professional regulatory body, and this statement relates to the elements of financial reports or a type of operations or events related to the financial position and business results, and specifies the method of measurement, presentation, disposition, or appropriate delivery" (Marginal (2012: 42). He also knew that "rules that are adopted by companies when preparing financial reports, as the accounting standards include the relevant directives in the process of organizing accounting work with regard to measurement, presentation and disclosure when reporting companies' financial statements in the financial statements. "Accounting standards are also considered a "guideline for the purpose of achieving Consistency in the measurement process and the delivery of accounting information to the beneficiaries, as well as achieving international compatibility for various companies in the countries that apply accounting standards in a manner that leads to reporting financial information that is comparable, appropriate and reliable in the decision-making process" (Thabet & Al-Nasrawi, 2020: 227).

While Belkaoui (3: 2017, Belkaoui) pointed out that the accounting standard is a general rule from which the objectives and theoretical concepts of accounting are derived, and in turn directs the development of accounting methods, however, accounting standards cannot be characterized by consistency or generality, due to changes in environmental conditions in terms of time. And location, and as it is known, standards are generally less stable than principles. Therefore, the process of building accounting standards is a continuous process and it is not possible in any case to reach international standards that are applicable in all social and political systems because of the existence of a relationship between environmental considerations and standards.

And due to the emergence of globalization and the lifting of many restrictions on international trade, the whole world has become one village, as many companies, especially banks, whose dealings are predominantly work outside the local borders of the state, so a real need arose for there to be financial reports that are capable of being comparable internationally. This led to the existence of homogeneous accounting standards that companies can adopt to produce these reports to ensure their comparability as well as high quality in their numbers, and because of these requirements led to the development of International Financial Reporting Standards (IFRS) by the International Accounting Standards Board (IASB) to be Adopting them in the future in global capital markets when preparing financial reports, and then many companies at the international level have moved towards voluntary adoption of these standards (Hussein et al., 2020: 21).

The adoption of International Financial Reporting Standards (IFRS) by many countries of the world has made these standards global, as it contributes to reducing many differences between financial reports in terms of improving transparency and increasing the quality of financial reports (Cheung & Lau, 2016: 162). (Duson & Robert, 2015: 18) believes that international financial reporting standards have facilitated the process of preparing financial reports, by reducing the number of requirements that companies refer to in their financial statements, as well as improving the comparison process between revenue recognition practices across countries and markets. The money.

According to the International Financial Reporting Standards (IFRS) report for the year 2018, there are one hundred and forty-four countries that have adopted international financial reporting standards, and that these standards are expected to improve the quality of financial reports at several levels, including transparency, accountability and efficiency, and that this adoption is not at the level. Only the local, but the global economy, and despite the international financial reporting standards that were adopted by these countries, so far there have been no conclusive results about their impact on the quality of accounting information (Feliana et al., 2020: 53).

International Accounting Standards: A Historical Reading:

The first scientific beginnings of the development of principles appeared in the United States of America before the emergence of the International Accounting Standards Committee, as four stages were identified through which the process of developing accounting principles went through. The first stage (1900 - 1933) was characterized by the complete control of corporate management in choosing the information disclosed in financial statements. As for the second phase (1933 - 1950) and the third phase (1950 - 1972), professional organizations played a major role in the development of accounting principles, while the fourth phase (1973 - 2010) was known as the politicization phase, which was the FASB. A role in developing these principles (Belqawi, 2004: 19).

On the international level, international accounting standards appeared in 1954 during the first international conference on accounting, and after that international conferences specialized in accounting followed, and a special committee emerged from it, later known as the International Accounting Standards Committee (IASC), in June of 1973 in the Kingdom. The United Nations, specifically in the capital, London, was the result of the accounting bodies' agreement for ten leading countries in the field of accounting and standards, which are: "Britain, Ireland, America, Australia, Canada, Germany, France, Mexico, the Netherlands and Japan" (Hamidi, 2017: 17).

The International Accounting Standards Committee in 2001 formed the board of directors for this establishment and restructured these bodies (Nobes & Parker, 2004: 79). The work of the Board of Directors was summarized to discuss several issues, including the discussion of common domestic accounting issues for those countries, the adoption and presentation of accounting ideas that serve their common interests in the international conferences held by them, and the issuance of decisions for those conferences in the form of international accounting standards to be adopted by those countries. Finding an appropriate amount of international acceptance of the accounting standards issued by the committee, in a manner that achieves a fair amount of international consistency in accounting practices among countries, including the countries participating in the committee in a manner that leads companies to report financial reports that are comparable. Restructuring the International Accounting Standards Committee (IASC) and replacing it with the International Accounting Standards Board (IASB) (Ruder et al., 2005: 546). The International Accounting Standards Board (IASB) subsequently worked to develop international accounting standards, as the body responsible for setting and developing international standards, by issuing a set of accounting standards that are of high quality and can be understood and applied in most countries of the world known as standards International Financial Reporting (IFRS), which requires high-quality, transparent and comparable financial information within the financial reports to serve the participants in different financial markets and other users of that information in making rational economic decisions (Hussain, 2017: 4). One of the most important objectives that the International Accounting Standards Board (IASB) strives to achieve by issuing these standards is to ensure that they achieve the characteristic of comparability in financial reports, that is, there is the possibility of comparing financial data from a temporal and spatial point of view, and the comparison process should be stable in Using accounting policies from time to time (Kolesnik et al., 2019: 25).

The importance of IAS:

Achieving harmony when preparing financial reports worldwide has become an urgent need for this era, especially if it is necessary to make meaningful comparisons of financial information that emanate from different countries that adopt accounting standards that differ from each other, so the urgent need to generalize a common group has emerged. One of the international accounting standards or working on a global convergence towards a common accounting language in the financial world, and it seems that international financial reporting standards are the language of common international accounting, and the importance of financial reports stems from being a link between the company and users of accounting information of all sects, as these users can From identifying the various aspects of the company's activity through financial reports, the statement of financial position reflects the image of the company's financial position and the income statement reflects the result of the company's business during a specific period of time, whether it is a profit or a loss (Al-Qudah, 2020: 32; Al-Ani & Flayyih, 2018)

Economic globalization has enabled investors to invest their money all over the world, and has contributed to the companies reaching capital markets characterized by the availability of funds at a lower cost, and the increase in foreign investments has led to the importance of developing international accounting standards (IAS), and over the past decade more One hundred and forty countries around the world have allowed the adoption of international accounting standards (Tsalavoutas et al., 2020: 20). The adoption of international financial reporting standards is appropriate and important for international business and capital markets, reduces the cost of capital, increases the efficiency of capital allocation and moves internationally (Pignatel & Tchuigoua, 2020: 35). The objective of the companies' adoption of international accounting standards when preparing financial reports can be summarized as follows (Ismail, 2017: 20); (Gu et al., 2019: 35) (et al., 2019: 69 De Moura); (Opare et al., 2020: 36); (Sanabria-García, 2020: 45):

1. Providing an agreed international framework for how companies prepare their financial statements and report accounting information.

2. International accounting standards provide general guidance for preparing financial reports at the international level.

3. Simplifying accounting procedures through the use of a unified reporting language.

4. International accounting standards also provide investors and auditors with an integrated view of financial matters.

5. Achieving uniformity, transparency, comparability and reliability of the financial statements.

6. Standardize information and reduce the cost of interpretation.

7. Attracting new investors to the capital market

Organizations interested in developing international accounting standards:

There are many organizations that have contributed and still contribute to developing the accounting profession and preparing accounting standards, including:

First: United Nations:

The United Nations was one of the global bodies that contributed in one way or another to support the application of international accounting standards, in 1973 it encouraged the application of international accounting standards, and in 1977 it formed a group of international experts for accounting standards, and in 1982 it formed the International Expert Group for Governmental Accounting (Al-Orabi (2013: 47).

Second: The International Federation of Accountants

The International Federation of Accountants (IFAC) was established in 1977 instead of the International Cooperation Committee for the Accounting Profession, as a result of the decision of the Eleventh International Conference of Accountants held in Munich, Germany, and this aims to develop standards related to auditing, control and ethics for the accounting profession (IFA, 2007: 9).

Third: The International Organization of Securities Commissions:

The International Organization of Securities Commissions (IOSCO) was established in 1983 and this organization played a fundamental role in supporting the International Accounting Standards Authority. In 1995, these two bodies agreed to coordinate together in order to agree on high-quality accounting standards (Khaled Abu Dabba, 2007: 64).).

Fourth: The Organization for Economic Cooperation and Development:

The Organization for Economic Development and Cooperation (OECD) supports the work of the International Accounting Standards Board (IASB) and provides research on international accounting standards. In 1976, this organization issued a guidebook for multinational companies about the financial reports of these companies and non-financial disclosures. This organization is also interested in issues others support the adoption of accounting standards, including corporate governance (Hamidat, 2019: 4).

Fifth: American Financial Accounting Standards Board:

As a result of the failure of the Accounting Principles Board (APB) to develop an intellectual framework for accounting standards and principles as well as other criticisms, in 1971 it appointed two committees in the American Institute of Certified Public Accountants (AICPA, the first of which is the Wheat Committee) to propose a new formation of an institution interested in accounting standards, and under the guidance of these The Committee The Accounting Principles Board (APB) was abolished and another board was created called the Financial Accounting Standards Board (FASB). Thus, the Board was formed in 1973. The Board is responsible for establishing and developing American accounting standards. The second committee is the Trublood Commission to define the objectives of financial reporting. (Schroeder et al., 2006, 35). Upon extrapolating the history, it becomes clear to us that the reality of international accounting standards is nothing but American accounting standards that have been internationalized, as most international accounting standards came historically after the issuance of their American counterparts. International standards are taken from the American Standards Conceptual Framework and have only been rearranged (Al-Orabi, 2017: 47).

Sixth: International Accounting Standards Board:

The International Accounting Standards Board (IASB) was established in the year 2001 in London as an independent body concerned with the private sector, especially its mission to set international accounting standards, and that this council transferred the responsibilities of setting international accounting standards from its predecessor, the International Accounting Standards Committee (IASC), which was established in 1973 (Hamidat, 2019: 3).

Seventh: The American School:

The American professional organizations and councils that have contributed to the development of accounting standards are classified here, including (Lutfi, 2005: 260-259):

1. The American Society of Certified Accountants: The organization of chartered accountants has a significant impact in developing accounting standards, as this society issued clarifications on many accounting issues that the Accounting Standards Board did not cover.

2. American Financial Accounting Standards Board: It is the main entity responsible for issuing accounting standards. It was established in 1973 and it consists of seven members.

3. Governmental Accounting Standards Board: This council was established in 1984 and its responsibility is to define accounting principles for government entities, universities and other organizations.

Problems of applying international accounting standards:

Many studies have indicated that there are difficulties and limitations facing the application of international accounting standards, as they confirmed that these difficulties are caused by economic, regulatory and legislative factors, as well as tax laws and the local cultural environment of countries (Daske, 2008: 19). As the inability to apply international accounting standards without being compatible with the local environment to be suitable for it will lead to deviation of these standards from their basic function (Perera 1989: 156. Both (Nour and Al-Jajawi, 2003: 6) and Hamidi have specified, 2017: 44) the difficulties and limitations facing international accounting standards, namely:

First: the local environmental culture:

Differences in the historical and cultural characteristics and institutional frameworks of any country play an important role in determining the form and content of accounting standards. If there is an appropriate set of accounting standards in a country, it cannot be suitable for another country, especially in economies in transition from economic systems to other economic systems, this was confirmed by the case study of implementation in the Russian economy. The results of the studies demonstrated the existence of difficulties and limitations, as well as a mismatch between international accounting standards and the needs and objectives of the local transitional environment in which the standards were implemented.

Second: the nature of the economic system:

The difference in economic systems represents one of the main determinants of the classification of international accounting standards. In non-open socialist systems, for example, North Korea, Iran and Syria, it is not possible to apply these standards. Multinational companies.

Third: Legislative Determinants:

That the adoption of international standards requires amending the legislation that affects the accounting practice, especially the tax. The accounting practice is linked to the laws and legislation in force and the result. In some countries, the goal of preparing financial reports is to calculate tax profit, or to produce information that helps the national planner prepare data that help in preparing budgets. And planning and decision-making at the national level.

Fourth: Other Determinants:

There are other difficulties and limitations that stand against the good implementation of international accounting standards because the application of these new standards adds other costs, as well as there are standards that have been elaborated in a complex way, especially those standards related to investments, derivatives and financial instruments, as well as there are important side matters as it is known that international standards are issued In the English language and in well-known English accounting terminology, as the problem of translating these standards into local languages arises, and the existence of a knowledge gap between the bodies issuing international standards and the pioneering bodies in their application on the one hand and the bodies that wish to adopt or are compelled to adopt on the other hand.

The importance of adopting international financial reporting standards:

International Financial Reporting Standards (IFRS) represent a set of accounting standards developed under the supervision of the International Accounting Standards Board (IASB). These standards serve as an international standard to ensure consistency and consistency when preparing high-quality financial reports at the international level (Supriadi 2018: 52). International Accounting Standards Board David Tweede in 2003 the importance of international financial reporting standards (IFRS) in removing obstacles in the accounting profession, and the most important of these obstacles is the constant absence of national accounting standards in many countries (Suryanto & Thalassinos, 2017: 25).

The increasing degree of interconnectedness between global capital markets has led to the investors' need to obtain consistent, reliable, and comparable financial information, and thus it became necessary to create a common financial language and this is what international financial reporting standards provide (Rakesh & Shilpa, 2013: 233). He adds (Alappatt, 2020: 8) that the International Organization of Securities Commission (IOSCO) has also promoted international financial reporting standards and rules, so that companies can offer their shares on all international exchanges, and instructed investors to be optimistic now because the new international financial reporting standards provide reports. Financial for economic units is characterized by greater comparability and enables funds to be invested with a high level of knowledge and confidence. International financial reporting standards improve the information environment for analysts, which can help investors evaluate investment risks. It is clear that adopting international financial reporting standards can increase mobility. International funds, adoption increases companies 'access to foreign capital markets and increases investor diversity. In addition, Efobi & Nnadi (2015: 15) believe that using one set of accounting standards at the international level reduces the difficulty of circulating information in the capital markets.

The main objective of the International Financial Accounting Standards Board (IASB) in issuing international financial reporting standards has been to improve the quality and transparency of the information contained in the financial reports to reflect the economic performance as well as the true financial position of the economic unit, and that these financial reports enable decision-makers, whether they are investors or Of creditors and others from making their rational economic decisions when allocating their resources (Masoud: 2020, 370-381).

Theories that adopt IFRS

First: the theory of modernization

Supporters of the modernization theory argue that structural changes in the economy are necessary conditions for growth in general, and hence it can be said that structural changes often include infrastructure in particular related to skills, which may include the application of accounting systems characterized by the obligation through the legislative authority's adoption of high accounting systems. Quality and accountability for all companies not committed to implementing it (Larson & Kenny, 1996: 26). Accordingly, this modernization theory adopts a strategy that fully adopts international financial reporting standards instead of local accounting standards, and is based in this on the basic assumption that adopting these standards brings advantages to the economies of countries that adopt these standards, and that achieving these advantages is conditional on full adoption, not The opponents of this theory believe that adopting IFRS may not always achieve the same advantages, as these advantages differ from one developing country to another according to the surrounding environmental variables, in addition to the adoption strategy adopted in those countries in which it may be officially announced. Full adoption while in these countries, in which a complete adoption may be officially announced, while the reality is a formal adoption rather than an actual one (Ramanna & Sletten, 2009: 9) (Clements et al., 2010: 115).

Second: contingency theory:

Supporters of the contingency theory argue that it realizes the importance and impact of environmental factors on economic development, based on the idea that each country has a unique set of environmental variables, and in this field Schweikart proposed in 1985 that differences in the national environment that represent both internal and external conditions affect Its needs for accounting information and interact with the development of the accounting system requirements of each country, and the environmental variables have been defined according to the emergency theory of economic, educational, legal, political, cultural and social variables, and accordingly Changes in the environment in which the company operates associated with differences in the company's nationality will lead to different decisions regarding the methods of preparing the company's financial report (Hassan and Abdullah, 2020: 445).

Third: the world system theory:

Supporters of the world system theory argue that it provides solutions to developing countries. It assumes that "developing countries should close themselves off the world and independently manufacture and develop their accounting standards by uniting their people for the sake of this great task", in other words that they rely on the privacy strategy. In setting accounting standards through its support for internally generated solutions to various economic challenges, resulting in the adoption of accounting systems created internally to meet the informational needs of each country's economy (Hassan and Abdullah, 2020: 445).

Professional and practical challenges facing financial reporting standards:

Several countries adopted the International Financial Reporting Standards (IFRS) coinciding with the financial crisis in the year 2008, which was considered the main event in the business environment in the first decade of the twenty-first century, as it was expected that the adoption of the application of international financial reporting standards (IFRS) leads to improving the quality of Financial reports, on the other hand, the period of the occurrence of the financial crisis was a bad economic period for companies, as it was expected to negatively affect the economic performance of companies applying these standards, so the possibility appeared that these companies would manipulate the preparation of financial reports taking advantage of the application and the financial crisis, and that from In order to better show its financial position and performance, moreover, changes could negatively affect the quality of the financial reports that were made on international financial reporting standards from the International Accounting Standards Board in light of the financial crisis (Alappatt, 2020: 15). Therefore, the application of international financial reporting standards has become a problem because it was formulated in an atmosphere suitable for global markets, and especially this problem is identified with countries that were applying accounting systems consistent with generally accepted accounting principles (GAAP), which differ fundamentally from international financial reporting standards (Hartmann et al. 2020: 384.

Among the problems that could arise from adopting IFRSs (2003: 29 Taylor) (2009: 426, Leventi) (Bohusova, 2007: 15):

1. Adding burdens to medium and small companies instead of reducing them, represented by the accounting policies and procedures imposed by some standards.

2. The additional disclosure and transparency affect some medium and small companies in terms of international competition from foreign competitors.

3. International accounting standards emerged after the financial crises in developed countries, which made international accounting standards represent solutions to these crises, in other words they are historical solutions and not future ones, and therefore many scholars find them ineffective in solving some accounting problems such as adopting and reporting fair value.

4. Lead to widening the gap between developed and developing countries through the absence of adopting international accounting standards in the least developed countries, as well as deviating their application in countries with negative economic development.

5. Defining the accounting profession to perform its function in the local market, as all international accounting standards cannot be applied in any environment.

Strategies for adopting International Financial Reporting Standards (IFRS)

The International Financial Reporting Standards (IFRS) were not issued to cancel or replace the International Accounting Standards (IAS), but rather they were issued to help increase the quality and comparability of financial statements and reports, in addition to laying down some detailed foundations for dealing with some special operations or organizing joint disclosure between companies with a stake. Joint ownership and its various forms of merger or control. It should be noted that the International Financial Reporting Standards (IFRS) have worked to limit flexibility in accounting policies and alternatives, which was one of the most important flaws in the phase of adopting GAAP (Mahmoud, 2017: 304). The application of IFRS and their entry into force was not uniform across the world, at a time when a group of countries adopted these standards without restrictions or conditions, other countries were reluctant to adopt them, which explains the reasons for the emergence of several adoption strategies that included three basic strategies. They are represented in the following: (Dwyer, 2016, 2) (Alon &:

First: the convergence strategy:

Convergence strategy aims to achieve convergence or compatibility between local accounting standards and international financial reporting standards IFRS, whether in terms or methods of measurement or disclosure in a manner that enables the preparation of financial reports that can be compared with financial reports prepared using international financial reporting standards, and among the countries that Australia adopted this strategy (Al-Azmi, 2013: 11).

Second: Partial Adoption Strategy:

According to the Partial Adoption strategy, IFRS can be adopted as a starting point for implementing international standards, and then the next step is to make the necessary changes during the implementation (Thabet and Ibrahim, 2016: 114). That is, in the sense of adopting international financial reporting standards IFRS in some sectors without others, taking into account the conditions of the state or the local environment prevailing to adapt to the international financial reporting standards IFRS, as for the countries that have adopted this strategy are China, Azerbaijan, Oman and the United Arab Emirates Ramanna And Sletten, 2009: 16-17)), (Holloway.2013: 9). It can be said that Iraq is among these countries that have adopted a strategy of partial adoption through the application of commercial banks listed in the Iraq Stock Exchange International Financial Reporting Standards for the first time in 2016. As the Central Bank of Iraq after that the regulator responsible for the work of the banking sector in Iraq issued His instructions to oblige private banks listed on the Iraq Stock Exchange to adopt and apply international financial reporting standards IFRS in their 2016 financial reports (Yaqoub and Jasim, 2018: 212).

Third: Full Adoption Strategy:

According to the Full Adoption strategy, IFRS is being fully adopted in all sectors without any modification (Safwat, 2017: 55). This type of adoption requires that these standards replace the domestic accounting standards and requirements in the adopting country as a basis for preparing and presenting financial reports for companies listed in the financial markets of the concerned country (Yaqoub and Jasim, 2018: 212).

Components and forms of IFRS:

In order for the standards to be systematic and effective in terms of their application, they should take standard and standard forms, and the new IFRS accounting reference has adopted a completely new form that includes some or all of the following components: objectives, scope of application, definitions, terms, specific amendments, disclosures, transitional provisions, effective date, attachments, and the basis for conclusions (IFRS). Amal, 2019: 134).

The difference between IFRS and US accounting principles:

Respecting the basic principles of accounting from standard-setters in the International Financial Reporting Standards Board is necessary in order to achieve the objectives of those standards that the Board seeks to achieve. Therefore, it is necessary to achieve consistency of the accounting standards formulated with the objectives and financial information of the conceptual framework for accounting, and to move away from political influences and to enjoy authority and independence Sufficient for the body in charge of setting standards, and relying on the competencies and financial resources necessary to develop high-quality accounting standards, and the procedures for issuing accounting standards should be open and transparent to ensure the participation of all interested parties, as well as the need for these standards to protect public interests, and this is reflected in the standards. Which you publish (Ben Tome, 2013: 5). To meet the financial reports prepared on a basis other than IFRS, whose number and importance is likely to decrease when prepared according to the local GAAP, industry-specific financial reports such as those required for banks or insurance companies will continue to exist (Robinson et al., 2020: 101). Table (1) shows the differences between the International Financial Reporting Standards (IFRS) and the generally accepted principles (GAAP).

Conclusions

That the adoption of international financial reporting standards IFRS contributes directly to the process of selecting accounting policies, which is reflected positively in the process of standardization and harmonization of accounting principles applied locally at the country level, making them generally accepted international accounting principles. The adoption of international financial reporting standards also contributes to a positive impact in the manner of Interpretation of financial statements. The adoption of international financial reporting standards leads to the most effective use of this data by stakeholders of all kinds, such as shareholders, investors, creditors, banks, government agencies, and even employees. That the adoption of the International Financial Reporting Standards IFRS contributes directly to the process of selecting accounting policies, which is reflected positively in the process of standardization and harmonization of accounting principles applied locally at the country level, making them generally accepted international accounting principles. The International Financial Reporting Standards (IFRS) have worked to limit flexibility in accounting policies and alternatives, which was one of the most important flaws in the phase of adopting GAAP.

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