

Harmony Iraqi Accounting Rules With International Accounting Standards of the Change in Currency Exchange Rates

(Comparative Analysis with International Accounting Standard No. 21, Accounting Rule No. 4)

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ABSTRACT:

The aim of the study was how the harmony between the Iraqi accounting rules and international standards and is there a difference between rule and the standard, which has been the International Standard No. (21) the effects of changes in foreign currency exchange rates and conduct a comparative analysis with the Iraqi accounting rules rule number (4) the effects of changing prices in foreign currencies have reached your search several conclusions the most important of the existence of a gap between the accounting Qaeda applicable between the international standard requirements represented by failure to disclose the change in the classification of foreign operations and export rules Iraqi accounting without cause by sufficient explanations and cases of practical application of some processors contained therein leading to interpretations and opinions of personality.

INTRODUCTION:

The world has witnessed a development in all economic areas that witnessed nineties of the last century, which reflected significantly on the various areas of the community, where he was Iraq's share of this development and after-balled companies, and has become a multi-business and the various countries, which results in a difference in the calculation of financial operations, which require that translated financial statements to the parent company languages, Waitangi about that change in the currency exchange rates by country, where Iraq has issued accounting rule No. 4 in 1993 to deal with such cases, which took him from ISPM No. 21 how to dealing in such cases.

RESEARCH PROBLEM:

The problem is that the Iraqi accounting rule number 4, which is for foreign currency exchange rates, which vest in 1993, was released on the Iraqi economy is centrally planned and that came on modifying standard but have not been subject to any amendment, despite that the international standard Cubs in a lot of adjustments and that the economy of Iraq It has changed but has not issued any amendment to the rule.

RESEARCH IMPORTANCE:

Followed importance of research of the importance of the variables that are taken, which is that there is a difference in accounting bricks at the base of accounting strayed No. 4 and the International Accounting Standard No. 21, which results from a difference in the income calculation.

AIM OF THE RESEARCH:

The research aims to identify the importance of the international standard and how to be relied upon in formulating and amending Iraqi bases, and an analysis and comparison between the International Standard No. 21, Accounting Rule No. 4.

RESEARCH HYPOTHESIS:

Search is based on the premise that it can be done in harmony or harmonize international accounting standard No. 21 and No. 4- rule Iraq.

SEARCH CONTENTS:

For the purpose of achieving the goals of the research division of your search:

First topic: international accounting standards.

The second topic: International Accounting Standard No. (21) the effects of changes in foreign currencies and accounting procedures exchange rates.

Section III: comparison and analysis of international accounting standards No. 21 and Rule No. 4.

Section IV: findings and recommendations.

FIRST TOPIC: INTERNATIONAL ACCOUNTING STANDARDS IAS 21 AND IAS:

FIRST, THE EMERGENCE OF INTERNATIONAL STANDARDS:

Because the emergence of international accounting standards to the needs of the era of globalization, the globalization of the economy and especially the globalization of capital markets, which in turn is reflected in the globalization of accounting, mainly Accounting is the business

language and the language of investment property are included on all local, regional and international levels.

Can monitor two main axes were summoned to work on the organization of an international accounting:

1. The need to provide a mechanism for the development of science accounting to himself:

A. The urgent need to standardize the accounting treatments and the exclusion of the contradictions in the science of accounting between accounting

National in different countries. Multitude and contradicted treatments for the same phenomenon is one of the company's accounting cycle to

Another session (violation of the principle of stability) as well as the contrasting solutions among companies at the national level (contrary to the principle of

Scalability accounting data for comparison) as a treatment lease problem is once originally considered and sometimes expense.

And evaluate the inventory last session, the Committee on Accounting Standards has counted the presence of 15 different way of evaluating

Lead to different profits.

B. There are significant differences in the form and content of financial statements, even in a single state.

Significant differences emerged in defining the concepts of financial statement items, any lack of accounting language resonates nationally

And internationally, for example, differences in defining the concept of assets or expenses or loss ..order which led to the preparation

Budgets and lists income of contradictory data and not subject to consolidation and comparisons, and this means that those lists data

Misleading and lead to wrong decisions.

In other words, the contrast can be divided in contemporary accounting practices between the various countries of the world, including the following:

1-Variation in Revenue

2-Variation in load expenses

3-Variation in accounting terms

4-Disparate set of criteria and measurement accounting

5 -Variation in Basis of preparation of financial statements and consolidated.

2.The opening of the stock exchanges and capital markets globally:

In line with the global economic openness and attract more foreign investment community has insisted

International on the need to improve the existing international standards and issue new standards develop performance and the level of exchange in the capital markets During the years 1994 -1999 has been agreed with the international body supervising the financial markets - IOSCO

On a number of comprehensive criteria to be issued with a view to adoption and acceptance of the purposes of the financial markets. <http://sqarra.wordpress.com/redwan/>

SECOND - THE CONCEPT OF ACCOUNTING STANDARDS:

Can standards be defined as models or general guidance lead to guide and streamline the process practices in Accounting and Auditing (LAOnojah, 2014: 7) The accounting standards as written statements issued by the device or official accounting regulatory body the mother of a professional dealing with the organization of fashion style to identify and measure the width of element Set of elements of financial statements economic unit for the purposes of identifying business data and financial center of that unit results appropriate degree of accuracy and objectivity (Ann Tarca, 2013: 10) and accounting standard refers to the extension of accounting rules due to accountants concerned to support the reasoning and question their judgment and the importance of accounting standards generally through: (Bernard Raffournier, 2010: 25)

1 - Identify and measure the financial events of the facility.

2- the delivery of measurement results to the users of financial statements.

3 - determine the appropriate measurable ways.

4- enabling users to make the right decision when the basic information on the adoption of an appropriate standard.

Consideration could be given to the accounting standards as a translation of thought to the level of disposable thought whether this level

Represented in a set of objectives, concepts or hypotheses and scientific principles, as is the standard one of the most practical application tools, which must be taken into account in the

construction of all environmental conditions. It is here we can say that accounting standards are built based on three main sources: the theory, the environment, custom, accounting theory represents the main source and permanent task of building standards, environmental factors are what give the formula standards process and make appropriate standards for conditions and considerations for time and place, and the accounting norms and accounting conventions it may clear impact for the type of criteria which procedural standards.

THIRD: THE IMPORTANCE OF ACCOUNTING STANDARDS:

Accounting is generally aimed at the identification and measurement of financial events and economic unity and to deliver the results of this measurement to the users of financial statements, which requires specific criteria to fulfill these functions therefore considered accounting first and most important practical application tools (Ann Tarca, 2013: 10), which dominates the work of the accountant where stem the importance of its presence as it provides rules or provisions to help him exercise his activity as well as the fact that its presence promotes objective accounting output considering that the objective measurement required by accounting can not be achieved, but the existence theoretical framework governing the application process, the accounting standards used also as a basis to make sure you bring as much as possible justice of the output of the accounting systems, as without the presence of these criteria, there will be a semblance of accounting chaos differences will be great among accountants in dealing with the same financial events forcing the readers of financial statements to adapt themselves to the accounting practices and financial report for each entity Miner it difficult if not impossible to compare the financial statements of the various entities and therefore difficult to compare different alternatives when making decisions might as well take advantage of accountants lack of benchmarks to regulate accounting practices in fraud and manipulation that reduces the objectivity and fairness of the accounting output, which contributes to mislead the users of these outputs, and that is because of the disadvantages resulting from their absence and in response to crises experienced by users of financial statements showed the need to develop accounting standards for accountants is committed to abide by the exercise of their profession (Robert, Kimberley, 2005: 632).

FOURTH: THE GOALS OF ACCOUNTING STANDARDS:

The accounting standards to achieve a number of objectives put as follows: (Bruce Pounder, 2009: Op. Cit., P: 4).

1- providing accounting point of reference for accountants when performing their duties so as to achieve a minimum level of uniformity in Areas of practical application, in order to increase the

reliability of the accounting numbers in comparisons Temporal, spatial, and therefore increase the effectiveness of financial reporting in the evaluation and decision-making.

2 - Achieve offer a sincere and reduce recourse administration, when the accounting policy choice, to some means Exercising its way impact on the quantity and quality of the information disclosed in the financial statements that Self-service for its purposes.

3 - aims development of standards, in the absence of a complete theory of accounting, to raise the level and quality Financial reporting and increase confidence in the accounting information as determine the extent, quantity, and quality of information Disclosed.

4 - reducing the asymmetry of information, Fdadh benefit from the financial information required to be disclosed Accounting balanced for all parties, and so did not benefit some and not others, and thus. The existence of standards governing the accounting profession will spend on informal methods to obtain information.

5 - to achieve justice in the distribution of wealth and opportunities for investment among individuals and sectors through justice

Distribution of accounting information, as a result of having set the standards of accounting practice discouraged administration attempts Control the amount of information disclosed in the financial statements as a producer.

6 - Provision of Certified Public Accountants working directory enables them to enhance their independence when auditing unit reports Economic and provide their testimony truthfully these reports.

7 - provide databases to the government on the various variables that are considered material to tax administration and guidance Economic units and planning and directing the economy.

It should be noted that, until the achievement of the desired goals of the standards successfully and in order to ensure the production of Appropriate accounting standards, it is important and necessary to the authors of some of the principles of respect for the standards: basic when doing their duties as follows: (Ross M. Skinner, J.Alex Milburn, 2003: 801)

- The need for consistency of accounting standards formulated with the conceptual framework and objectives of financial information;
- Should be setting the standards by the body with authority and independence of the process sufficient to avoid any Political influence;
- Leah competencies and financial resources required for the production of high-quality accounting standards;

- The Commission should Exporting standards of working to protect the public interest and that is what is reflected in the standards Which are issued, and to be open and transparent procedures for issuing standards to ensure the participation of all Interested parties;
- Must be interpreted in a clear and detailed for the reasons that led to the acceptance or rejection of a particular accounting standard,

In the event that the complex includes a standard or unfamiliar procedures it becomes necessary to provide examples

Empirical and sometimes provide guidance or training sessions quotas.

FIFTH: THE CHARACTERISTICS OF INTERNATIONAL ACCOUNTING STANDARDS:

I've met with the accounting of the International Accounting Standards Board standards widely accepted at the international level, as the accounting is based on the Anglo-Saxon model, they reflect the characteristics consistent with this model, will be the most important characteristics of the elements through the following address:

1 - Priority Capital Providers:

International Accounting Standards give a special privilege for the financiers of the entity, as developed by focusing on their needs

Information and not for tax purposes, as it aims to ensure that the financial statements provide information that Needed for current and potential investors and other providers of capital, to make decisions with respect The allocation of their capital (<http://www.ifrs.org/investor-ressources/Pages/investors-and-ifrs.aspx>) (The International Accounting Standards Board explicitly provided in the framework (IFRS) in which it says that "users with priority Financial Reporting General Purpose are current investors and potential, lenders and others from other creditors, who use this information to make decisions about buying or selling shares or debt instruments (equity or debt instruments) as well as providing or settling loans or other forms of credit" (<http://www.iasplus.com/en/standards/framework>) (Consequently Gel shows me that the International Accounting Standards waves destined to meet the needs of information for funders Only Although there are several categories of potential users of the financial statements, and for them; the Council International Accounting Standards is that most of the needs of the financial

information will be met through the Information provided by the General Purpose menus Wave by Hee investors and other capital providers.

But on the other hand, the useful information for other categories of users are not all of a financial nature, for example, wage needs to information about social benefits and statistics on accidents at work in order to compare their organization with its competitors, as well as the parties interested in its environment that focus on information related to pollution generated by the enterprise and the means employed activity to reduce them, if such information is not required by the international Accounting standards (Bernard Raffournier, 2010: 24).

2 - Fair Value Accounting:

Fair value of the asset as that amount that is whereby the sale or purchase of the asset through a genuine process of reciprocity between knowledgeable and willing parties in an exchange, away from the filter conditions, and in return, the fair value of the liabilities as of that value that mature or the amount to be repaid from through a real process of reciprocity between the parties interested in the process, excluding the impact of the liquidation. The fair value of any item estimate by Price

Offered or required, and in cases of non-availability of these prices are determining the fair value of the item is estimated. Council has justified the Financial Accounting Standards use the term fair value because it is not for each asset and liability value can be obtained from the market (BARTH ET.AL, 2001: 9).

As for the International Accounting Standards Board, the fair value was defined as the amount that can be originally swap, or the payment of abide by it, between knowledgeable, willing parties in dealing on the basis of the exchange of purely commercial, have this definition appeared in a number of criteria such as Standard No. (32) paragraph (5) and standard No. (36) and standard No. (39) and other standards, as IAS explained No. (40) "real estate investment" The fair value is determined by a certain date, and depending on the change in market conditions from time to time (the international Accounting standards board , 2001)

There are those who consider that the use of the concept of fair value as the basis for evaluation of an important shift in accounting thought the point, the fact that the purpose of access to the concept of economic income and avoids this by traditional accounting practice since several years of income, but it is worth emphasizing that the use of fair value as the basis for assessment is not new; it assets were always Tq Yum cost or net realizable value, whichever is lower, the latter applies the same fair value reduced expense sale definition, and if there is new, it is not to rely on fair value when it is lower than the historical cost basis only, meaning non-inclusion in accounts minimum values only, but also depends upon whether the higher than historical cost, which means also recording some of the surplus values, and this is also not new in terms approved some of the national organizations, before the advent of international accounting standards, exceeded historical cost by allowing, for example, assess . (Cours de cloture) (Bernard Raffournier, 2010: 25)

3 - Principled Criteria:

1 - charge standards on the basis of the rules as one of the causes of the financial failure of many international companies, and has done (herdman) Prime Trading Commission paper a financial slavery - before the Committee on Commerce and Energy in February 2002, summarizing the criticism of the Financial Accounting Standards Board (FASB) as follows (Herdman, 2002)

- the current standard-setting process is very cumbersome and slow.

- Many of the current guidance is based on the rules and focus on the mental choice that run with transparency.

- * Many complex directives dramatically.

2 - standards on the basis of the principles given the opportunity to report on the real substance of financial transactions without being bound by the rules of a rigid or form of the transaction, which will result in financial statements more useful and improve transparency and confirm comparability, increased ability to respond to the accounting issues and improve the quality of financial reporting (FASB, 2002: 40(

3 - contain standard on explicit rules permit the continuation of funding outside the budget and provide a justification for the treatment not in accordance with the fact that the transaction American standard 13, SFAS No. accounting for hire and with what contained in the conditions for the classification of leasing operations in order to prevent personal judgments and achieve consistency in the application has been allowed for companies structuring and interpreting contracts, leasing to avoid capitalization (Agoglia et al, 2011: 17.(

4 - Some pointed to the lack of consistency in generally accepted accounting principles, as some of the criteria are not based on the conceptual framework, and examples that different approaches to dividend - small distributions) less than 30% (large and distributions) greater than 50% and the share split - and on the same token the different accounting treatment of the debtor and the creditor when the troubled debt restructuring Restructurings troubled-debt as well as the different approaches of future cash flows (Forsyth et al, 2005: 102).

THE SECOND TOPIC: INTERNATIONAL ACCOUNTING STANDARD NO. (21) THE EFFECTS OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATES

First: International Standard No. (21)

Deals with International Accounting Standard No. (21) One of the most difficult problems faced by accountants in practice, a problem of transactions in foreign currencies as well

as the translation of the financial statements of the Company in the reporting currency, and is considered the standard reflection of the practice of the process of financial accounting, and reflected the importance of this standard on the positive role of transactions, which are foreign currency as a result of the request of a lot of interest in corporate owners, as well as to the practice of an active role in providing them with financial information that contribute to the decision-making (ahmed, 2012: 183)

The importance of the issuance of this standard to the fluctuation of foreign exchange at the international level prices, and the tremendous advances in information technology and the advent of the Internet and the possibility of concluding transactions between dealers, whether they are individuals or companies through international information network and the subsequent increased reliance on means of automatic payment became there are necessary and urgent need for a method of accounting that could help companies from conducting financial transactions instantaneously so you can convert these transactions into the currency of the country or to the currency that is their financial reporting.

1 -The goal of International Accounting Standard No. (21)

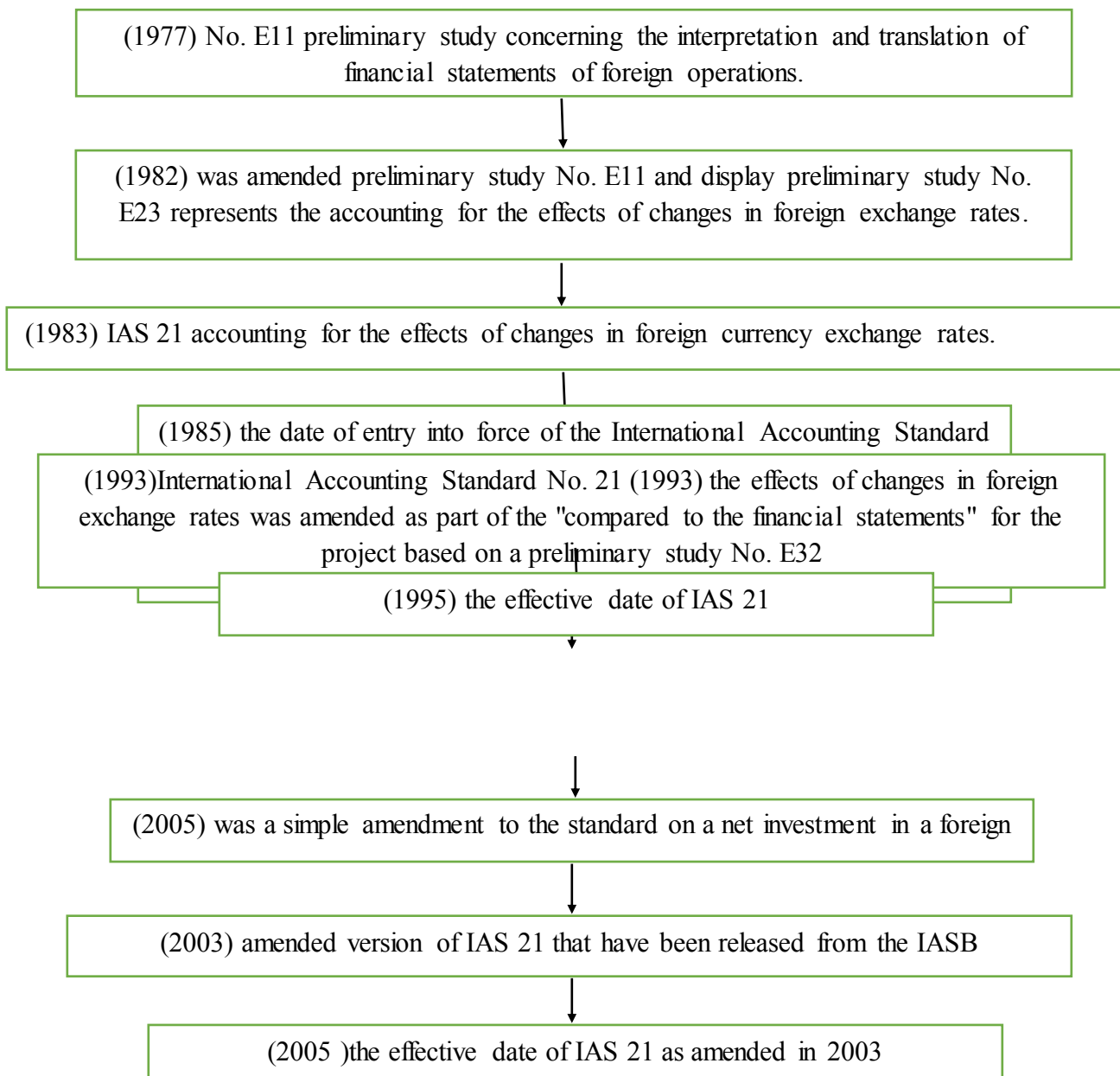
Increased need for data and financial information that will be useful in making decisions and to do the job it was necessary to find a way through which to gauge the effects of fluctuations in foreign currency exchange rates, are multinational companies which are directly affected by exchange rate fluctuations played a major role in it, and because of enjoyed by these companies of international economic relations, and for exerting political pressure on the host countries, and that these companies are facing pressure from groups affected by its activities, which resulted in the need for useful information for decision-making, and had to be held accountable to meet the manner that is by measuring the effects caused by changes in the value of currencies for communicating the results of this measurement to those interested through the financial statements reflect the financial results that

Way they are measured currencies of host countries, so that these lists reflect what has been experienced by companies from the risks arising from fluctuations in foreign currencies of different countries located by the branches of the parent company's exchange rates, and have it that is expressed in the financial statements the terms of unit of measurement of the parent company (LAOnojah 0.2014: 8.)

Thus, the aim of the translation of transactions in foreign currency as well as the translation of the financial statements is to provide consistent information with the effects of changes in exchange differences of cash flows for companies and affecting property rights, and to emphasize that the financial statements provided are true and fair results of the Administration, and the menus integrated Finance should reflect the financial results that have been measured in foreign currency financial statements during the period translator ((Wilkins, 1998,187

2 - historical development of the International Accounting Standard No. (21) :

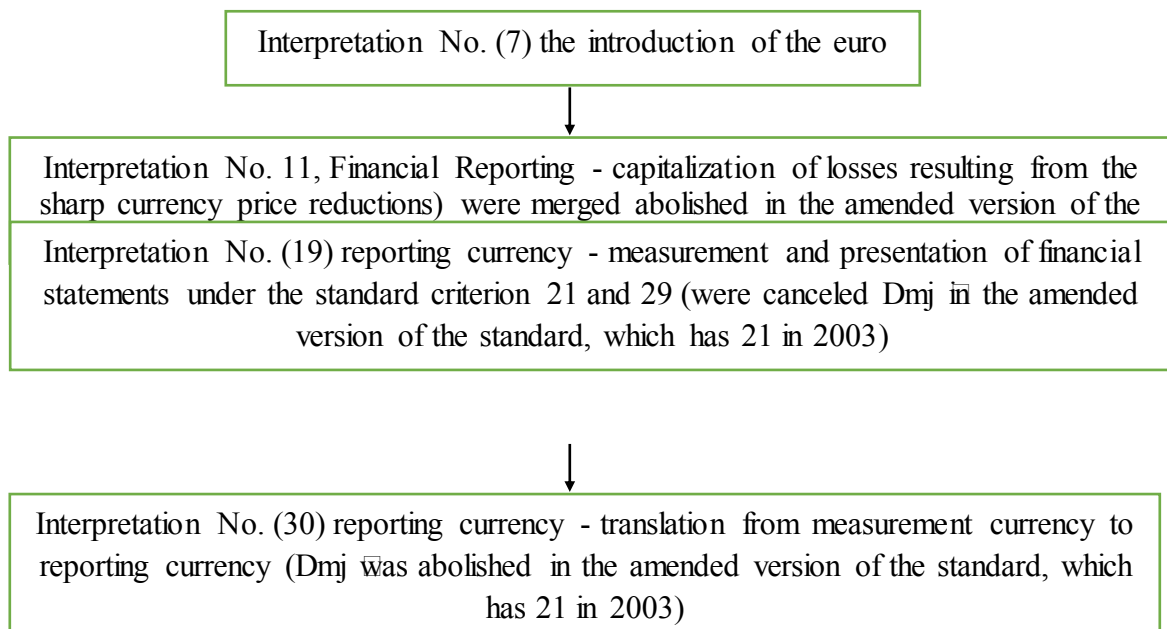
Has been initiated in the application of this standard on 01.01.1983 AD has been called "the accounting for the effects of changes in foreign exchange rates", and that application already submit a draft was presented to discuss the interpretation of foreign operations and the translation of the financial statements, then there have been several amendments to the this standard scheme as follows: (www.iasplus.com, 19/5/2008)



Through the above diagram it shows that the standard has passed through several stages over several years and that the actual application of this standard in its current form began on the financial statements covering periods beginning on January 1, 1995 or after that date, and solve IAS atheist Twenty-shop " Accounting for the effects of changes in foreign exchange "rates, and that the standard does not address the IAS atheist Twenty hedge to the terms of foreign currency accounting (with the exception of items relating to investments in foreign currencies), according to the amendment, which has been the standard in December 2005.

3 - interpretations that have occurred on the International Accounting Standard No. (21)

I've been several interpretations regarding IAS entry (21) as in the following chart:



4- Scope of Application of IAS 21

Scope determines the quality attributes and objectives covered by the standard, which in some cases be a standard limited to a certain amount of corporate type. For example, International Accounting Standard No. (11) and private contracts contracting it is applied only to construction companies, as well as with International Accounting Standard No. (30), who It addresses the disclosure in the financial statements of banks and similar financial institutions has set the standard that is applied when the financial statements of banks and similar financial institutions prepare scale, regarding the scope of application of the standard it represents restrictions on the application of international accounting which are reflected in the texts of the criteria standards, and apply IAS effect

As of the date specified unless otherwise noted and do not apply the standard retroactively, as regards the criteria under study, which is International Accounting Standard No. (21) of the effects of changes in foreign currency exchange rates it has been defining the scope of application of the standard as follows (Ann Tarca, 2013: 11)

1 - Exchange differences.

2 - translation of the financial statements of foreign operations of foreign operations when the presentation currency

Different from the functional currency.

According to the text of the standard, the scope of application of International Accounting Standard No. (21) includes the following points: (David, Thomas, 2005: 591)

1 - This standard does not deal with the terms of the hedge accounting of foreign currency, except for exchange differences arising from the commitment of foreign currency being accounted for as a hedge of the net investment in a foreign company.

2 - This standard replaces IAS Twenty, accounting for the effects of changes in foreign currency exchange rates, ratified in 1983.

3 - This standard does not specify the currency in which the company must be presented by the financial statements but

The company commonly used currency of the country in which you reside.

4 - This standard does not deal with the restatement of financial statements of the company from reporting currency into another currency for suitability for users accustomed to that currency or for similar purposes.

5 - This standard does not deal with the presentation of cash flows arising from transactions in foreign currency translation of cash flows of foreign operations in the statement of cash flows.

Second, harmony and alignment with international accounting standards :

Proposed (Accounting and Auditing Organization for the Cooperation Council for the Arab Gulf States), a group of

Steps and mechanisms to assist States to start or speed up the adoption of harmony and implementation plans with the International Accounting Standards These steps include (L. A.Onojah, 2014: 11)

1 - has to be the state's plan aims to achieve compatibility with international standards, or adopt a turning companies

National to the application of international standards.

2 - The State shall determine the differences between national standards and international accounting standards and Dr. Rissah of these differences and replace

Alternatives and different solutions in the national standards with those of international standards if conditions permit.

3 - The State issuing a national standard compatible with all international standard.

4 - The application of international standards is limited or national compliant on a limited group of companies.

5- that are associated with the process of transition to international standards or compliance with effective training at the level of the profession

The authors of the financial statements and to include international accounting standards in the headquarters of the father of a confidential rate university.

6 - The plan sets a target date for the completion of its goals.

Third, foreign currencies and accounting procedures:

Are considered foreign currency accounting and translation of financial statements of the difficulties faced by both national companies which have local activities in a currency other than the currency of financial reporting, or may have outdoor activities is the import and export of goods and services, these companies are multinationals which are those companies that have branches and activities in foreign countries, and given the currency for those companies to do multiple activities at the same time its commitment to financial reporting currency may be different from trading currencies and may result in gains or losses on translation of the financial statements.

A - Foreign Currency Translation:

Going through several authors subject of foreign currency translation in many publications, it has been considered (Bhagaban, 2009: 196), the problem of foreign currency translation of financial statements of the major accounting problems faced by multinational and national companies with activity or foreign branches of companies, many of these companies lead daily operations in different currencies, leading to the emergence of assets and liabilities and revenues and expenses are denominated based on several currencies, and the problem lies in the translation of foreign currencies also that companies may incur losses as a result of changing exchange rates and therefore lead to a reduction of the profits made by the company from its President may happen This Reduction of large proportions.

Lama (LAOnojah, 2014: 32) has been considered that the foreign currencies of the most difficult problems of translation in the accounting firms have found a number of theoretical and practical solutions, which will continue to be of great benefit, due to the volatility of the currency markets and as a result of the globalization of securities markets have known that meant the translation as "recalculate financial statements information from one currency to another," and become a translator when necessary multinational company is one of the Consolidated financial Statements

Groups affiliated and therefore created many problems as a result of the translation because the foreign currency exchange rates are rarely constant.

Also eat (ahmed, 2012: 184) the subject of foreign currency translation that they include the following:

A measurement and recognition of transactions denominated in a foreign currency undertaken by the company and the national currency, and the disclosure of the effects of these transactions on the financial statements in the national currency, or currency, which is the financial reports of the company.

(B) translation of the financial statements of operations and foreign branches and subsidiaries of the parent company to the reporting currency in the country where the parent company.

(C) selecting and applying appropriate exchange rate, and should be recognized in the financial statements of the financial implications of changes in exchange rates, when accounting for transactions in foreign currency as well as the accounting for foreign operations activities.

2 - Exchange Rate

The exchange rate is defined as "the rates used for converting from one currency to another currency which is determined by the relative value of one currency against other currencies" (Bhagaban, 2009: 197) (Also known as the "foreign exchange rate against the national currency, which is a relative price associated with different currencies, as expressed by the exchange rate for the inverse relationship to the price of goods and services between the State concerned and other countries" (John & Richard, 1984: 61.)

And it turns out (Hermanson & Others, 1989: 532) that the exchange rate is determined by when they are transferred between two parties resources, such as the purchase of goods on the account, the accountant track the exchange rate at the provision of information, and the diversion of resources requires registration agreed price between the parties at the time of the exchange process .

3 - Different Prices for Currency Exchange

There are multiple exchange rates for the currencies, and these prices are available at the same time, the difficulty lies facing the accountant in the selection of an appropriate exchange rate, where many countries following the multiple transfer pricing system for the purpose of controls on foreign exchange.

The between (Bhagaban, 2009: 197) These prices as follows:

A - the official price

It is the price at which the central bank buys and sells local currency.

B - price free

A price that is acceptable to both domestic and foreign banks, conversion processes.

C - the black market rate

A price that identifies customers by non-state actors for the exchange of currencies.

D - Price penal

A price that determines the specific type of private not to encourage a certain type of decisions Imports.

E - preferential price or promotional

A price that is used for certain operations usually to encourage a certain type of exports.

And - the tourist price

It is used in some countries that are trying to encourage the summer for foreigners, and therefore, the governments of these countries are usually used exchange rates of their currencies especially foreigners holidaymakers where (David, Thomas, 2005: 594)

4 - Accounting for Transactions in Foreign Currency:

The economic and technological progress and provide transportation and communications to facilitate the interaction between the various exporters and importers in various countries around the world, and when the deal between the importer and the exporter, the deal must be done in a particular currency may be the currency of the country to which it belongs importer or exporter and therefore the time of registration contract price the exchange of a certain payment, which is mostly a futures value of the currency will be changed, resulting in a reduction or increase in one of the two currencies and the resulting currency gains or losses teams (ahmed, 2012: 185.)

The accounting for transactions in foreign currency a special application of financial accounting, has been outlined (Bhagaban, 2009: 198)

1 - led draws the world towards globalization and ensuing liberalization of international trade to the direction of companies large and especially towards the expansion of international activities, has led to the performance of certain transactions of these companies in foreign currencies and the consequent re-evaluation of foreign transactions in the national currency until the companies can issuing reports and financial statements.

2 - The spread of multinational companies has led to the parent company receive financial reports and lists of foreign subsidiaries currency of the country in which it operates branch, and thus has to be for these companies to re-evaluate foreign branch operations in national currency to be able to Consolidated Financial Statements issued in the currency of the State in which the parent company.

3 - resulted in increased international trade movement that the national companies to complete some transactions in foreign currencies, creating an urgent need for policies and accounting procedures appropriate until they are accounted for in the national currency of the State.

4 - Consolidated Financial Statements multinationals national currency preparing to serve stakeholders, whether they are shareholders or creditors or any other parties with a view to taking appropriate decisions even realized their interests, and thus translation of the financial statements of foreign branches of the company in foreign currency to the currency in which the company operates the mother.

5 - information technology revolution has led to increased transactions and e-commerce transactions, and the subsequent increased reliance on electronic means of payment to the importance of accounting for online transactions in foreign currencies are converted to the currency in which the parent company's headquarters.

Section III: comparison and analysis of international accounting standards No. 21 and Rule No. 4:

As of early 2005 became the adoption of the accounting international standards mandatory for the financial report for all installations, including the US worked with the European Union (25 countries) have also taken many of the world (more than 60 countries so far) to adopt international standards as a line to regulate the accounting policy , including Egypt, in addition to having harmony and comparison with international standards with local standards provided by the 12-nation efforts.

Meanwhile, at the Arab level, it is expected to take effect in the coming period GCC accounting standards issued by the Accounting and Auditors Board of the Gulf Cooperation Council (GCC) to (6) Gulf states, a standard originally developed in the light of regional circumstances of the member states of the Council, and the background of the US standards, taking into consideration the international accounting standards.

Nevertheless, a growing trend to adopt international accounting standards at the level of many countries of the world. At the time,

In which the races is moving towards a global economy increases the need for the adoption of international standards through the issuance of local accounting rules through which to narrow the differences between existing applications in business organizations and between international accounting standards.

Where research aims at providing a comparative accounting treatments for the effects of the change rates of foreign currency followed by the standards issued by the International Accounting Standards Committee in IAS 21 (Effects of Changes in Foreign Exchange Rates) and those that followed the accounting rule number 4 (accounting for the effects of the change rates of foreign currency) issued by the Iraqi Council of standards and accounting rules.

First: The International Accounting Standards Board:

The International Accounting Standards Committee was established (IASC) in 1973 following an agreement between the associations and professional institutes leading (Australia, Canada, France, Germany, Japan, Almxhexo, Netherlands, United Kingdom, Ireland, the United States) and the objective was for the Commission to prepare and publish accounting standards and to support his acceptance adhered to and strengthening the relationship between them and the international Federation of Accountants ((IFAC, the body with responsibility and civil issued statements in their in international accounting assets, has released 41 international accounting standard until the pre-2000. in the year 2000 has been re restructuring of the standards Committee The basic system has been renamed international Accounting standards Board (IASB), which was considered starting from April 2001 is responsible for the issuance of international accounting standards instead of the standards Committee and the adoption of this Council all accounting standards issued by the international Committee of criterion , as the Council in 2002, re naming (Committee interpretations of existing) (SIC) and switch this label to (interpretations Committee international financial reporting standards) (IFRIC) aims to interpret and clarify the existing accounting standards as well as provide guidance on a permanent basis on the existing international accounting standards and the international financial reporting standards have been The Council has issued eight new standards (IFRS, 2010: 4)

Second: Iraqi accounting rules:

Iraqi economic units based on the accounting and regulatory standards of the Iraqi Council in issuing accounting standards and rules that fit with the accounting Iraqi environment, which is part of the international accounting environment that reflected events on the Iraqi environment.

Accounting and control of the Iraqi Standards Board was established under the book Presidential Court dissolved a number (10542) on 22.03.1988 was through a proposal submitted by the Audit Court, where the inclusion of a number of members of the Supervisory Board and

general managers in the Ministry of Finance and Ministry of Planning and the Iraqi market for securities Finance and representatives from the Ministry of Higher Education and scientific research of professors with competence and general manager of the Department of research and Statistics at the Central Bank and a representative of the Association of Accountants and auditors

The tasks performed by the accounting and regulatory standards of the Council of b: Bhagaban, 2009: 207)

1- study and development and the development of accounting and auditing standards.

2- express an opinion on the accounting and regulatory regimes and laws issued by other projects.

3- propose amendments to the legislation, accounting and regulatory rules.

4 - start assistance and advice in accounting and regulatory matters to the authorities that you need not inconsistent with the terms of reference of the authorities concerned.

5- coordinate and organize cooperation with institutions and professional organizations and scientific competent inside and outside Iraq.

6 - be accounting rules (standards) issued by the Board binding on the relevant parties unless they conflict with the laws and regulations.

Since 1988 and up to 2001 accounting and regulatory Iraqi Standards Council has issued a set of accounting rules include (14) and base these rules are as follows:

1. Accounting construction contracts. 2 - R & D costs. 3 - the capitalization of borrowing costs.
- 4the effects of changing prices in foreign currencies. 5 - accounting for storage. 6 - Disclosure of information relating to the financial statements and accounting policies. 7 - revealed cash flow. 8. information reflecting the effects of changing prices. 9 - contingent liabilities and subsequent events to the date of preparation of the general budget. 10 - disclosure of the financial statements of banks and financial establishments similar. 11 - Accounting agricultural activity. 12 - capital gains and losses. 13 - accounting for income tax. 14 - Accounting investments.

The Iraqi accounting rules (standards) issued by the Council is nothing but a translation of international accounting standards and is matching her perfectly except for a few minor adjustments to the international standards that make it appropriate for the Iraqi environment, where it can not be compared to the work of the International Accounting Standards IASB and the Council of accounting and oversight of Iraqi standards because international accounting standards board takes the international framework, while the Council of the accounting and regulatory standards of the Iraqi local context (ahmed, 2012: 188).

Third: analytical comparative study:

Comparison	IAS 21 foreign currencies	Accounting Iraqi Qaeda No. 4 in foreign currencies
In terms of goal		
<p>There is an agreement in the target Unlike standard accounting, the base did not include a paragraph Disclosure and Presentation within the goal as the goal was limited to the subject of measurement.</p>	<p>The facility can be conducting foreign activities in two ways, it is possible to have transactions in foreign currencies or have foreign operations, in addition to that facility can be financial statements presented in a foreign currency, and the purpose of this standard to explain how to include the financial statements of the facility for treatment which has a foreign currency and foreign operations and how to translate the financial statements to the currency, which are presented by the financial statements.</p>	<p>This rule is concerned with the accounting treatment of the operations performed foreign work and translation of financial statements of work executed in foreign currency to the local currency, in order to integrate them in a combined report in local currency in the financial statements of the unit.</p>
In terms of scope		
<p>Scope of the rule came without a comprehensive breakdown of the types of activities that apply to them as well as the Al-Qaeda-Qaeda paragraphs are excluded from the application did not give</p>	<p>t must be applied in this standard: Accounting for transactions and balances in foreign currencies. And the translation of operating results and financial position of foreign operations and which is included in the financial statements of the entity by the consolidated financial statements or when applying the equity method. And translate the results of the business and financial position of the coin, which are presented by the financial statements.</p>	<p>This rule is concerned with the accounting treatment of the operations conducted in foreign currency and the translation of the financial statements for the work executed in foreign currency to the local currency.</p>
In terms of recognition		
<p>There is a fundamental</p>	<p>You must demonstrate that</p>	<p>Record emerging operations in</p>

<p>difference between the base The standard in the field of recognition, there is no essential difference between the Al-Qaeda and the standard in the field of installation, the base price Lalani prove Almelg standard proves the same price Lalani. Al-Qaeda also differs from the norm that it recognizes the differences that get currency exchange rates and considers gains or losses while the standard does not recognize the fact that the standard is the exchange rate steady.</p>	<p>treatment which is made in a foreign currency when the first recognition on the basis of the functional currency using the exchange rate between the immediate functional currency and foreign currency at the date of the transaction. Is not the recognition of exchange differences such as income or expenses for the period because of changes in exchange rates ripple effect or not have any direct impact on the present or future cash flows of both the foreign enterprise's operations or the reporting enterprise. When it is fully consolidated foreign facility is owned, the accumulated exchange differences arising from translation and attributable to minority interests are allocated and report them as part of a minority interest in the consolidated balance sheet.</p>	<p>foreign currency in the financial records of the unit at the price prevailing on the immediate Occurrence or the estimated retail price of the actual price when it is more practical. When the exchange rate changes between the date of the operation (loan was or activity) and the date of repayment or settlement of any Related to the financial items, resulting from the conversion of addresses in profit or loss if the payment or settlement teams During the accounting period in which the process has Except as provided in paragraph (6-b.)</p>
<p>In terms of tax effect</p>		
<p>There are significant differences between the base and the standard in the treatment of the tax effect .</p>	<p>It can be gains and losses on translation of foreign currency transactions and exchange differences arising from the translation of the financial statements of foreign operations associated tax effects of being accounted for under the XII International Accounting Standard, the accounting for income taxes.</p>	<p>It did not prove any text in the base for accounting and tax effect on the differences arising from changes in currency exchange rates</p>
<p>In terms of the change in the classification of foreign operations</p>		
<p>Turning to the criterion of change in the classification of foreign operations as each by its own calculation of</p>	<p>When a change in the classification of foreign operations, it must apply the</p>	<p>rule did not address the change in the classification of foreign operations</p>

<p>Waitangi, which for this difference or differences, and this difference could die to increase or decrease the gains or losses.</p>	<p>appropriate translation of the classification rate from the date of change in classification procedures.</p> <p>It can lead the change in the method of financing foreign operations or run for the reporting enterprise to a change in the classification of the foreign operation. When being re-classification of a foreign operation complementary to the operations of foreign reporting enterprise as a going concern, the exchange differences arising from the translation of non-monetary assets on reclassification should be classified as equity. When a foreign entity is reclassified as a process complementary to the process of foreign reporting enterprise, the translated amounts for non-cash items on a historical change as costs for those items are treated in a period of change and subsequent periods. The exchange differences which have been deferred are not recognized as income or expenses until the disposal of the operation.</p>	
<p>In terms of disclosure</p>		
<p>rule calls to disclose the accumulated value of deferred while the standard calls to disclose the exchange rates on monetary items as disclosed answer after the date of the preparation of the budget, as Al Qaeda demands to disclose any additions to the Prices costs of manufacturing to any exists, while undisclosed</p>	<p>Entity discloses the impact of the change in exchange rates on foreign currency monetary items or on the financial statements of a foreign operation after the balance sheet date if the change is important so that the non-disclosure affect the ability of users of financial statements to make proper evaluations and</p>	<p>You must disclose the deferred cumulative value that will be added or subtracted from profits arising from Translation differences for long-term financial items prices, which are the result of a foreign convert or translate data as a result of the branches of foreign operations. If added differences</p>

<p>criterion for such disclosures requested by the rule, The standard required to disclose the Spread of exchange included in net profit or loss, while AI-rule did not ask disclosed. Aspiration rule disclosure of roads and prices used in the transformation, whereas the standard did not mention such disclosures. The standard required to disclose the process of the report on the currency of the country in which the facility while staying at the base did not ask to disclose the report, the process of the country.</p>	<p>decisions (see IAS X, things emergency events subsequent to the date of the balance sheet.(</p> <p>i. The amount of exchange differences included in the net profit or loss for the period,</p> <p>ii. Net exchange differences classified as equity as a separate and identical to the amount of exchange differences between the beginning and end of the period,</p> <p>iii. The amount of exchange differences arising during the period covered by and within the registered principal amount under the permitted in paragraph 21 alternative treatment.</p> <p>When the report process is different from the currency of the country where the assessed entity, it must disclose the reason for using a different currency. You should disclose the reason for any change in the reporting process.</p>	<p>conversion rates to the cost of a certain exists, as indicated in paragraph (5) of this rule, you should disclose it.</p> <p>Following should be disclosed on the integration of the financial statements of foreign operations- :</p> <p>A - roads and Price used.</p> <p>)B) the net carrying conversion rate differentials in equity.</p> <p>C -safa recorded exchange differences are recognized in profit and loss.</p>
<p>In terms of Effective Date</p>		
<p>Rule prior to the issuance of the international standard, unlike the rest of the rules issued by the accounting and regulatory Standards Council in Iraq</p>	<p>This IAS applies to financial statements covering periods beginning on 1 January (January) 1995 or after that date.</p>	<p>You must abide by this rule to become effective for financial statements for longer periods beginning on 01/01/1993.</p>

Section IV: findings and recommendations:

FIRST: RESULTS:

1-The International Accounting Standards have become an indispensable reference guide for accountants around the world because they represent a large and intense product of professional

specialized committee is the International Committee of Accounting Standards, which includes in its ranks representatives of professional bodies of accounting experts and a great deal of professionalism and acquire those standards to accept most professional organizations in developed and developing countries alike.

2 - that the accounting standards and rules in most countries are affected by the political situation in all sectors in countries undergoing the economy where capitalism and seized control of the private sector where standards are more inclination to serve the interests of either if the control of the state see government influence on establishing the standards process tends to be much stronger than it is from capitalism control.

3 - that the new mechanism followed by the accounting standards and rules of the Iraqi Council in the development of rules on the basis of need based on the emergence of certain accounting problems and not in accordance with the changes and international developments, one of the main reasons for the emergence of the gap between the rules issued by this Council and international accounting standards.

4 - Iraqi accounting rules issued without sufficient cause their interpretations and cases of practical application of some processors contained therein leading to personal interpretations and opinions.

5 - there is a gap between the applicable accounting Qaeda and the requirements of the international standard represented by failure to disclose the change in the classification of foreign operations.

6 - that the amendment of the accounting rule plays an important role in achieving harmony with international accounting standards, including requirements allow progress forward.

7 - to keep pace with changes required by stakeholders across the See all the new international accounting standards and applied across the accounting rules is able to accommodate these developments.

SECOND: RECOMMENDATIONS:

1 - the authors of the Iraqi accounting rules to take advantage of existing expertise in the international accounting standards and not inconsistent with the Iraqi environment requirements governing the accounting work.

2 - to be issued Iraqi accounting rules according to changes and international developments or to be issued based on the emergence of accounting problems have never resolved.

3 - has issued any accounting rule must follow her explanations and interpretations of the increased understanding of or submission to the practical case for guidance.

4 - the standards and rules of the Iraqi council that is in accordance with the rules on state accounting standards in line with the Iraqi environment to narrow the gap, to be adjusted accounting rule on the requirements of the standard so there are no differences in terms of calculation or application.

5 - the standards and rules that keep pace with the Iraqi Council of development and that the amendment to what is new and useful in order to keep pace with the Iraqi accounting rules of international development.

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