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THE EFFECT OF GENERAL EXTERNAL ENVIRONMENTAL VARIABLES ON THE CHARACTERISTIC OF FAITHFUL REPRESENTATION AND ITS REFLECTION ON THE PRESENTATION IN FINANCIAL REPORTS ACCORDING TO THE REQUIREMENTS OF IAS1 AT THE GULF COMMERCIAL BANK

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ABSTRACT

The current study is based on identifying the concept of general external environmental variables and their impact on the activities and work of economic units through the components of the characteristic of Faithful Representation and its reflection on the requirements of the International Accounting Standard IAS1 “for presentation in financial statements”, where the study aimed to identify the impact of external environmental variables and conditions. General in the components of the characteristic of Faithful Representation and its reflection on the requirements of the accounting standard IAS1, and the research concluded that the annual financial reports have been modified in line with the presentation according to the International Financial Reporting Standards IFRS as of the year 2016. The current research recommended that the Gulf Bank management should adhere to the timings Specific for reporting annual reports, because a breach of this would reduce the importance of accounting information presented in financial reports and thus reduce the Faithful Representation of accounting information in accordance with IAS1 requirements.

Keywords: *general external environmental variables, Faithful Representation, presentation in financial reports, International Accounting Standard IAS1.*

INTRODUCTION

Attention was paid to the general external environmental variables in economic units after the emergence of modern intellectual trends, that is, after the emergence of the theory of economic unit in the early sixties (Al-Hadrawi and Suhail, 2015: p. 54), given that the economic unit is a living organism that seeks to change constantly due to the changing environmental conditions and factors. As a result of the changing environmental conditions and factors (Saleh, 2010: p. 12), and therefore this research was divided into four sections. The first topic was concerned with the methodology, and the second topic was concerned with the relationship of general external environmental variables with the characteristic of Faithful Representation according to the requirements of IAS1,

while the third topic was concerned with the effect of The general external environmental variables with the characteristic of Faithful Representation according to the requirements of the International Accounting Standard IAS1 of the Gulf Commercial Bank, and the fourth topic with the conclusion.

THE FIRST TOPIC: RESEARCH METHODOLOGY

Research Problem:

The interest of global economic units in general external environmental variables through their impact on the activities and services of economic units, so the current research tries to identify the concept of general external environmental variables such as economic, health and technological conditions and their impact on the business and activities of economic units in the

local environment such as commercial banks through the components of the characteristic of Faithful Representation and the extent of its reflection To be presented in the financial reports in accordance with the requirements of the International Accounting Standard IAS1.

Research Importance:

The current research is interested in identifying the concepts related to the general external environmental variables and identifying the components of the characteristic of Faithful Representation and what are the requirements of the International Accounting Standard IAS1 for presentation in financial reports, and then knowing the impact of those variables and environmental conditions on the components of the characteristic of Faithful Representation and its reflection on the presentation in financial reports from According to the requirements of the International Accounting Standard IAS1.

Research Hypothesis:

The current study is based on the following main Hypothesis:

The components of the Faithful Representation characteristic are affected by the general external environmental variables and conditions, which is reflected on the presentation in the financial reports

through the requirements of the International Accounting Standard IAS1.

Research Aims:

1. Recognizing the concept of general external environmental variables.
2. Identify the concepts of the divisions of general external environmental variables such as economic variables, health variables, technological variables, political and legal variables, and socio-cultural variables.
3. Studying the impact of general external environmental variables on the components of the characteristic of Faithful Representation and its reflection on the requirements of the International Accounting Standard IAS1 by presenting the annual financial reports of the Gulf Commercial Bank.

The second topic: the relationship of general external environmental variables with the characteristic of Faithful Representation according to the requirements of IAS1

General external environmental variables:

(Dabbaghiyah and Al-Saadi, 2011: pg. 64) indicated that the external environmental conditions or variables are factors and conditions that are difficult or impossible for economic units to control, or even the possibility of controlling them, and they

result from the external environment that surrounds the systems and in which operations are practiced and banking activities, which are intertwined and intertwined factors with internal environmental variables.

THE SECOND TOPIC: GENERAL EXTERNAL ENVIRONMENTAL VARIABLES:

1. Emergency economic environmental variables (exchange rates, inflation, growth, tax) :

It was reported (Al-Khafaji, 2011: p. 7) that the economic environmental variables affect the activities and work of the various types of economic units, as the current or future conditions affect the performance of the economic units. These conditions or economic factors include a number of variables, including interest rates, inflation and the availability of materials. The priority, as well as the financial or monetary policies of the state, which are related to the existence of a surplus or deficit in the state's general budget.

2. Emergency health environmental variables:

Where (Rashwan & Alhelou, 2020: p 37) mentioned that the World Health Organization announced that on March 11, 2020, the spread of the Covid-19 virus

related to immunodeficiency can be considered a pandemic, and thus several countries, including China and other countries, announced measures to prevent the spread of the disease, including preventing Travel, quarantine procedures, closing businesses and public places, and closing certain cities or regions. These measures would reduce supply operations and reduce demand for goods or services, thus affecting commercial economic units, and it is necessary for commercial economic units to study these accounting effects on its financial position and reporting it in its annual accounting reports.

3. Emergency Technological and Technological Environmental Variables:

(Al-Nasrawi and Unaizah, 2017: p. 99) indicated that technological environmental changes can lead to providing great possibilities in improving the performance of information systems, especially accounting ones, and thus being more accurate and flexible in application and the possibility of responding to any emergency and more useful developments by providing the administration with the necessary information to take Rational decisions through a number of advantages that it provides, including it is an effective tool

in managing of expenses and expenditures by compressing the number of workers and administrative staff, as well as helping to save effort and time.

4. Urgent political and legal environmental variables:

(Dabbaghiyah and Al-Saadi, 2011: pg. 64) indicated that the legal or political factors are a set of laws and legislation in which the forms and contents of financial statements and reports that economic units should report and that the departments of economic units are required to commit to report on are determined. It is also the responsibility of those departments to take all the measures that can help them to prevent and detect fraud and not to comply with that.

5. Emergency social and cultural environmental variables:

(Othman, 2016: p. 61) sees that socio-cultural variables are people’s beliefs, values, behavior, tastes and lives in the surrounding environment, and these changes have a clear and tangible impact on the business and activities of the economic unit, which will lead to a change in its products or services that are provided from Before the economic unit, so the economic unit, if it is keen to maintain its survival and the growth of its

profits in the market, should identify and understand the impact of those cultural and social changes that occur in the market or on its customers, and the products or services that should be provided to them.

Faithful Representation and its main components:

(Al-Askaf and Shahid, 2018: p. 253) indicated that the accounting and financial information should honestly reflect the events and operations in a sound manner and free from intentional manipulation, that is, the accounting and financial operations should match the numbers of the information that is provided. The lesson is to Faithful Represent the information or The substance is not the form, and do the accounting and financial figures represent what actually exists and happened ?

Components of Faithful Representation:

1. Complete
2. Neutrality
3. Free From Error

International Accounting Standard IAS1 Requirements Presentation in Financial Statements:

Among these characteristics or general features of the International Accounting Standard IAS 1 are as follows:

First: Compliance with International Financial Reporting Standards (IFRS), **Second:** Commitment to the Going Concern Hypothesis, **Third:** Commitment to the Accrual Basis of Accounting, **Fourth:** Commitment to the feature of materiality and aggregation in the presentation of financial items or elements, **Fifth:** Obligation to use offsetting **Sixth:** Frequency of Reporting, **Seventh:** The obligation to use comparative information: **Eighth:** Consistency of Presentation:

THE THIRD TOPIC: THE EFFECT OF GENERAL EXTERNAL ENVIRONMENTAL VARIABLES WITH THE CHARACTERISTIC OF FAITHFUL REPRESENTATION ON THE REQUIREMENTS OF THE INTERNATIONAL ACCOUNTING STANDARD IAS1 OF THE GULF COMMERCIAL BANK

Gulf Commercial Bank:

In this part, several inquiries and clarifications were directed, and the interview was with Professor “Laibi Hato Khalaf”, the Finance Director of Gulf

Commercial Bank, regarding the extent of the bank’s management awareness of the surrounding changes and environmental conditions and the extent of their impact on the presentation in the financial reports, which enhances the characteristic of Faithful Representation and which is reflected in the presentation requirements According to the International Accounting Standard IAS 1. The inquiries were divided into three themes:

1. Inquiries or clarifications related to the extent to which Gulf Commercial Bank monitors internal and external emergency environmental variables.

Where several inquiries and clarifications were directed to the Director of Finance at Gulf Commercial Bank, including if there were emergency circumstances that affected the bank’s work during the past years, for example, the Corona pandemic or the re-evaluation of foreign currency and the measures taken by the bank, where the bank’s answer was

A. There is no direct effect regarding the Corona pandemic as there is an indirect effect on defaulting of debtors and delaying payments.

B. The revaluation of foreign currencies had a direct impact on the financial reports and that there is no provision for price fluctuations or a provision for contingencies.

The annual report for the year 2020 of the Gulf Bank, page 124 of it, on the impact of the Corona pandemic, indicated that imposing a comprehensive or partial curfew according to the epidemiological situation from time to time, suspending the work of all government institutions and commercial companies intermittently, and organizing shift work among employees so that it does not exceed 50% of the total number. The financial and economic turmoil caused by the Corona pandemic did not affect the commercial activities of the bank in the Republic of Iraq, but future developments may have an impact on future cash flows, so the administration will continue to monitor the situation and additional disclosures will be provided in the future financial statements of the bank.

As for the amendment of the annual financial reports, the presentation of the financial reports has been changed as of 2016 based on the application of the presentation in accordance with the International Financial Reporting Standards (IFRS).

As for the presence of foreign or local investments in the bank, it was stated by Gulf Commercial Bank, as well as through our review of the annual reports and the annual report for the year 2020, page 82 of it, that the bank has investments in local companies on the side of financial assets

and the bank has no significant risks on investments.

It is also noted from the above report that Gulf Bank has investments in Sana Gulf Tourist Investments Company at an amount of (10,800,000 dinars), equivalent to 90% of the company's shares, and that the company's budget for the fiscal year ending on December 31, 2020 realizes annual losses as its net losses amounted to Double its capital of 12 billion dinars.

Therefore, we believe that the management of the bank should reconsider and study the feasibility of investment in light of the current situation of the Sena Gulf Company for Tourism Investments.

As for our inquiries about the flexibility of the organizational structure of Gulf Commercial Bank, the bank's management indicated that the bank's organizational structure is highly flexible and commensurate with operational and environmental developments, in addition to the fact that the last change and update of the bank's organizational structure was during the fiscal year 2021, as well as through our review of the annual report for the year It is noted that the annual report for the year 2020 and the Branches Affairs Department were linked to the first deputy managing director in addition to the International Banking Relations Department after they were linked to the

second deputy director general for administrative and organizational reasons, as well as the availability of the reporting section for money laundering. Funds and the Compliance Department associated with the Board of Directors, in addition to the presence of the Audit Committee associated with the Internal Control Department, the Governance Committee and the Risk Management Committee associated with the Risk Management Department.

As for the presence of a decrease in the value of non-current assets that were not recognized in the financial reports, the bank management indicated that there is no impairment in the value of fixed assets, and the non-current assets were evaluated by specialized committees and audited by the Central Bank of Iraq.

As for the existence of modern technologies and electronic accounting applications, the management of the bank, through our review of the annual report for the year 2020, p. 83 of it, showed that the bank possesses all the technologies that enable it to work in banking, store and protect data, as the bank owns a BANKS system that depends on it in recording all operations. All accounting records are kept electronically, except for documents, which are documented on paper and kept in safe places. The report on page 54 also

states that the bank owns the HRMS and IBS Internet banking system to increase the level of services and protection for customer data, as well as the banking application service has been added. On smart phones to provide integrated electronic services to customers.

We believe that the existence of advanced electronic programs that enable them to assist in the preparation of annual financial reports in accordance with international accounting standards and help in achieving the characteristic of Faithful Representation in terms of ease of extracting results in a timely manner. IFRS 9 as well as IFRS 15.

As for the application of the international accounting standard IFRS 15 related to revenues, and if there was stability in revenues and expenses during the past years, the bank indicated that the standard for recognition and realization of revenues in 2017, the bank's senior management had reservations about operating and the expenses of the bank were reduced during the past years, which was reflected On the revenues as well, and that the bank analyzes the revenues with the corresponding expenses. The continuity of achieving annual revenues and profits can be illustrated by the following table No. (1):

Table No. (1) Revenues, expenses and continuity of profits for Gulf Bank until 2020

The details	2020	2019	2018
interest income	6,668,966,833	8,229,305,486	12,135,763,849
interest expense	(3,294,975,250)	(3,755,806,211)	(4,639,421,625)
net interest income	3,373,991,583	4,473,499,275	7,496,342,224
net commission income	1,740,330,492	2,000,019,366	4,203,194,836
Foreign Currency sales revenue	6,571,447,111	2,569,793,689	---
net interest and commission income	11,685,769,186	9,043,312,330	11,699,537,060
Net foreign currency conversion profit	224,585,910	133,497,799	1,394,656,224
Net profit from the sale of financial assets at fair value through the income statement	---	106,159,000	45,056,661
Other operating income	550,272,222	1,636,499,212	1,904,891,106
Other income	---	---	1,573,269,546
net operating and other income	12,460,627,318	10,919,468,341	16,617,410,597
Total expenses, including provision for liquidation properties	(12,354,334,407)	(14,850,826,178)	(15,710,444,634)
Profit (loss) before tax	106,292,911	(3,931,357,837)	906,965,963
income tax	107,770,000	---	(315,176,463)
net income for the year	(1,477,089)	(3,931,357,837)	591,789,500
Change in the fair value of financial assets through the statement of other comprehensive income	464,530,339	(83,637,339)	(995,297,319)
Total comprehensive income for the year	463,053,250	(4,014,995,176)	(403,507,819)

(The table was prepared by the researcher based on the annual reports of the Gulf Bank for the years 2020, 2019 and 2018)

It is noted from the above table that the revenues of Gulf Commercial Bank in 2018 were higher than they were in 2019, which indicates that the bank was affected by the events of the Corona pandemic. And the year 2020, also, the net interest income in the year 2018 exceeded it in the years 2019 and 2020, and that the net operating and other income also for the year 2018 exceeded what they were in the years 2019 and 2020. It is also noted that the bank's operating expenses have increased in comparison to its annual

revenues. Therefore, we recommend the necessity of studying and reducing the unnecessary annual operating expenses of the bank.

As for the relationship of the unit and its continuity with creditors and customers, the Gulf Bank indicated that there is a continuous change for the adoption of the concept of financial inclusion by the Gulf Commercial Bank with regard to customers, whether they are individuals or institutions.

As for the mechanism approved by the bank in repaying loans, fines and interest, the bank’s management indicated that the fines and interest are linked to their hypothetical due date according to the accrual accounting principle and in accordance with international accounting standards. And between the annual report

2020 of the Gulf Bank, page 105 of it, and the annual report 2019 page 106 of it, the loans received from the Central Bank of Iraq and the loans of the Iraqi Company for Financing Small and Medium Enterprises, as shown in Table No. (2), and my agencies:

Table No. (2) The loans received by Gulf Commercial Bank until 2020 (amounts in thousands dinars)

The details	2020	2019	2018
Central Bank of Iraq loan	2,275,000	1,025,000	725,000
Loan of the Iraqi Company for Financing Small and Medium Enterprises	983,628	983,628	1,350,266
the total	3,258,628	2,008,628	2,075,266

The table was prepared by the researcher based on Gulf Bank reports for the year 2020, 2019 and 2018

Whereas the annual reports indicate that the Iraqi Company for Financing Small and Medium Enterprises grants the bank sums to be agreed upon periodically, and the bank lends these amounts to small and medium enterprises within the “Tijara” project in Iraq in return for an interest rate and administrative fees, where the bank pays administrative fees to the Iraqi company At a rate of up to 3% on a quarterly basis, provided that the interest rate that the bank collects from small and medium enterprises does not exceed 10%.

It is noted from the above report that the Iraqi Company for Financing Small and Medium Enterprises did not finance

the Gulf Commercial Bank during the year 2020, due to the bank’s accumulated losses, in addition to the failure of the bank’s customers to pay the amounts of loans granted to them with the accumulated interests, as the annual report 2020 indicates pages 79 and 99 And the annual report 2019, page 100 of it, creating a provision for the suspended interest resulting from calculating the interest on the facilities granted to the bank’s customers in default of payment, according to which the interest on the credit facilities was suspended and not recognized as revenue from the date of 1/1/2016 until after actually receiving them, and as shown in Table No. (3) and my agencies:

Table No. (3) Provision for suspended interest and interest receivable to Gulf Bank until 2020
(amounts in thousands dinars)

The details	2020	2019	2018
Total direct credit facilities granted	206,192,766	214,117,869	229,135,968
go down			
Provision for credit losses	(17,200,000)	(17,200,000)	(17,200,000)
Provision for outstanding interest	(61,784,211)	(52,117,371)	(25,221,131)
Interest receivable	(206,007)	(176,939)	(15,222,400)
The Total	127,002,548	144,623,559	171,492,437

The table was prepared by the researcher based on Gulf Bank reports for the year 2020, 2019 and 2018

It is noted from the above table that the amount of the provision for suspended interests for the year 2020 has increased from what it is for 2019 and 2018, as well as an increase in the amount of interest receivable for the year 2020 than it is for the year 2019. While the total amount of credit facilities granted has decreased for the year 2020 from what it was for the year 2019 and 2018.

As it follows from this that there is the inability of the bank to obtain the amounts granted to its customers with the suspended interests from the past years, so the bank management should take serious measures in the operations of recovering the amounts granted to customers with fees and interests as this helps the continuity and permanence of the bank's work by increasing the borrowed amounts From the Iraqi Company for Financing Small and Medium Enterprises.

He also indicated the annual reports of the Gulf Bank and the annual report for the

year 2020, page 91, to adhere to the principle of accrual basis of accounting in calculating expenses, and also that commissions are recorded as revenues when providing related services. Sincere representation and thus is reflected in the commitment to the requirements of IAS1 standard, as this shows that the bank has the sufficient financial ability to pay the benefits of others according to the specified times and thus the ability to continue.

As for the bank's ability to expand and confront competitors, the bank's management showed, through our review of the Gulf Bank's annual report for the year 2020, page 5, that it has the flexibility to compete for market share among other banks and other financial institutions. It has a positive contribution to supporting the societal sectors in accordance with the institutional banking frameworks within the limits of the law and the overall economy of the country, and that Gulf

Bank seeks to meet the needs of customers as a higher goal in the work of the bank and to provide financial solutions to customers based on their banking and productive needs for shareholders and to take measures to raise efficiency and control to reduce risks, and that The bank seeks to develop banking performance by providing distinguished banking products and using advanced technology.

From the foregoing, it is clear that Gulf Commercial Bank has the financial ability to compete and expand in addition to the presence of technologies that enable it to perform its banking activities easily, and the presence of foreign investments that help it compete and expand, but at the same time it possesses a conservative senior management that has reservations about increasing expenses or expenses. The annual expansion of its business, which thus causes a lack of annual revenues, so we see that Gulf Commercial Bank adopts the remedial strategy, as it has external opportunities to expand investments, but the absence of internal conditions represented by the reservation of the senior management through which it can exploit those opportunities, and if it wants to adopt an offensive strategy on it Reconsidering the structure of the bank's senior management by introducing them to training courses to encourage them to expand and increase investment in addition

to reducing operating expenses that cause a reduction in annual profits and finding outlets for new products that help it increase revenues.

2. Inquiries or clarifications related to the extent to which Gulf Commercial Bank adheres to the requirements of the characteristic of Faithful Representation, which should enhance compliance with the requirements of IAS1.

In this part, several inquiries and clarifications were directed to the Gulf Commercial Bank about the extent of the commitment to apply the characteristic of Faithful Representation, which enhances the presentation requirements of IAS1 standard, including whether the bank is reporting on potential assets or potential liabilities, it was stated by the bank's management and by reviewing the annual report for the year 2020 Page 81 of it as follows:

1. The number of lawsuits filed by the bank against third parties amounted to (90) lawsuits whose total amounts, according to the bank's disclosure, were (8,400810) thousand dinars, in addition to 3 lawsuits whose total amounts amounted to (40,968,037) thousand dinars .
2. The number of legal lawsuits filed by third parties against the bank

reached (20) lawsuits whose total amounts, according to the bank's disclosure, were (972,000) thousand dinars. As for the other lawsuits without financial estimates

And that the bank does not recognize these amounts in the financial reports until after their realization because they are related to intangible results, and in our opinion it is based on IAS 37 and IAS 10 Standards for subsequent events by reporting those obligations in the list of notes.

As for the revaluation of assets and liabilities and calculating the fair value, the bank management indicated that the financial assets are valued at fair value

according to local market prices, and the calculation difference is recognized within the equity account. Debtors or short-term creditors are dealt with separately from long-term debtors.

As for how to calculate the doubtful debts and annual bad debts, the bank's management indicated that the financial instruments standard IFRS 9 is adopted to estimate the quantitative impact of doubtful debts and that the account is flexible, that is, it continues to change in the light of the calculation rule and as clarified in the annual report 2020 in Pg. 79 of it, where the total debts overdue for payment amounted to (18,322,247 thousand) dinars. It is shown in Table No. (4) and my agencies:

Table No. (4) Debts overdue to Gulf Bank (amounts in thousands dinars)

The details	2020	2019
Non-functioning facilities		
Substandard	8,161,300	15,156,591
it is doutable	7,140,843	7,140,843
Mortal	3,020,093	3,020,093
Total overdue debts	18,322,247	25,317,527

The table was prepared by the researcher based on the annual reports for the year 2020 and 2019 of the Gulf Bank

It is noted from the above that the calculation of bad debts is associated with the number of customers who are reluctant or defaulting on payment for long periods, so the net amounts that they owe are estimated and recorded as bad debts, and therefore they are extracted outside the budget, and therefore we see the need to

speed up by the bank management and the commissions in charge of resolving the issue of overdue debts For repayment and from previous years, as this affects the work, continuity and annual profits of the bank.

As for the re-evaluation of assets and estimating their useful life, the bank's

management clarified, and through our review of the annual report for the year 2020, p. 94, that the re-evaluation is carried out according to the structure of the evaluation committee formed in the Central Bank of Iraq, where the straight-line method is adopted for all productive ages (20 years buildings), machinery and equipment 5 years, means of transportation 5 years, office furniture and equipment 5 years) and as explained in the notes section p. 102 of the annual report of the bank for the year 2020. As for the methods used to calculate depreciation, the bank indicated that the straight-line method is used to calculate depreciation for all assets.

Therefore, in our opinion, the Gulf Bank management should expedite the completion of an assessment of the non-current assets, as this contributes to enhancing the characteristic of Faithful Representation and showing the true financial position of the bank, which is reflected in the presentation and commitment in accordance with IAS1.

The bank does not have balances or items for inventory. As for subsequent events, subsequent events are disclosed

and their impact is recorded in the notes field.

As for the interpretation of each item included in the financial reports, the bank's management indicated that it is disclosed in the clarifications field for each item of the annual financial reports.

And that Gulf Commercial Bank uses the same accounting methods and methods used by other private banks.

3. Inquiries or clarifications that contribute to enhancing IAS 1 requirements for Gulf Commercial Bank in the presence of urgent environmental changes that contribute to enhancing the characteristic of Faithful Representation.

In this part, several inquiries were directed to Gulf Commercial Bank through compliance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), and through what has been done in the annual reports, where their answers were, and through our review of the annual reports for the year 2020 as shown in Table No. (5) :

Table No. (5) International Accounting Standards approved by Gulf Commercial Bank

Standard No.	the answer						
IFRS 1	yes	IFRS 4	No	IAS 1	Yes	IAS 2	No
IFRS 2	Yes	IFRS 5	No	IAS 7	Yes	IAS 19	No
IFRS 3	yes	IFRS 6	No	IAS 10	Yes	IAS 20	No
IFRS 7	Yes	IFRS 11	No	IAS 12	Yes	IAS 23	No
IFRS 9	Yes	IFRS 14	No	IAS 16	Yes	IAS 29	No
IFRS 10	Yes			IAS 21	Yes	IAS 37	No
IFRS 12	Yes			IAS 24	Yes	IAS 38	No
IFRS 13	Yes			IAS 27	Yes	IAS 40	No
IFRS 15	Yes			IAS 28	Yes		
IFRS 16	Yes			IAS 33	Yes		
				IAS 36	Yes		

The table was prepared by the researcher based on the annual reports of the bank and an interview with the Director of Finance of the Gulf Bank

It is noted from the bank's answer and our diagnosis of international accounting standards and international financial reporting standards that are applied in Gulf Commercial Bank are good with regard to the performance of its business and the bank's management should strive to apply accounting standards more by reporting on IAS 37 Reporting "Provisions and Contingent Liabilities and potential assets" or joint ventures in the event that Sumer Bank desires to carry out expansion operations in its business in the presence of financial efficiency and high liquidity. It is also noted that there are international accounting standards that are not related to the activity of the Gulf Commercial Bank, so the bank's management should conduct training and development courses for the accounting staff in the bank to train on how to apply international accounting standards widely.

As for the existence of a difference in the presentation of annual financial reports before the application of the standards and after the application of international accounting standards, the bank's management clarified that the presentation of financial reports has been changed in accordance with the application of international financial reporting standards and financial accounting standards as of 2016, and that a number of new accounts have been created, including Reporting the statement of other comprehensive income on page 101 of the annual report for the year 2020 and credit risks such as direct credit facilities for individuals and institutions as on pages 110 and 111.

As for how to apply the accrual basis at Gulf Commercial Bank, the bank's management explained, through our review of the annual report for the year 2020 on pages 91, 104 and 106, that the

bank is committed to applying the accrual basis by charging the revenues and expenses of the fiscal year only according to the concept of the accrual basis, and that expenditures are reported Prepaid and interest receivable in the field provided on pages 99 and 104 and accrued unpaid interest on page 106 of the 2020 Annual Report.

As for compiling items separately, the material items are not grouped into one item, but each expense has its own account, and this can be seen through the annual report for the year 2020, page 108 of it, as general expenses, as it contains a number of sub-accounts, including advertisements, communications, the Internet, compensation, fines and insurance And audit fees, legal services, fuel, oils and other operational expenses. ... etc .

As for the existence of a set-off between revenues and expenditures, the bank stated that there is no set-off between revenues and expenditures of the same operational description, and the presentation is made individually for each of them. As for the existence of a set-off between creditors and debtors for the same person, the bank management indicated that the presentation is made separately for each of the creditors and debtors, and each has a separate account and its own analytical

tables despite the participation of the same element or person.

The annual report of the Gulf Bank for the year 2020, page 94 of it, indicated that a clearing is carried out between financial assets and financial liabilities, and the net amount is shown in the statement of financial position only when binding legal conditions are met, as well as when it is paid on the basis of clearing, or the realization of assets and payment of liabilities is at the same time.

As for the existence of a comparison of the bank for the previous periods, the management of the bank indicated, through our review of the bank's annual reports for the year 2020 and subsequent years, that a comparison is made for the current year with subsequent years, and that consistency is adhered to in the presentation of items in the annual financial reports, and a reference comparison is not made Internally with other private banks.

It is noted from the above that doing a comparison work for the current year with previous years or making a comparison for a number of financial periods enhances the characteristic of Faithful Representation of financial reports and that it contributes to the implementation of IAS1 requirements.

As for the bank reporting the quarterly or annual reports on the time specified by the official authorities, the annual report for the year 2020 indicated that it was submitted to the Securities Commission on 10/6/2021 and the annual report for 2019 was submitted to the Securities Commission on 21 /5/2020, and the annual report for the year 2018 is approved by the Board of Auditing and Monitoring Profession on 25/5/2019. Therefore, Gulf Bank management should adhere to the specific timings for reporting the annual reports, because a breach in that would reduce the importance of accounting information Presented in the annual financial reports and thus reduces the characteristic of Faithful representation of accounting information and violates the requirements of the International Accounting Standard IAS1 in terms of adherence to the specific timings for reporting quarterly and annual accounting reports.

As for carrying out the fair value measurement in accordance with IFRS 9, the bank's management indicated that it is calculating the fair value in accordance with this criterion and it is presented in the statement of equity. Where the Annual Report 2020, page 77 of it, indicated that a committee was formed to implement the IFRS 9 standard according to Administrative Order 535 on 2/6/2019,

and models were approved and a policy for distributing financial instruments was established according to business models.

As for compliance with the requirements of the International Accounting Standard IFRS 15 "Revenue from Contracts with Customers", i.e. the revenue is recognized upon the implementation of the obligations, the bank's management indicated that the revenue is recognized in accordance with the requirements of IFRS 15, i.e. when the revenue is realized or verified, and the obligation is only recognized until you check it.

It is noted from the above that compliance with the presentation requirements in accordance with the application of the international accounting standard IFRS 9 and the IFRS 15 standard contributes to enhancing the characteristic of Faithful Representation in private banks because the two standards are more closely related to the activity of private banks, and that this contributes to enhancing compliance with the presentation requirements in accordance with the requirements of IAS1.

CONCLUSION

The current research drew several conclusions, including:

The difficulty of economic units controlling the general external environmental variables and conditions that surround them, as they affect the activity of economic units and contain a set of opportunities and threat. There is no direct effect of the Corona pandemic, but the effect is indirect with regard to the default of debtors and the postponement of repayment, The revaluation of foreign currencies has a direct impact on the financial reports, The annual financial reports have been amended in line with the presentation in accordance with the International Financial Reporting Standards (IFRS) as of the year 2016, Investing in Sana Gulf Company for Touristic Investments, equivalent to 90% of the company's shares, even though this company's budget for the year ended December 31, 2020 achieves annual losses, where the net losses amounted to double its capital of 12 billion, The International Financial Reporting Standard IFRS 15 "Revenue from Contracts with Customers" has been applied in Gulf Bank as of 2017, The failure of the Iraqi company to finance small and medium enterprises to finance Gulf Commercial Bank during the year 2020 due to the bank's accumulated losses, in addition to the failure of the bank's customers to pay the amounts of loans granted to them with the accumulated interests.

The current research recommended several recommendations, the most important of which are: The management of economic units (or banks) should design the accounting systems with the following to achieve the various requirements and needs of all users , The management of the Gulf Commercial Bank should reconsider the feasibility of investing in Sana Gulf Tourist Investments Company in light of the current situation, The management of the Gulf Commercial Bank should study and reduce the unnecessary operating expenses of the bank in line with its annual revenues, The management of the Gulf Bank and the committees assigned to settle the issue of debts that are overdue from previous years, as this affects the continuity and annual profits of the bank, The Gulf Bank management should expedite the completion of an assessment of the non-current assets, as this contributes to enhancing the characteristic of Faithful Representation and showing the true financial position of the bank, The management of the Gulf Bank should adhere to the specific timings for reporting the annual reports, because a breach in this would reduce the importance of the accounting information presented in the financial reports and thus reduce the Faithful Representation of accounting information in accordance with the requirements of IAS1.

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