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THE EFFECT OF APPLYING IFRS 15 ON THE INCOME STATEMENT: AN APPLY STUDY ON AL-KHAYATE AL- HADYTHA FIRM

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ABSTRACT:
This research paper aims to explore the impact of IFRS 15 on the income statement, and describe the accounting process according to GAAP. To achieve research aims, the financial statements (2019 – 2022) of Al-Khayata Al-Hadytha as a joint firm in Iraqi securities exchange have been used as an apply study, and apply IFRS 15 on its statements, as well as the paper discusses the key principles of IFRS 15 and examines its effects on financial reporting, disclosure requirements, and the potential challenges faced by organizations during the implementation process.
The research finds out that the recognition of revenues according to IFRS 15 has positively affected on the accounting process of firms, and leads to enhance of financial reporting quality by using the principles of IFRS.
KEYWORDS: Revenues recognition, IFRS 15, Performance obligation.

1. INTRODUCTION

1.1 Background:

The International Financial Reporting Standard 15 (IFRS 15) is a global accounting standard which is issued by IASB that provides the recognition of revenues from customers' contracts. It was first issued in May 2014 and has since been adopted by many countries around the world. The standard's primary objective is to establish a common framework for revenue recognition, thereby enhancing comparability and transparency in financial reporting across different jurisdictions (Sahputra, I., Noveriansi, 2022:10).
Before the introduction of IFRS 15, revenue recognition varied significantly across industries and countries, leading to inconsistencies and potential manipulation of financial statements. IFRS 15 aims to address these challenges by introducing a robust and principles-based approach to revenue recognition, focusing on the transfer of control of goods or services to customers (Tillet, 2022:13).
The implementation of IFRS 15 has had a profound impact on various industries. Some companies experienced significant changes in their revenue recognition patterns, particularly those engaged in long-term contracts, software licensing, or bundled sales arrangements. The new standard also prompted companies to reassess their contract terms, pricing strategies, and accounting systems to comply with the new guidelines (Saptono & Khozen, 2021).
Additionally, IFRS 15 has brought about a stronger focus on the time of recognition's revenues, ensuring that revenue is recognised when services or goods are delivered, rather than at the time of invoicing or payment(Liong, 2014:21).
Overall, implementation of IFRS 15 is resulted in more transparent and consistent financial reporting, providing investors, analysts, and other stakeholders with a clearer understanding of a company's revenue-generating activities. As the implementation process continues, it is essential for companies to remain vigilant in adhering to the principles outlined in IFRS 15 and ensure ongoing compliance with the standard's requirements (Fangshu, 2015:27).

1.2 Research Problem:

The research problem of current study is that the accounting process of firms which are operated in Iraq have been using the unified accounting system and special accounting rules in Iraq for many years. These organizations have also committed to recognition, measurement, and disclosure policies that are not entirely in line with the ideas that have been accepted in the current business environment. As a result, the problem of converting to IFRS generally centers on how to recognize revenues and local standards. Specifically, it is regarded as one of the most significant issues these businesses face, particularly when considering the concepts introduced by IFRSs, and IFRS 15 is the most significant revenue from customer contracts, and how the implementation of this standard is likely to impact the outcome of the company's activity.

1.3 Importance of the Research:

This paper could provide insights into how the implementation of IFRS 15 affects revenue recognition, which is vital information for accounting professionals, companies, and regulators. Furthermore, understanding how IFRS 15 impacts revenue recognition is essential for businesses that operate internationally or have international stakeholders, and compliance with IFRS 15 is crucial, and research can shed light on how companies are adapting. On the other hand, Investors and analysts rely on accurate financial reporting to make informed decisions. Research on IFRS 15 can inform stakeholders about the quality and reliability of financial statements prepared under this standard, and the importance of the research is to clarify the new approaches included in IFRS regarding revenue recognition and demonstrate the impact of their application on the outcome of the activity.

1.3 Research objectives: The research aims to do the following:

1. Identify the effect of apply IFRS15 on the content of income statement.
2. Determine the firm’s financial performance through revenue recognition techniques according to IFRS15.

1.4 Research hypothesis

1. The implementation of IFRS15 lead to enhance the content of income statement.
2. Apply of IFRS15 will improve the financial performance of firms.

The activity result prepared in compliance with international financial reporting standards (IFRS) and Iraqi accounting practices is significantly impacted by IFRS 15.

2. LITERATURE REVIEW

The implementation of IFRS 15 marked a significant shift in the way businesses recognize revenue from contracts, and this is introduced in 2014 by IASB. IFRS 15 is aimed to create a single and comprehensive revenue recognition standard that would replace the diverse and often ambiguous guidance found in previous standards. While the standard has been widely lauded for its transparency and consistency, it has not been without its challenges and critics. This critical evaluation explores the effects of IFRS 15’s implementation on the recognition of revenue from contracts(Fangshu, 2015:14).

One of the primary advantages of IFRS 15 is its principle-based approach, which provides a structured framework for recognizing revenue. It requires companies to identify allocate transaction prices, performance obligations, and recognize revenue as these obligations are satisfied. This approach brings clarity and consistency to revenue recognition, reducing the potential for manipulation and abuse. However, it also requires companies to exercise more judgment and make more estimates, which can be complex and subjective. The application of these principles can lead to varying interpretations and potentially result in differences in revenue recognition practices across industries and entities(Tillet, 2022:19).

IFRS 15 emphasizes the significant of revenue recognition when control of services or goods transfers to the customer, rather than when the risks and rewards transfer. This shift in focus has led to changes in revenue recognition patterns for industries with long-term contracts, such as construction and software development. While this change aligns with the economic reality of many transactions, it can result in significant challenges for companies accustomed to the old revenue recognition rules. In some cases, companies have seen delayed revenue recognition, impacting their financial statements and performance metrics(Mattei & Paoloni, 2018:23).

Furthermore, IFRS 15 requires more detailed disclosures in financial statements, with companies mandated to provide information about revenue recognition policies and disaggregated revenue data. While this increased transparency benefits stakeholders, it also imposes additional reporting requirements, which can be burdensome for companies. The added complexity in financial disclosures might not necessarily translate into better decision-making for investors and analysts, as they need to sift through an abundance of data to discern meaningful insights(Napier & Stadler, 2020:12).

Another notable aspect of IFRS 15 is its requirement to use estimates and make revisions when there are changes in circumstances. This flexibility can be a double-edged sword. On one hand, it allows companies to adapt to evolving contract conditions, ensuring that revenue recognition reflects the most accurate depiction of economic reality. On the other hand, it introduces opportunities for manipulation or bias in estimates, particularly when management's interests may not align with those of shareholders(Sahputra, I., Noveriansi, 2022:14).

IFRS 15 has also posed challenges for small and medium-sized enterprises (SMEs). While the standard allows for simplified applications for SMEs, transitioning to the new framework still requires resources and expertise that smaller businesses may lack. This can lead to increased compliance costs, and in some cases, it might be tempting for SMEs to underinvest in the adoption process, potentially leading to suboptimal revenue recognition(Sedki et al., 2014:32).

Finally, IFRS 15 has brought about significant changes in the recognition of revenue from contracts, aiming to enhance transparency and comparability across financial statements. Its principle-based approach and focus on control rather than risk and reward transfer have merits, but they also introduce complexity, subjectivity, and the potential for varying interpretations. The increased disclosure requirements, while beneficial for stakeholders, can be onerous for companies. The flexibility in using estimates can be both an advantage and a risk. Ultimately, the impact of IFRS 15 on revenue recognition depends on the context, industry, and the quality of implementation. While it improves financial reporting in many ways, it is not without its challenges, and companies should remain vigilant in ensuring the integrity of their revenue recognition practices(Liong, 2014:18).

2.1 Overview of IFRS 15

2.1.1 Evolution and Development:

As a last update in September 2021, IFRS 15 was already issued and in effect. Therefore, It is provide information on the development and evolution of IFRS 15 up to that point (Haggenmüller, 2019).

IFRS 15 is the standard that governs how companies recognize revenue from contracts with customers. It was jointly issued by IASB, FASB in May 2014. The FASB version is known as Accounting Standards Codification (ASC) 606 (Bernoully & Sensi Wondabio, 2019).

Here's a brief overview of the evolution of IFRS 15 (Mattei & Paoloni, 2018:11):

1. Background: Prior to IFRS 15, revenue recognition guidance varied across different jurisdictions and industries, leading to inconsistencies in financial reporting. The IASB and FASB recognized the need for a common, principle-based standard that could be applied globally.
2. Joint Project: The IASB and FASB started a joint project to develop a converged revenue recognition standard in 2002. The main objective was to create a single, comprehensive revenue recognition model that would provide a more robust framework for companies to follow.
3. Exposure Drafts: The boards released several exposure drafts and exposure drafts revisions between 2010 and 2013 to gather feedback and comments from stakeholders. These drafts addressed various aspects of revenue recognition, including the point at which revenue should be recognized, how to allocate revenue to different performance obligations in a contract, and what disclosures are required.

4. Finalization: After considering feedback from the global business community and conducting extensive consultations, the IASB and FASB finalized IFRS 15 and ASC 606 in May 2014. The new standard aimed to improve comparability, transparency, and consistency in revenue recognition across different industries and jurisdictions.
5. Effective Date: IFRS 15 got to be viable for yearly periods starting on or after January 1, 2018. For the FASB's ASC 606, the successful date for open companies was for yearly periods starting after December 15, 2017, and for non-public substances, it was for yearly periods starting after December 15, 2018.
6. Early Adoption: Companies were allowed to adopt the standard early, and some entities chose to do so to align with the FASB's effective date or for other business reasons.

2.3 Core Principles of Revenue Recognition:

IFRS 15 establishes core principles that underpin revenue recognition (Napier & Stadler, 2020:19):

a. Control: Revenue will recognize if control of the services or goods transfers to the customers.

b. Performance Obligations: Revenue will recognize if an entity satisfies a performance obligation by transferring control of a promised good or service.

c. Transaction Price: The consideration received or expected to be received in exchange for transferring services or goods to the customers.

d. Measurement of Progress: Revenue will recognize over time or at a point in time, and it depends on the satisfaction of performance obligations.

e. Disclosures: Enhanced disclosures are required to provide financial statements to users with more information about the amount, timing, and uncertainty of cash flows and revenue.

2.1.2 Scope and Applicability:

IFRS 15 applies to all contracts with clients, but for leases, protections contracts, monetary rebellious, and non-monetary trades between substances within the same line of trade. The standard applies to both products and administrations given by different businesses, counting fabricating, broadcast communications, program, development, and proficient administrations (Sahputra, I., Noveriansi, 2022:32).

2.2 Key Changes Introduced by IFRS 15

2.2.1 Five-Step Model:

One of the basic changes presented by IFRS 15 is the selection of a five-step show for revenues' recognition. This show gives a precise approach for substances to recognize revenue from contracts with clients. Each step of the demonstrate includes particular contemplations and necessities to guarantee precise income acknowledgment (Sedki et al., 2014:15).

2.2.2Performance Obligations:

IFRS 15 presents the concept of execution commitments, which are guarantees to exchange products or administrations to a client. The standard requires substances to recognize unmistakable execution commitments in a contract and designate the exchange cost in like manner. This alter may affect the timing and design of revenues' recognition for firms (Tillet, 2022:12).

2.2.3 Variable Consideration:

Beneath IFRS 15, variable consideration, such as rebates, discounts, and execution rewards, is assessed and included within the exchange cost. Substances are required to utilize either the expected esteem or the foremost likely sum strategy to estimate variable consideration, depending on which strategy gives distant better; a much better; a higher; a stronger; an improved expectation of the sum to which the substance anticipates to be entitled (Saptono & Khozen, 2021:18).

2.2.4 Contract Costs:

IFRS 15 establishes specific requirements for accounting for contract costs. Incremental costs of obtaining a contract and costs directly related to fulfilling a contract can be capitalized and recognized as an asset, provided certain criteria are met. This change affects the recognition and measurement of contract costs, potentially impacting profitability and financial ratios (Liong, 2014:26).

2.2.5 Disclosures and Transition:

IFRS 15 introduces enhanced disclosure requirements, emphasizing the importance of providing users of financial statements with more information about revenue recognition judgments and estimates. Entities are required to provide qualitative and quantitative information about revenue recognition, including disaggregated revenue information. The standard also outlines the transitional provisions for adopting IFRS 15 (Fangshu, 2015:19).

2.3 Impact of IFRS 15 on Financial Reporting

2.3.1 Revenue Recognition Timing:

The adoption of IFRS 15 may result in changes to the timing of revenue recognition for many entities. The new standard focuses on the transfer of control, which may differ from the timing of revenue recognition under previous standards. Organizations need to evaluate the impact of these changes on their financial statements and consider potential adjustments to their revenue recognition policies and processes (Haggenmüller, 2019:13).

2.3.2 Measurement of Revenue:

IFRS 15 provides specific guidance on measuring revenue, including determining the transaction price, allocating the transaction price to performance obligations, and estimating variable consideration. Entities must carefully assess the impact of these measurement requirements on their financial statements and ensure compliance with the principles outlined in the standard (Bernoully & Sensi Wondabio, 2019:17).

2.3.3 Presentation and Disclosure:

IFRS 15 introduces enhanced disclosure requirements, emphasizing the need for transparent and informative financial reporting. Entities are required to provide detailed information about revenue recognition policies, significant judgments, and estimates made in applying the standard, and disaggregated revenue information by different categories. These additional disclosures aim to provide users of financial statements with a better understanding of an entity's revenue-generating activities and their potential impact on financial performance (Mattei & Paoloni, 2018:20).

2.4 Challenges and Implementation Issues

2.4.1 Complex Contracts and Multiple Performance Obligations:

The adoption of IFRS 15 may present challenges for entities with complex contracts or multiple performance obligations. Identifying performance obligations and allocating the transaction price can be complex, requiring careful evaluation of contractual terms, pricing structures, and specific circumstances. Entities need to develop robust processes and systems to accurately identify, assess, and account for multiple performance obligations (Napier & Stadler, 2020:13).

2.4.2 Variable Consideration and Estimation Uncertainty:

Estimating variable consideration can be challenging, particularly when the outcome is uncertain or contingent on future events. Entities must exercise judgment in determining the most appropriate method for estimating variable consideration. This requires careful consideration of historical data, market conditions, and other relevant factors. Estimation uncertainty may increase the complexity of revenue recognition and necessitate additional disclosures (Sahputra, I., Noveriansi, 2022:15).

2.4.3 Contract Modifications and Change Orders:

Contract modifications and change orders may occur during the contract period, resulting in adjustments to the transaction price and the allocation of consideration to performance obligations. Entities need to assess whether modifications represent separate contracts or adjustments to existing contracts and determine the appropriate accounting treatment. This requires ongoing evaluation and monitoring of contract terms and changes throughout the contract period (Sedki et al., 2014:12).

2.4.4 Systems and Processes Alignment:

The implementation of IFRS 15 may require organizations to update their systems, processes, and internal controls to ensure compliance with the new standard. This includes revising accounting policies, modifying contract management systems, and enhancing data collection and reporting capabilities. Entities must allocate sufficient resources and time to effectively implement necessary changes (Tillet, 2022:11).

2.4.5 Training and Education:

The successful adoption of IFRS 15 depends on the knowledge and understanding of the standard by accounting and finance professionals within an organization. Providing adequate training and education to key personnel is crucial to ensure accurate application of the standard and consistent revenue recognition practices. Training programs should focus on the principles of IFRS 15, changes in accounting policies and procedures, and the impact on financial reporting (Saptono & Khozen, 2021:22).

3. RESEARCH METHODOLOGY:

The research paper will adopt a mixed-method approach, combining both qualitative and quantitative research methods. It will include a comprehensive review of the relevant literature, including academic papers, professional publications, and regulatory guidance. Empirical studies on IFRS 15 adoption will be analyzed to gather insights into the practical implications of the standard. Real-world examples of IFRS 15 implementation in different industries will be examined to provide context and practical lessons learned. The research will take Al- Khayata Al-Hadytha firm (2019 – 2022) as an apply study.

3.1 Apply of IFRS 15 on financial

Revenues recognition according has been applied by Alkhayata – alhadytha firm, as a listed company in Iraqi securities exchange (ISE). It was established in 2004 with initial capital of 500,000,000 IQD, and the company changed its capital in 2010 to 2,000,000,000 IQD and it is totally paid. The current study's period from 2019 – 2022.

3.2 Implementing the IFRS 15 standard in the Al-Khayata Al-Hadytha firm and its impact on its financial statements:

Step one: Determine the contract between the company and the customer

This is the first step for the purpose of recognizing revenues, and the contract becomes valid when the spending between the two parties leads to the emergence of rights and obligations (completed amounts in exchange for amounts received) between both parties to the contract. The international standard requires recognition of revenues after the five conditions specified in paragraph (2) of the standard are met.

Step two: Determine (performance obligations) the services provided by the company

It is a contractual undertaking by the establishment to transfer goods or services. With regard to the contracting sector, performance obligations consist of transferring a package of goods and services to the customer in the form of completed work units. It requires determining the quantities that will be transferred to the customer gradually by establishing an asset on the land that will be returned to the customer or maintenance work. Or develop it and the customer is the only one who can benefit from it, as the asset becomes partially recognized by the customer and the revenue is recognized by the company, and performance obligations (schedules of quantities and prices) are determined by the company as shown in the following table:

Table no.1 Obligations identified for submitted performance' services by the firm (2019 – 2022)

No. contract	Performance obligations	Contract period
1	602,280,000	18 months
2	860,054,000	18 months
3	368,992,000	18 months
4	12,500,000	12 months
5	13,800,000	12 months
6	67,195,000	18 months
7	12,605,000	12 months
8	103,024,000	18 months
9	141,323,000	12 months
10	773,357,000	18 months
11	773,357,000	18 months
12	442,215,000	12 months

Step three: Determine the transaction price (deal)

The transaction price is determined by the total contract value placed in Table No. (1), which consists of the total estimated costs plus a percentage of profits by the company.

Step four: Allocate the transaction price to the partial performance obligation

The goal of allocating the transaction price is for the company to assign the transaction price to each commitment. Under this plan, the commitment is allocated the price of the completed lot, which

represents a partial commitment of the total transaction price (contract price) as follows:
Completion percentage = (costs incurred up to the current date / total estimated costs (latest estimate) for the entire contract)
Step five: revenue recognition
After achieving the previous four steps, revenue must bea. recognized and the following accounting operations must be proven. They have been calculated according to the accounting equation below. The cost of the current crop is totaled as an expense in the income statement for the current period, and revenue is calculated according to the following:
Total estimated revenue for the contract as a whole (gross profit) = completion percentage * total estimated revenue for the contract (gross estimated profit)
The revenue for the current year was extracted through the following formula:
Revenue for the current period (gross profit) = total estimated revenue for the contract as a whole (gross profit) – total revenue recognized for the period or previous period with completed work.
In accordance with the requirements of the unified accounting system, the production, trading, profits, losses and distribution account is prepared. It corresponds to the comprehensive income statement, which is one of the financial statements stipulated in the International Accounting Standard IAS 1. It expresses the result of the company's activity during the period. This list was affected by several accounts, which are:
Current activity revenue account (Account 41) due to the policy of the International Financial Reporting Standard IFRS 15, which conflicts with the company's policy in recognizing revenue, as it requires revenue recognition when the good or service is transferred and the risks are transferred to the customer, and revenue must be recognized according to two methods over the period. Or at a certain point, and in contracting activity, revenue must be recognized over the period of implementation of the arms to show the result of the activity that is associated with the implementation of the contract obligations. Therefore, revenue must be recognized upon the implementation of each completed arm, and the company showed its net revenues, that is, after subtracting the costs of the arms received in value, as it is required Presenting revenues in their true form, the table below shows the effects that occurred on the revenue account:

Table no.2 Impact of application IFRS 15 on firm's current activity revenues (2019 – 2022)

Years	**Code no.**	**Accounts**	**Before**	**Transfer's effect**	**After transferred**
2019	41	Current activity revenue	34,450,000	596,124,000	630,574,000
2020	41	Current activity revenue	100,040,000	776,737,000	876,777,000
2021	41	Current activity revenue	225,200,000	267,324,000	492,524,000
2022	41	Current activity revenue	151,500,000	99,451,000	250,951,000

b. The operating expense accounts (accounts 31-38) were also affected as a result of recognizing revenues for completed projects, as the result of the company reducing the expenses associated with the projects directly from the revenues account for completed projects, in addition to postponing some of them and displaying them in the advances account for secondary commitments (account 164) until receiving the amount of the projects. completed, so the standard requires displaying all the real expenses associated with those completed projects, and the costs associated with each contract were distributed according to the percentage of costs spent in a proportional manner to each project completed during the year, and the table below shows these effects on expense accounts during the years of the study sample (2019 - 2022):

table no.3 Impact of application IFRS 15 on firm's current activity expenses (2019 – 2022)

Years	**Code no.**	**Accounts**	**Before**	**Transfer's effect**	**After transferred**
2019	31-38	Contract expenses	0	506,460,000	506,460,000
	31	Salaries and wages	109,115,000	(98,200,000)	10,915,000
	32	Goods utilities	2,750,000	0	2,750,000
	33	Services utilities	27,041,000	(13, 106,000)	13,935,000
	37	Furniture depreciations	760,000	0	760,000
	38	Taxes and fees	29,500,000	0	29,500,000
	Total expenses of current activity		**169,166,000**	**395, 154,000**	**564,320,000**
2020	31-38	Contract expenses	0	730,205,000	730,205,000
	31	Salaries and wages	130,350,000	(115,225,000)	15,125,000
	32	Goods utilities	2,223,000	0	2,223,000
	33	Services utilities	34,150,000	(24,950,000)	9,200,000
	37	Furniture depreciations	520,000	0	520,000
	38	Taxes and fees	9,950,000	0	9,950,000
	Total expenses of current activity		**177,193,000**	**590,030,000**	**767,223,000**
2021	31-38	Contract expenses	0	421,285,000	421,285,000
	31	Salaries and wages	120,350,000	(107,350,000)	13,000,000
	32	Goods utilities	1,950,000	0	1,950,000
	33	Services utilities	28,560,000	(15,750,000)	12,810,000

	37	Furniture depreciations	495,000	0	495,000
	38	Taxes and fees	7,850,000	0	7,850,000
	Total expenses of current activity		**159,205,000**	**298, 185,000**	**457,390,000**
2022	31-38	Contract expenses	0	221,900,000	221,900,000
	31	Salaries and wages	865,350,000	(76,450,000)	10,085,000
	32	Goods utilities	1,940,000	0	1,940,000
	33	Services utilities	25,450,000	(4,975,000)	20,475,000
	37	Furniture depreciations	386,000	0	386,000
	38	Taxes and fees	15,167,000	0	15,167,000
	Total expenses of current activity		**129,478,000**	**140,475,000**	**269,953,000**

c. The other revenues account (Account no. 49) was also affected in 2019 because the revenues belong to previous years from completed investments that the company did not recognize at the time, and were postponed to 2019 because the company received its amount in this year. The standard requires that when applying the cumulative effect method, the opening balances must be adjusted. For remaining profits or any appropriate account within equity IFRS 15 C,7, so the impact of those revenues and expenses and the associated revenues and expenses were shown on the accumulated surplus account (account no.224) and other revenues were reduced by an amount of 406,851,203 Iraqi dinars, and in 2020 a revenue account was created. Unused maintenance allocations (Account no. 295) represents the cancellation of the potential expense's allocation account (Account no.395) and its recognition as revenue since the company did not use these amounts due to the lack of maintenance on the buildings received for the customer and the end of the maintenance period for the two contracts (5, 8) in the amount of 4,646,065 Iraqi dinars and 10,086,047 dinars. Iraqi respectively. In 2021, two unutilized maintenance allocation revenue accounts (account no. 495) appeared in the amount of 30,357,220 Iraqi dinars, and an unutilized maintenance allocation revenue account (account no.496) amounted to 710,000 Iraqi dinars, which also represents the cancellation of the potential expense's allocation account for the entire account (account no.496).

It represents the amounts disbursed for Contract No. (3) received in a final manner, because they were shown as an expense during the current year, they must be offset by revenue. In 2021, Contract No. (7) was finally delivered and the agreed-upon maintenance process was completed during the same year as well, and it is closed. An alloscation account for potential expenses includes the expenses and the remaining amount thereof, as the revenues recognized as a result of not using the allocations amounted to 8,508,399 Iraqi dinars, while the utilized amounts amounted to 19,537,000 Iraqi dinars.

d. The other expenses account (Account no.39) was affected as a result of applying the new standard in 2019, and the reason for the requirements of the standard, which includes that the effects resulting from its application must be shown on the opening balances, as the company recognized previous expenses related to completed projects in the previous years' expense account (Account no.391), which requires showing Its impact on the opening balances when applying the cumulative effect method to apply the standard in the accumulated surplus account (account no.224), which led to its reduction by an amount of 92,886,000 Iraqi dinars.

A potential maintenance expense account was also created (account no.395) according to the requirements of the standard specified in paragraph (55), which requires Establishing an obligation to return the amounts expected to be returned to the customer if the facility receives or is entitled to compensation to which it expects to have the right. According to this approach, an allocation for potential expenses was calculated at a rate of (5%) of the value of the completed arms, which is determined on the basis of the technician's evaluation and is equivalent to an insurance percentage according to Implementing the work stipulated in the company's contracts, the calculations of which were previously explained, and which were calculated for all years.

e. Income tax was also affected because the company's income result changed as a result of applying the new standard, which was calculated according to Income Tax Law No. (13) of 1982 at a rate of (15%). The table below shows the effects of the standard on income tax.

Table no.4 Impact of IFRS application on income tax for (2019 – 2022)

Years	Accounts	Before application	Transferred effect	After application
2019	Income tax rate 15%	544,350	6,557,400	7,101,750
2020		-	6,491,250	6,491,250
2021		867,603,675	(5,116,875)	862,486,800
2022		15,532,050	6,853,650	22,385,700

In accordance with the requirements of IFRS 15, a profit and loss account were prepared that corresponds to the statement of comprehensive income, as shown below:

Table no.5 Comprehensive income statement for (2019 – 2022)

Code no.	Accounts	2019		2020		2021		2022	
		Before transfer	After transfer	Before transfer	After transfer	Before transfer	After transfer	Before transfer	After transfer
41	**Current activity revenue**	**34,445,000**	**31,150,000**	**100,041,000**	**850,225,000**	**268,201,000**	**536,402,000**	**150,165,000**	**203,170,000**
Less: current activity expenses									
31-38	Contract expenses	-	506,460,000	-	730,205,000	-	421,285,000	-	221,900,000

31	Salaries & wages	109,115,000	10,915,000	130,350,000	15,125,000	120,350,000	13,000,000	86,535,000	10,085,000
32	Goods utilities	2,750,000	2,750,000	2,223,000	2,223,000	1,950,000	1,950,000	1,940,000	1,940,000
33	Services utilities	27,041,000	13,935,000	34,150,000	9,200,000	28,560,000	12,810,000	25,450,000	20,475,000
37	Furniture depreciation	760,000	760,000	520,000	520,000	495,000	495,000	386,000	386,000
38	Taxes & fees	29,500,000	29,500,000	7,850,000	7,850,000	7,850,000	7,850,000	15,167,000	15,167,000
Total current activity expenses		**169,166,000**	**564,320,000**	**177,193,000**	**767,223,000**	**159,205,000**	**457,390,000**	**129,478,000**	**269,953,000**
Surplus of current transactions (Deficit)		**(134,721,000)**	**66,830,000**	**(77,152,000)**	**83,002,000**	**108,996,000**	**79,012,000**	**20,687,000**	**(66,783,000)**
Add: other transferred revenues									
48	Credit interest	-	-	-	-	5,675,000,000	5,675,000,000	-	-
49	Other revenues	219,450,000	11,115,000	25,300	7,375,000	28,500	16,350,000	85,110,000	95,750,000
Total of other transferred revenues		**219,450,000**	**11,115,000**	**25,300**	**7,375,000**	**5,675,028,500**	**5,691,350,000**	**85,110,000**	**95,750,000**
38	**Less: other transferred expenses**								
	Transferred expenses	850,000	850,000	775,000	775,000	-	-	2,250,000	2,250,000
	Other expenses	47,250,000	29,750,000	10,120,000	46,330,000	-	20,450,000	-	11,045,000
Total of other transferred expenses		**48,100,000**	**30,600,000**	**10,890,000**	**47,105,000**	**-**	**20,450,000**	**1,250,000**	**13,295,000**
Surplus of current activity before tax (Deficit)		**36,629,000**	**47,345,000**	**(88,021,700)**	**43,275,000**	**5,784,024,500**	**5,749,912,000**	**103,547,000**	**149,238,000**
Less: tax rate 15%		544,350	7,101,750	-	6,491,250	867,603,675	862,486,800	15,532,050	22,385,700
Surplus of current activity after tax (Deficit)		**36,084,650**	**40,243,250**	**(88,021,700)**	**36,783,750**	**4,916,420,825**	**4,887,425,200**	**88,014,950**	**126,862,300**
Legal reserves rate 5%		1,804,232.5	2,012,162.5	-	1,839,187.5	245,821,041.25	244,371,260	4,400,747.5	6,343,115
Accumulated surplus (Deficit)		34,280,417.5	38,231,087.5	(88,021,700)	34,944,512.5	4,670,599,783.75	4,643,053,940	83,614,202.5	120,519,185
Total		**36,084,650**	**40,243,250**	**(88,021,700)**	**36,783,750**	**4,916,420,825**	**4,887,425,200**	**88,014,950**	**126,862,300**

3.3 Results of research hypothesis testing

For the reason of testing this hypothesis, the Wilcoxon test will be utilized, which could be a nonparametric test utilized with pre- and post-measurements, to compare two related tests, or rehashed estimations in one test. To calculate the centrality of the contrast between the implies for the pre- and post-test tests, utilizing the Factual Bundle for the Social Sciences (SPPS) program, the comes about were as takes after:

There is a noteworthy impact of the (IFRS 15) standard on the fundamental components of the wage articulation arranged in agreement with (GAAP) and (IFRS).

Table no.6 Descriptive statistics for hypothesis data

	N	Mean	Minimum	Maximum
Income statement according to GAAP	36	102,226,429	-270,666,450	459,401,680
Income statement according to IFRS	36	292,475,449	-79,407,593	1,753,557,597

The table above shows that the average values of the income statement elements calculated according to (IFRS) amounted to 292,475,449 Iraqi dinars, which is greater than the average values of the income statement elements calculated according to (GAAP), which amounted to 102,226,949 Iraqi dinars. This indicates an increase in the average values of the income statement elements after applying the reporting standards. International Finance.

Table no.7 Result ranking for research hypothesis' test

		N	Mean ranks	Sum of ranks
Income statement according to GAAP and IFRS	Negative ranks	13[a]	15.46	201.00
	Positive ranks	33[b]	20.22	465.00
	Ties	0[c]		
	Total	36		
Income (IFRS) < income (GAAP)				
Income (IFRS) > income (GAAP)				
Income (IFRS) = income (GAAP				

The table over appears that the negative positions come to 13 values, which suggests that the number of pay articulation components whose values calculated concurring to neighborhood benchmarks were more prominent than those calculated agreeing to worldwide benchmarks, and they constitute around 36% of the whole components calculated agreeing to the test perceptions. The over table moreover appears that the positive positions come to 23 values, which cruel the number of salary explanation components whose values calculated agreeing to universal benchmarks were more noteworthy than those calculated concurring to nearby guidelines, and they constitute around 64% of the full components calculated agreeing to the test perceptions. The comes about within the table over appear that the esteem of ties come to zero, meaning there are no values. It implies the number of wage explanation components that were rise to agreeing to local and international standards.

Table no.8 Result of research hypothesis test

Test statistics[d]	
Income statement according to GAAP & IFRS	
-2.074 0.038	Z Asymp. Sig.(2-tailed)

It is observed from the table above that the esteem of Z come to (- 2.074) with a centrality level of Asymp. Sig. 2-tailed It come to 0.038, which is less than the level of mistake acknowledged within the social sciences, which is foreordained by 0.05n. This implies that the test information appeared persuading prove of tolerating the research hypothesis, meaning that there's a critical effect of the IFRS 15 standard on the fundamental components of the salary explanation arranged concurring to GAAP and IFRS, and the course of the distinction is credited to the positive positions since they are the majority. Therefore, it can be said that the application of IFRS 15 features a positive effect on the fundamental components of the wage explanation.

CONCLUSION

1. The results of the statistical analysis showed that there was a significant impact of IFRS 15 on the basic elements of the income statement, which is prepared in accordance with GAAP and IFRS. It means that adopting IFRS 15 will lead to increases the usefulness of the information presented by the income statement.
2. IFRS 15 will not impact on total revenues, whether when applying the previous international accounting standards IAS 11 and IAS 18 or local accounting systems, for example the unified accounting system and Iraqi Accounting Rule No. 1, but rather it changes the policy of distributing them over the life of the contract in conjunction with fulfillment. Contract performance obligations.
3. Measuring and recognizing of revenue by the company based on the completed work volumes recognized by it in accordance with Iraqi Accounting Rule No. 1 and the Unified Accounting System does not reflect the actual completion rate reached by the contract at the end of each fiscal year, nor does it describe the reality of its performance in transferring and controlling the business. performed, and therefore does not represent revenues that should be fairly recognized by the company while executing the performance obligations under the contract.

5.Limitations and Future Research:

1. The importance of concerted efforts between local professional organizations that supervise the issuance and application of accounting standards to develop guidelines and instructions for the purpose of accelerating the application of IFRS to joint-stock companies listed on the Iraq Stock Exchange, and following up on its implementation, especially with regard to revenue recognition, because of its role in providing useful information and improving The evaluability of listed companies provided by the published financial statements prepared on internationally accepted principles by its users, which enhances their confidence in them, which is reflected in their investment decisions.
2. Adapting the unified accounting system by the Federal Financial Supervision Bureau in Iraq, in line with the transition phase towards applying international financial reporting standards, with the specificity of the Iraqi accounting environment and its sectors, especially with regard to the adoption of IFRS 15.

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أثر تطبيق معيار الإبلاغ المالي ١٥ على قائمة الدخل
دراسة تطبيقية على شركة الخياطة الحديثة

ملخص:

تهدف هذه الدراسة إلى استكشاف تأثير المعيار الدولي لإعداد التقارير المالية رقم ١٥ على قائمة الدخل، ووصف العملية المحاسبية وفقًا لمبادئ المحاسبة المقبولة عمومًا.

ولتحقيق أهداف البحث تم استخدام القوائم المالية (٢٠١٩ – ٢٠٢٢) لشركة الخياطة الحديثة المدرجة في سوق العراق للأوراق المالية كدراسة تطبيقية، وتطبيق المعيار الدولي لإعداد التقارير المالية ١٥ على قوائمها، كما تناقش الدراسة المبادئ الأساسية للمعيار الدولي لإعداد التقارير المالية ١٥ ويدرس آثاره على التقارير المالية، ومتطلبات الإفصاح، والتحديات المحتملة التي تواجهها المنظمات أثناء عملية التنفيذ.

توصل الدراسة إلى أن الاعتراف بالإيرادات وفقا للمعيار الدولي لإعداد التقارير المالية رقم ١٥ قد أثر بشكل إيجابي على العملية المحاسبية للشركات، ويؤدي إلى تعزيز جودة التقارير المالية باستخدام مبادئ المعايير الدولية لإعداد التقارير المالية.

الكلمات المفتاحية: الاعتراف بالإيرادات، المعيار الدولي لإعداد التقارير المالية رقم ١٥، التزام الأداء.

پوخته:

ئارمانج ژڤێ ڤەکولینێ ئاشکەراکرنا کارتێکرنا ستادەرێ نێڤدەولەتی یێ راپورتێن دارایی ژماره ١٥ یه لسەر لیستا داهاتی ودیارکرنا کریارێن ژمێریاری ل دووڤ بنەمایێن ژمێریاری یێن رازیبوونەکا گشتی لسەر هەی.

بۆ بجهئینانا ئارمانجێن ڤەکولینێ لیستێن دارایی یێن سالێن (٢٠٢٢-٢٠١٩) یێن کۆمپانیا خیاگه الحدیبه ژ بازارێ دارایی یێ عیراقێ وەکو ڤەکولینەك بۆ چەسپاندنێ، وچەسپاندنا ستاندەرێ نێڤدەولەتی یێ راپورتێن دارایی ژماره ١٥ لسەر لیستێن وێ، هەروەسا ڤەکولینێ گەنگەشه لسەر بنەمایێن سەرەکی یێن ڤی ستاندەری کرن وکارتێکرنا وی لسەر راپورتێن دارایی، و پێدڤیاتیێن ئاشکەراکرنێ وئاستەنگێن چاڤەرێکری یێن دکەڤنه د رێیا بجهئینانا وی دا.

ئەنجامێن ڤەکولینێ دیاردکەن کو دانپێدان ب داهاتی ل دووڤ ستاندەرێ نێڤدەولەتی یێ راپورتێن دارایی ژماره ١٥ کارتێکرنەکا ئەرێنی لسەر کریارێن ژمێریاری یێن کومپانیا هەیه، ودبیته هوکارێ باشکرنا کوالتیا راپورتێن دارایی برێیا بکارئینانا ستاندەرێن نێڤدەولەتی یێن بەرهەڤکرنا راپورتێن دارایی.

پەیڤێن دەستپێکێ: دانپێدان ب داهاتی، ستاندەرێ نێڤدەولەتی ێن راپورتێن دارایی، پێگری ب شیانا.