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The extent of commitment of Iraqi banks to the International Financial Reporting Standard (IFRS) 7: Financial Instruments: Disclosures

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Abstract

With the obligation for Iraqi entities to fully comply with International Financial Reporting Standards (IFRS) evidently declared in Iraqi Companies in order to provide more transparent information to the users of financial statements.The purpose of this study is to assess the extent of Iraqi banks' commitment in fully applying the International Financial Reporting Standard 7 disclosure requirements.

The researcher uses the method of factor analysis and variance analysis to achieve that goal. In compliance with the disclosure standards of IFRS 7, the analysis found that the relative value of transparency in the financial statements (income statement, financial position statement and cash flow statement) is not comparable. With obvious confirmat ion of the lack of statistical significance between the existence and size of the relevant statements as per the income statement, the financial position statement and the banks' cashflow statement in Iraq.The study findings confirm conclusions from prior studies which claim poor disclosure quality in light of IFRS 7 as a continuing phenomenon, pointing this to be a result of deliberate lack of commitment by banks to fully comply with disclosure requirements stipulated by IFRS 7.

Keywords*: International Financial Reporting, IFRS, Financial Instruments, Disclosures.*

Introduction

Globalised developments in civilisation and the dynamic nature of the business environment has necessitated the need to develop internationally standardised financial reporting standards designed to guide preparation of financial statements, with the primary goal of addressing the needs of users of financial statements. Iraq as a member of the global village has seen major developments within her regulatory environment and changing business patterns particularly within the financial services sector. However, with the internationalisation of accounting, these effects are expected to be neutralised and as such minimize their effects to users of financial information by means of availing them with adequate information to guide economic decisions. This study focuses on an overview of the financial reporting standards, with emphasis on IFRS 7 that is related to accounting information disclosed by banks in their financial statements and reports. The study also dealt with a brief summary of the banks in the Iraqi market and how, as sources of critical financial information, they are applying the disclosure standard to show the necessary information needed by investors and beneficiaries of this

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information. It can be appreciated that much evidence that is available on IFRS 7 is in the contexts of advanced economies (Bischof, 2009), hence, this study sought to add evidence in the context of emerging economies. Moreover, Iraq is an interesting environment to focus on the fact that it is still undergoing redevelopment and, in particula r, the reconstruction of a sound and secure modern financial sector since 2004, following the sanctions, two wars and sever al decades of Baathist rule leaving the Iraqi banking sector in complete decline (El-Daher, 2003; Looney, 2005), the rebranding process has seen the financial services sector going through a myriad of changes emanating from the regulatory, political and economic pressures. It is therefore interesting to investigate how the changes in the international accounting regulations have met the changes from the local operational environment. Interestingly, to the researchers' best knowledge, this study is the first of its kind since the introduction of IFRS 7, to specifically look into the standard in the context of the Iraqi banking industry.

Literature points to evidence that the introduction of the financial instruments' disclosure standard (IFRS 7) was a response to the noted non-voluntary disclosure and reluctance by firms to disclose the effects of financial instruments in their financial reports (Mahoney & Kawamura, 1995; Dunne, 2003). During the post-adoption era, several studies have been conducted to assess the outcomes of the disclosure standard. A handful of such literature reveal different outcomes, ranging from rampant non-disclosure to varying nature of disclosure content in the contexts of both advanced and emerging economies "(Hassan, Percy, & Stewart, 2006; Strouhal, 2009; Murcia & Santos, 2010; Tahat, Dune, Fifield, & Power, 2016)".

The main aim of the introduction of IFRS 7 was to require entities to disclose information

On the significance of financial instruments and to use information on associated risks from financial instruments (IASB, 2004; Camfferman & Zeff, 2007; Tahat, Dune, Fifield, & Power, 2016). This follows a number of noted deficiencies, for example the clear evidence that the financial services sector stakeholders as well as regulators have long neglected the growing need to effectively and efficiently manage liquidity risk and its effects relative to other forms of risks affecting the industry. This was evidenced by their negligent realization for the need to establish a shared outline for liquidity risk as a sovereign risk in the "Basel II Framework" (BCBS, 2004)", notwithstanding its potential effects on financial institutions and the entire financial services sector in general (Cipullo & Vinciguerra, 2014). With developments in civilization that saw transitional developments in the banking models and the manifestation of the effects of liquidity risk, the world has however awakened the need and realization of the necessity for a broader approach to management of liquidity risk, which significantly increased the competitiveness of banking institutions and benefiting the broader stakeholder base. This critical cycle of an enhanced risk management system could not be completed without the risk reporting and disclosure framework being restructured to meet market demands. This study therefore focuses on "IFRS 7: *Financial Instruments: Disclosures"*, with concentrated focus on the banking industry, motivated by the seemingly conflicting cost of information production and reporting compliance requirements and the need to meet information requirements for critical stakeholders like investors and creditors. This discussion focuses not only on the aspect of liquidity risk, but the broader application of IFRSs, with an extended focus on "IFRS 7", and is without discounting the significance of the IASB rules regarding financial accounting reporting quality. It is therefore meant to provide an insight into the need to balance the cost of availing accounting information and the usefulness of that information in users' eyes (Cipullo & Vinciguerra, 2014).

It is clear how critical this study is to promote and attract investment in the banking sector which is one of the key pillars o f economic growth.Consequently, these banks' compliance with the disclosure criteria set out in IFRS 7 provides useful information to users of these financial statements to help them make informed economic decisions.

The purpose of the study is to identify the extent of the commitment of Iraqi banks to disclosure requirements in accordance with IFRS 7. In addition, it tries to identify the relative importance of disclosures in each financial statement. To further literature on IFRS 7 and its application in the Iraqi context, our study hypotheses can therefore be stated as:

First hypothesis: The relative importance of the components (income statement, balance sheet and statement of cash flow) is not equal to the disclosures in banks of the research sample according to IFRS 7.

Second hypothesis: There are no significant differences between the nature and limits of the required reporting in the basic financial statements according to the size of the capital in accordance with IFRS 7.

Literature review

A handful of empirical studies with interests around entities utilising financial instruments has been conducted demystifying the significance and dynamics surrounding IFRS 7. These studies include those which focus on disclosures quality (Ernst & Young, 2008; Hoogervorst, 2013; Papa & Peters, 2013); usefulness of disclosures (Ryan, 2012; Johansen & Plenborg, 2013; Bean, 2016) and degree of commitment between the organizations to the conditions for disclosure (Jobair, Hossain, & Ahmed, 2014; Atanasovski, Jovanovski, & Jovevski, 2015; Zango, Kamirdin, & Ishak, 2015; Bamber, Mc Meeking, & Petrovic, 2016; Tauringana & Chithambo, 2016) . Some of the important studies include Cipullo and Vinciguerra (2014) who reiterated the implications of rules regulating the accounting profession on management of liquidity by financial institutions. Their study exposed the critical role played by measurement and disclosure issues surrounding financial instruments as one of The main contributors accused the financial crisis 2007/2008 of magnifying. They also focused on how this rather topical issue has failed to attract deserved attention both academically and professionally. Their study recommended the need for IASB to re-look into financial instruments through the lenses of the business model and behavioural liquidity characteristics (Cipullo & Vinciguerra, 2014). In the same year, Hossain (2014) in his study which scrutinized the extend of financial reporting compliance by commercial banks in Bangladesh recognized that frameworks for banks differ significantly from other reporting entities. The study which zeroed down to IFRS 7 established that compliance with IFRS 7 requirements was at almost 61.36%, a commendable level of compliance, considering IFRS 7 reporting in Bangladesh was only mandated with effect from 1 January 2010 (Hossain, 2014). A closely related study, however in different geographical context was conducted by Zango, Kamirdin and Ishak (2015), assessing the level of “compliance with IFRS 7” amongst banks listed at the Nigerian Stock Exchange. Their study showed rampant “non-compliance with disclosure requirements” stipulated by the standard. Their study findings however reported an improved compliance level between 2012 and 2013. They recommended the need to strengthen compliance monitoring mechanisms on disclosure requirements stipulated by the regulatory body (Zango, Kamirdin, & Ishak, 2015). These studies clearly indicate that financial institutions have a positive attitude towards compliance with IFRS 7, however empirical evidence revealed their slow pace in becoming fully compliant (Zango, Kamirdin, & Ishak, 2015; Amoako & Asante, 2012).

Another distinctive group of studies focused on the differences between IFRS 7 requirements and those required by IAS 30 and 32 (Tahat, Dune, Fifield, & Power, 2016; Grosu & Chelba, 2019). Tahat, Dunne Fifield and Power (2016) using a sample of 82 companies from Jordan, investigated the differences in company disclosures in line with IFRS 7 to those required by IAS 30 and 32. Their study established an improvement in financial instruments disclosures content under

IFRS 7, with the highest level of disclosures registered in banking institutions. They concluded that the new requirements under IFRS 7 has improved comparability across sectors.

Their work noted the relative scarcity of related literature in developed countries, hence the need for the current study to su pport the development of literature. (Tahat, Dune, Fifield, & Power, 2016). Also, Bischof, 2009 Show that with the approval of IFRS 7, which came into force in 2007, the European Regulation on bank disclosures has s ubstantially changed. Examen by 171 banks from 28 European countries of the effect on public disclosure performance of the initial implementation of the standard. This study found that the disclosure level has generally improved in both financi al and risks reports, but the focus on disclosure has shifted from exposure to credit risk. The findings indicate that the impr oved coherence of the disclosure is due not only to IFRS 7 's content, but also the standard implementation(Bischof, 2009).

It can be noted that majority of previous studies that concentrated on IFRS 7 and companies that uses financial instruments focused more on disclosures quality, usefulness of disclosures, comparative developments resulting from the introduction of IFRS 7 and the level of compliance by reporting entities. This current study therefore seeks to add to this body of literature through an extended focus on assessment of entities' commitment towards compliance with IFRS 7, in the context of Iraqi banks.

The concept of international standards on financial reporting

Literature sources on the process of setting standards expressed concern over the non-prioritization of user stakeholders' informational needs during the process of crafting standards "(Hopwood, 1994; Giner & Arce, 2012; Jorissen, Lybaert, Orens, & van der Tas, 2012; Jorissen, Lybaert, Orens, & van der Tas, 2013)". It is therefore logical to presume the possibility that leading audit and accounting organisations may be tempted to arm-twist the standard crafting process in line with their needs at the expense of other critical stakeholders such as investors and other lenders (Suddaby, Cooper, & Greenwood, 2007), resulting in critical standards such as IFRS 7 not being of much significance to users of financial information. It is however unfortunate that not much attention has previously been directed towards confronting this possibility as evidenced by the scantiness of literature relating to that. Also, there is a remarkable scarcity of literature on the nature of disclosures that some critical stakeholder groups such as creditors and other lenders place significance on (Armstrong, Guay, & Weber, 2010). In this enquiry, we however acknowledge the IASB's incorporation of risk management through IFRS 7 as a remarkable attempt to be user-biased.

In addition to an independent international standard setting body based in London, international accounting standards are o ld accounting standards issued by the International Accounting Standards Board (IASB). The IAS was replaced in 2001 b y International Financial Reporting Standards (IFRS).The IAS is the first international accounting standards released by th e 1993 "International Accounting Standards Committee" (IASC) to facilitate global company comparison, increase transp arency, build confidence and boost global trade and investment. Since the IASC was replaced by the IFRSC significant progress has been made towards a single set of "international accounting standards" of high quality.The EU has embraced IFRS, now the only maj or capital markets with no IFRS term: the USA, Japan (who can agree voluntarily), and China, which continues to work to wards IFRS. As of 2018, IFRS may be used by all or most of the publicly traded firms in 144 jurisdictions. One of these st andards is (IFRS) 7 for: financial tools: divulgations.

IFRS 7 Financial Instruments Disclosure Standard

qIFRS 7 is aimed at providing information to users, that is capable of enhancing their assessment of the importance of financial instruments for the entity's performance, financial position and cashflows. This analysis should enhance monitoring and the quality of economic decisions made by stakeholders ((Tahat, Dune, Fifield, & Power, 2016; Socoliuc, Grosu, & Hlaciuc, 2017; Cosmulese, 2017). The IFRS 7 Instruments general disclosure standard, which was initially issued in 2005 with a January 2007 effective date, was born out of a combination of "IAS 30 and IAS 32" (Deloitte, 2015)". IAS 32 was formerly the disclosure standard for financial instruments, and IAS 30 guided on additional disclosure requirements specific for banks. These two standards were combined following realization that even non-banking institutions were increasingly being exposed to risks that were conventionally linked to financial institutions (IASB, 2004). Subsequently, improvements have been made updating the IFRS 7 disclosure standard in line with the need for alignment with other reporting frameworks, and the changing environment and circumstances. Some noted improvements to the standards include the response to the 2007/8 global financial crisis (Cipullo & Vinciguerra, 2014) that has awakened the need to make changes to IFRS 7, which was accordingly amended in 2009. Further amendments to the standard were in October 2010, which were mainly aimed at improving the evaluation of post-disclosure risks by stakeholders.

Interestingly, a study by "Johansen and Plenborg (2013)" confirms that a handful of stakeholders are interested in IFRS 7 disclosures, however, the disclosures are considered as associated with an increased cost of preparation, which undeniably has an impact on the quality of the disclosures, which is a possible explanation for the reduced satisfaction amongst users of IFRS 7 disclosures (Jonker, Maroun, Joosub, & Segal, 2013; Johansen & Plenborg, 2013). This point to the necessity to balance the cost of preparation and the level of utility derived by users of such disclosures (Johansen & Plenborg, 2013). In this light, a number of suggestions have been put forward as ways through which disclosure can be improved. Some of the suggestions include simplifying the notes by making them less complex enhancing comprehensibility for users (Johansen & Plenborg, 2013), while in contrary, some scholars maintain that the rigorousness of the disclosure are in line with the complexity of the associated transactions (Ryan, 2012). This seemingly conflicting nature of arguments is evidence of the inconclusiveness of existing literature on the nature, preparers compliance attitudes and value of IFRS 7 disclosures to users of financial information. This current study which seek to add to existing literature on financial instruments disclosures, through an empirical assessment of entities' commitment towards IFRS 7 disclosures is therefore justifiable.

Empirical evidence on relevance and application of IFRS 7 Disclosure standard

Historical background of the Iraqi stock exchange

The Baghdad securities exchange was named and was run by the Iraqi Ministry of Finance prior to the invasion of Iraq in 2003. The Iraqi Ministry of Finance. The Iraq Stock Exchange was merged into the Iraq Stock Exchange with 15 compani es and began operations on 24 June 2004.In 2005, the share turnover in trading session amounted to around $5 million USD. The Bank of Baghdad, Baghdad Soft Drinks Co, Iraqi Tufted Carpages Co, Hader Marble and Altherar Agriculture have become big inventories. The news agency Aswat alIraq covers each trading session with web reports in both Arabic and English.

The stock market was part of the transition of the country from a nontransparent core to a free market economy through a c ompetitive private sector.

Results of analysis and hypothesis testing

The researcher used factor analysis and one-way variance analysis to test the statistical assumptions according to each of the study hypotheses:

First: The income statement

Table (1) below shows the income statements for the banks representing the research sample from the Iraqi securities market, with the average income ranging between the minimum of (41027707525) from the Iraqi National Bank and an upper limit represented by the Iraqi Investment Bank at a rate of (84479916000). In terms of disclosure requirements for items in the income statement list according to IFRS 7, the research sample indicates that there is full disclosure.

Table 1: Income statement balances for banks representing the research sample

National bank of Iraq	**2011**	**2012**	**2013**	**2014**	**2015**	**Average**
Net income	2495273000	15415475000	13874430379	6947167704	2295361442	41027707525
Ashuar bank						
Net income	7906061042	16622635580	15755502516	9654689000	10785328000	60724216138
Investment bank of Iraq						
Net income	9918450000	1383021000	26802265000	28877485000	17498695000	84479916000

Source: Researcher, 2020

Second: The balance sheet

Table (2) below shows the lists of statement of financial position balances from the research sample. In accordance with IFRS 7, the banks fully disclose items that represents total assets, total liabilities and total equity. However, the banks did not separately disclose equity rights which is a requirement according to the IFRS 7.

Table (2): List of statement of financial position balances for banks in the research sample

National bank of Iraq	**2011**	**2012**	**2013**	**2014**	**2015**	**Average**
Assests	1.84665E+11	3.37249E+11	5.42453E+11	6.15936E+11	5.35765E+11	2.21607E+12
Liabilites	79247530000	1.82588E+11	3.73912E+11	3.52549E+11	2.75368E+11	1.26366E+12
Equity	1.05417E+11	1.5466E+11	1.68641E+11	2.63389E+11	2.60396E+11	9.52504E+11
Ashuar bank						
Assests	1.69295E+11	2.67893E+11	3.5583E+11	4.332E+11	4.5183E+11	1.67805E+12
Liabilites	84686679131	97368734478	1.24904E+11	1.63927E+11	1.8164E+11	6.52526E+11
Equity	84608392495	1.70524E+11	2.30926E+11	2.69274E+11	2.7019E+11	1.02552E+12
Investment bank of Iraq						
Assests	3.27719E+11	3.78277E+11	5.20596E+11	5.58656E+11	5.51734E+11	2.33698E+12
Liabilites	2.10611E+11	2.59719E+11	3.3424E+11	2.74906E+11	2.70472E+11	1.34995E+12
Equity	1.17108E+11	1.18558E+11	1.86357E+11	2.83749E+11	2.81262E+11	9.87033E+11

Source: Researcher, 2020

Third: The statement of cash flows

Table (3) below shows the statements of cash flow balances from research sample banks. There is evidence of full disclosure according to the requirements of IFRS 7.

Table (3): List of cash flow balances for banks in the research sample

National bank of Iraq	**2011**	**2012**	**2013**	**2014**	**2015**	**Average**
Cash flow	1.09984E+11	2.67644E+11	3.83101E+11	4.09592E+11	3.1147E+11	1.48179E+12
Ashuar bank						
Cash flow	1.03858E+11	93831174627	2.18384E+11	2.98572E+11	3.39833E+11	1.05448E+12
Investment bank of Iraq						
Cash flow	1.55832E+11	1.58849E+11	2.3147E+11	3.55451E+11	3.614E+11	1.263E+12

Source: Researcher, 2020

Study hypothesis testing

In this aspect, the researcher performed the test of study hypotheses

The first hypothesis:

The relative importance of the components (income statement, financial position statement and statement of cashflows) is not equal to the disclosures in banks of the research sample according to the IFRS 7. To test this hypothesis, we firstly applied factor analysis.

Factor Analysis

The following table (4) indicates that we have a weak KMO value but a sphericity check by Bartlett with a relevant p of < 0.001 indicates that our study can be performed.

Table 4: The KMO and Bartets'Test.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.615
Bartlett's Test of Sphericity	Approx. Chi-Square	4.033
	Df	3
	Sig.	.258

Source: Researcher, 2020

Next is a table (5) that shows estimates of communalities. The initial values can be ignored.

Table 5: Estimates of communalities

Communalities		
	Initial	Extraction
NI	1.000	.447
BS	1.000	.701
CF	1.000	.747
Extraction Method: Principal Component Analysis.		

Source: Researcher, 2020

The extraction column values reflect the percentage of variance of each variable explained by the key components. High-value variables are well represented in the common factor space and low-value variables are not well represented. In our study, we have no unique low values. Next comes a table (6) which shows that each of the 3 main components is important. These have their own values above 1.00 and the total variability in the da ta is fully explained. This leads that a three-factor solution is necessary and adeuate.

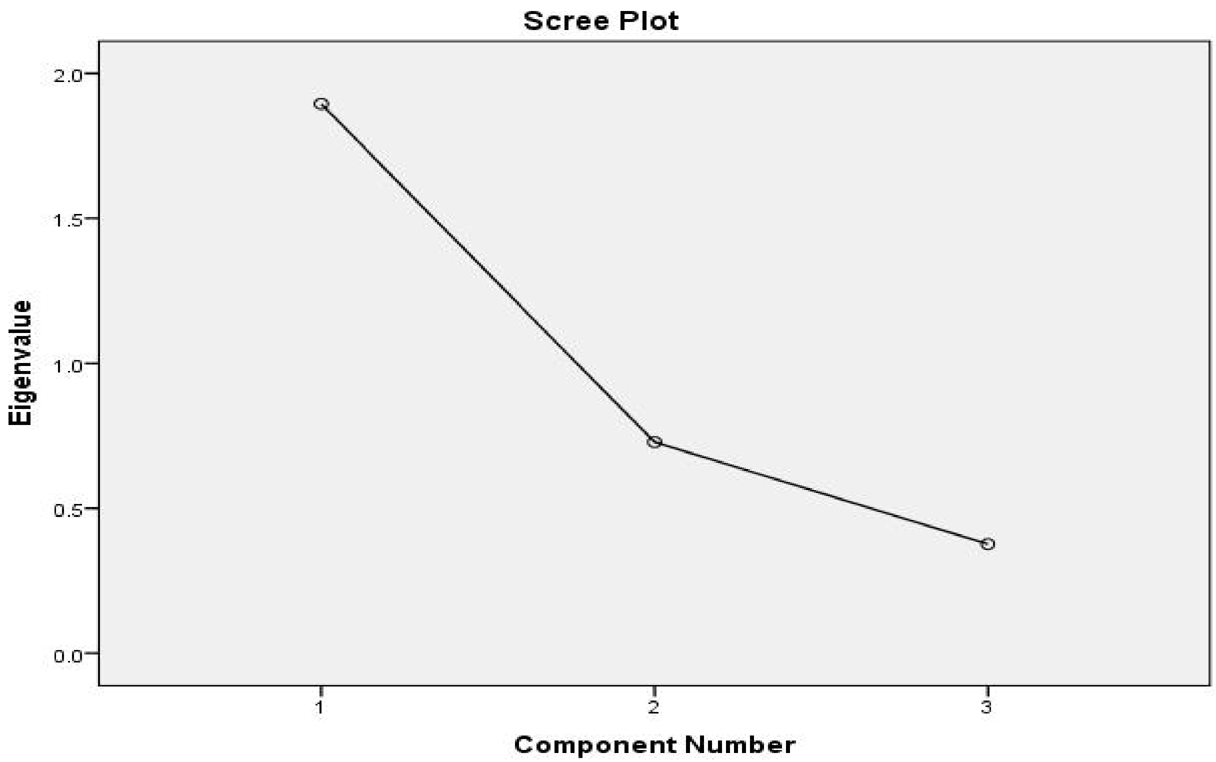
Table 6: Total Variance explained.

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.895	63.159	63.159	1.895	63.159	63.159
2	.729	24.286	87.445			
3	.377	12.555	100.000			
Extraction Method: Principal Component Analysis.						

Source: Researcher, 2020

The screen plot (singlely showing the same data visually) supports this inference. The Scree plot shows that after the first two components, differences between the eigenvalues decline (the curve flattens), and they are less than 1.0. Again, this supports our three-part solution

Figure 1: Plot of total variance explained



Source: Researcher, 2020

Next in table 7 is the Element Matrix. These show the predicted trend, and the first element is highly positive and highly n egative:

Table 7: Component Matrix

Component Matrix[a]	
	Component
	1
NI	.668
BS	-.837
CF	.864
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	

Source: Researcher, 2020

Using the Varimax method of factor analysis with a higher variation to determine the relative importance of components "(income statement, statements of financial position and statement of cashflows lists)" for disclosure of banks in the research sample according to IFRS7. It is clear from Table (6) that the overall interpretation rate in the quotas of IFRS 7 for disclosure in banks of the research sample was (100%.). The statement of financial position explained its ratio (63.159), while the income statement explained a percentage of (24,286) and the cash flow statement explained a percentage of (12.555). Table (8) below shows that the financial position list consisted of eleven items, and with a total interpretation rate of (63.159), loading rates ranged between the lowest (0.79) and the highest (0.98).

Table 8: Results of the global analysis test for the components of the statement of financial position

Communalities		
	Initial	Extraction
cash	1.000	.952
investment	1.000	.790
Account receivable	1.000	.936
note receivable	1.000	.874
loan	1.000	.977
Fixed assets	1.000	.927
Projects	1.000	.941
Current accounts	1.000	.975
Account payable	1.000	.893
Capital	1.000	.958
reserve	1.000	.930
Extraction Method: Principal Component Analysis.		

Source: Researcher, 2020

The previous results show that the relative importance of the components of IFRS 7 is not equal. Therefore the null hypothesis must be accepted: fairly significant elements are not equal to the reports on study sample ban ks according to IFRS 7, i.e. the income statement, financial position statement and cash-flows list statements.These results partially seem to confirm the findings of researchers in the previous studies who claim that poor disclosure quality is a continuing phenomenon (Ernst & Young, 2008; Papa & Peters, 2013)

The second hypothesis: There are no significant differences between the nature and limits of the required reporting in the financial statements "(income statement, statement of financial position and statement of cashflows") according to the size of the capital in line with IFRS 7 at the degree of significance (0.05). To test this second hypothesis, we firstly subdivided it in to its three secondary hypotheses. The monotarial analysis test was used as follows:

Table 9: Arithmetic averages and standard deviations according to the differences in capital.

Descriptive Statistics			
	N	Mean	Std. Deviation
National bank of Iraq	5	170400000000.0000	75702047530.00000
Ashuar bank	5	185340000000.0000	77933163670.00000
Investment bank of Iraq	5	177870000000.0000	74405204790.00000
	5		

Source: Researcher, 2020

Table (9) above indicates that the highest arithmetic averages for the nature and limits of disclosure in these banks, the Ashuar bank has the highest average, while the National bank of Iraq has the lowest average capital. To find out the significance of this difference according to the capital, the test was performed of analysis of variance as depicted by the table (10) below.

The first sub hypothesis:

the null hypothesis must be accepted: the relative value of the components (income statement, financial position statement and cashflow statement list) is not equal to the statements in the study sample banks according to IFRS 7.To test this hypothesis, a one-way analysis of variance was used to verify a difference between the nature and limits of the required disclosures in the income statement issued by banks. The research sample is assessed according to their capital differences; table 10 refers.

Table (10) Nature and limits of the required disclosures in the income statements issued by banks

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	41060250980000000000.000	8	51325313730000000000.000	.589	.761
Within Groups	52249244900000000000.000	6	87082074830000000000.000		
Total	93309495880000000000.000	14			

Source: Researcher, 2020

Table (10) shows that there is no statistical significance at the level of (0.05) in the nature and limits of the required disclosure in the income statement issued by the research sample banks according to the difference in capital and the rules for disclosure standard 7 where the value of F (0.589) was not significant at the level of 0.05 .Accordingly, the null hypothesis which states that (no statistically significant differences between the nature and size of the required disclosures in the income statement as per the difference in capital according to IFRS 7) is accepted.

The second sub hypothesis:

There are no statistically relevant variations in the financial position statement between the type and size of the required re port, depending on the difference in the size of the capital according to IFRS 7. A one-way analysis of variance was used to check this hypothesis to verify a discrepancy between the existence and limits of the relevant disclosures in the financial position balance statement issued by the banks. Table (11) shows the comparison of th e study according to the capital differences.

Table (11) Nature and limits of the required disclosure in the statements of financial position issued by banks

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig
Between Groups	1072494322000000000000000.000	8	134061790300000000000000.000	5.076	.32
Within Groups	158458392900000000000000.000	6	26409732150000000000000.000		
Total	1230952715000000000000000.000	14			

Source: Researcher, 2020

Table (11) shows that there is no statistical significance at the level of (0.05) in the existence and limits of the disclosure pr ovided in the statement of financial position given by the study sample banks on the basis of the difference in capital in co mpliance with IFRS 7 disclosure rules where the value of F (5.076) was not relevant at the level of 0.05..Accordingly, the null hypothesis that states (no statistical differences between the nature and size of the required disclosures in the balance sheet statement as per the difference in capital according to IFRS 7) is accepted.

The third sub hypothesis: There are no statistical differences between the nature and size of the required disclosures in the cashflows according to the difference in the size of the capital in line with IFRS 7. To test this hypothesis, a "one-way analysis of variance" was used to verify a difference between the nature and limits of the required disclosures in the statements of cashflows issued by banks.

Table (12) Nature and limits of the required disclosure in statement of cashflows issued by banks

ANOVA					
	Sum of Squares	Df	Mean Square	F	Sig
Between Groups	144663794600000000000000.000	8	18082974320000000000000.000	5.350	. 28
Within Groups	20278512780000000000000.000	6	3379752131000000000000.000		
Total	164942307400000000000000.000	14			

Source: Researcher, 2020

Table (12) shows that there is no statistical significance at the level of (0.05) in the nature and limits of the required disclosure in the income statement issued by the research sample banks according to the difference in capital according to the rules of disclosure standard 7 where the value of F (5.350) was not importance at the level of 0.05. Accordingly, the null hypothesis that states that (no statistical differences are accepted between the nature and size of the required disclosures in the cashflow statement, as per the difference in capital according to IFRS 7).

Conclusions

The study found that the relative importance of disclosure in the financial statements is not equal in accordance with the disclosure requirements with regard to the Financial Reporting Standard 7. Further assessment reveal that there is no statistical significance in the differences between the nature and size of required disclosures as per the financial statements, of banks in Iraq. This study findings confirm conclusions from prior studies which claim poor disclosure quality in light of IFRS 7 as a continuing phenomenon (Ernst & Young, 2008; Papa & Peters, 2013), pointing that this is a result of deliberate lack of commitment by entities to fully comply with disclosure requirements stipulated by IFRS 7.

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