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Relationship analysis between financial reporting of tourism companies on impairment asset value and accounting information: An applied study

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Abstract

Organizations are still required to recognize losses arising from impairment of non-current assets in tourism companies Listed on the Iraq Stock Exchange, particularly fixed assets after being subjected to specific tests despite the issuance of several accounting standards including IAS 36 on "Impairment of Assets". However, tourism companies experiencing the problem do not apply the requirements of the above standard although the reality in facing these organizations shows that there are many external and internal indicators; thus, leading to decline in the value of their non-current assets especially the fixed ones due to price of extension and others. The objectives of this study are to identify the nature of the concept of impairment of assets and the indicators of impairment of fixed assets; and to present and analyze the certain related concepts related to impairment of fixed assets included in IAS 36. This study reached certain conclusions such as the IAS 36 standard requires "impairment of assets" for any organization to conduct a test at each reporting date in order to determine whether there are internal or external indications of impairment of an asset. A group of non-current assets is also required to measure the impairment value and to report related losses.

Keywords: tourism, impairment of assets value, relevance accounting information system.

Introduction

Assets' decline value is one of great interest to be studied and analyzed by professionals of accounting. The reason behind this is that solid assets are susceptible to devaluation because of time-based use, price depreciation and erosion. In order to determining the appropriate accounting treatment, these bodies issued several accounting standards that oblige to the organizations (joint stock companies) to recognize the losses resulting from the decrease in the value of non-current assets of which are fixed assets after they are subjected to limited tests. The international Accounting Standard (IAS 36) reported a decline in the value of assets issued in 2004 by (IASB) and it states the necessity of showing the assets, and especially fixed assets with their real values through recognizing loss of impairment in the values of these assets. This helps in providing appropriate information to the users of the financial statements after the recognition and measurement resulting losses from declining values of these assets becomes an indicator of improving financial reporting in a way that enhances the relevance of accounting information to the decisions of the users.

The objective of this study was to identify the nature of the concept of declining assets value and to know the indicators of the drop of fixed assets and to present and analyze some concepts related to the declining of fixed assets value mentioned in International Accounting Standard (36) with the application of the requirements of the above standard in the tourism companies. The study focused on the weak commitment of organizations on the requirements of international accounting standards related to the impairment in the value of assets. The weak commitment has negatively affected the quality of accounting information and its characteristics especially on the characteristics of the relevance of accounting information for accounting information to be useful for the decisions of its users. The objective of this study was then to identify the nature of the concept of decline of assets value and to know what the indicators of drop in the fixed assets value are both internally and externally. The researcher observed and analyzed some related concepts to the impairment of the fixed assets mentioned in the IbAS 36.Applied the requirements of the IAS 36 known as "impairment of assets" on a selected population represented by tourism companies in order to show the effect of the above-mentioned standards on the characteristics of the relevance of the accounting information. Anderson (2004) and also Nawaiseh (2015; 2016), show that contribution is derived from the accounting treatment of the impairment in the value of non-current assets as in the case of the fixed assets and the effect of this on the relevance of accounting information of its purposes for the users is shown (Vanza, 2011; Yu, 2012). The possibility of applying such treatment in the local environment is revealed especially in accordance with the state's direction towards economic openness and the need of the capital market development in Iraq. This is to provide enough information that support domestic investments and to attract foreign investments (Bezold, 2009; Zehri, Chouaibi, 2013; Weygandt et al., 2019).

The scope of the study included companies listed in the Iraqi Stock Exchange Market. The population of the study comprised 17 industrial companies and financial statements and reports of tourism operations which were selected for the period of 2012-2017. These companies have indications of value impairment that require external and internal indicators available to indicate the impairment in the value of fixed assets in accordance with the requirement of the international accounting standard 36 for assets value impairment (Kam, 2000; Nawaiseh, 2015).

Literature Review

Lee and Ng (2009) studied a local case of asset value impairment. The goal was to test long-term assets value impairment in the local environment so as to determine the basic requirements of the application. The study aimed to reach a better understanding following this method and stopping at the most important difficulties or obstacles that come with its implementation. The study concluded that there is necessity in the identification of the change in the economic value of the assets resulting from the change in the external conditions surrounding an organization such as the economic or legal conditions. In the study of Lane and Milesi-Ferretti (2007) the aim was to evaluate the accounting concepts of the impairment of long- term assets value from the point of view of American accounting standards and international accounting standards and to make a comparison between the standards after testing the extent of applying the accounting of impairment of the value. The study concluded that there is difference between the accounting of impairment of long-term assets value according to American accounting standards on one side and international accounting standards on other side. Also, for several reasons the accounting for impairment of long-term assets value is not applied in the private and public sectors due to the absence of the financial market and the commitment of public sector units to apply the unified accounting system. Thus, it requires no impairment testing or a weak professional accounting awareness (EFRAG, 2009; IASB, 2010).

The study of Wu (2011) aimed to identify the reality of the impairment in fixed assets on 53 companies from 4 European countries (Belgium, France, Poland and Portugal) as listed in the Euronext market between years 2005-2009. The study aimed also to find out the extent of utilization of the impairment in assets to manage the profits of these companies. The study concluded that the management of the organization depends on the decline in fixed assets in the management of profits in times of counter-losses and the treatment of whether the revaluation of assets affect the future performance of the organization and future financial cash flows. Thus, the hypothesis to be tested was stated thus: "there is a relationship between the financial reporting of the impairment of the fixed assets and the relevance of the accounting information in the company" (Wu, 2011).

The Nature of the Financial Reporting

Financial reporting focuses on future perspective and presents better picture about future. The financial reporting concentrates on areas that create values in long term and to measure non-financial performance in order to provide better picture of the position of the organization under competitive environment which allows the user to make appropriate decisions (Sharma, Yadav & Sharma, 2018). Whittington (2008) states that financial reporting is the production of financial statements with a general purpose that meets the need of external users who do not have the ability to access the internal information of an organization. This explains the importance of the financial statements and the information contained therein and how to communicate using the information. This has made financial reporting closer to an accounting disclosure. Financial reporting also is considered as a supply of useful information to investors, creditors and other parties. Weygandt et al., (2019) add that the information should be useful in estimating the size and timing of expected cash flows and the degree of uncertainty and expected cash flows surrounded it.

So, the definition unveiled the purpose of providing the financial and non-financial information which is represented in assessing size and timing of expected cash flows and the degree of uncertainty surrounded it. In other words, the European Financial Reporting Advisory Group (EFRAG, 2009; 2013) defined financial reporting as an activity with the purpose to provide basic information to assessing financial center and performance of an organization. It also states the method in which an organization creates money and how to provide the providers' capital with the appropriate returns against the economic resources; also to indicate the level of vulnerability to risk and how they are reduced (EFRAG, 2013; Flayyih, Mohammed, & Talab, 2019).

Considering the above discourse, it is clear that financial reporting is a system aiming to identify, measure and deliver useful information to a broader scope of the external users who are not able to get the information such as the investors, lenders, creditors, etc., depending on the received information in financial statements and management council report and from the report of the auditor (IFRS, 2019; Nawaiseh, 2016).

The Concept of the Impairment of Assets

It is necessary to deal with the concept of assets before talking about the impairment of assets. The international accounting standard board (FASB, 2008; 2010) in its statement defined the assets as future potential economic benefits which are controlled by an organization as a result of deals or past event (FASB, 2008; 2010). This definition only focused on the current and actual presence of the asset or economic resource and its capacity of producing and providing services or future or current benefits. Another definition for the assets under the setup and display of financial statements in paragraph (53) was introduced by the international accounting standard board (IASB) as resources controlled by an organization as a result of past events and it is expected that these resources will lead to future economic benefits for the organization (IASB, 2001). Kam (2000) defined assets as properties with values while a property is any tangible or intangible thing that an organization possesses with a great value. The last definition focused on the ownership of asset and its value. This means that asset and its value are owned by an organization.

This study found the main characteristics of the assets based on the above definitions which are:

1. Potential future economic benefits resulted from the past events;
2. Controlled economic resources of an organization are as a result of the past events;
3. Asset existed from the date of preparing the financial statements; and
4. Asset represents the value of the organization.

Assets can be classified into current and fixed assets based on their nature (Investopedia, 2019). The non-current assets term refers to assets that have no capability to be changed into cash or the assets that are not expected to be changed into cash during the fiscal year or an operational cycle which is longer. The term "Impairment of Value" is a longer version of the word "Impairment" which means contradiction in value. It means a sudden decline and a relative steep contradiction which happens at loss.

The financial accounting standards board (FASB) defined the non-current impairment of assets as a decline in non-current assets value if the book value of the asset of expected future cash flows is exceeded (FASB, 2001). In other word, Beavon (2011) stated that the impairment of non-current assets as unexpected decline in the future economic benefits or potential service of non-current asset or cash generating unit (CGU). The CGU generates loss of impairment represented in the difference between the flit value of non-current asset (book value) and the recoverable value (RV).

However, Kieso et al, (2012) defined impairment of non-assets as a situation in which the flit amount of non-current assets is not covered; it requires the organization to reduce the value of those assets (Altman, 2013), which indicates a decline in the value of non-current assets (Abarbanell & Bushee, 1997; Nielsen & Bukh, 2011). In accordance with the above statement, the impairment of non-current assets is referred to as the increase of book value for the recoverable amount due to several reasons such as underestimation of the productive age of the asset or the method of calculation of depreciation (Robinson & Munter, 2004; Kieso et al, 2012).

Methodology

Tourism companies were selected as the sample of this study in order to achieve the objectives of this research in accordance with the standard IAS 36 as it uses non-current assets such as the fixed assets. Therefore, it has the indicators that show the impairment of its fixed assets and provide necessary data for the scientific application.

Model Specification

In order to examine the relationship between impairment assets of relevance information, the linear general trend equation was used for each inward and outward cash flow as estimated separately by using time series that contains two variables of which one is time future in years and another is following inward and outward cash flows. The following equation represents the values:

$$\hat{Y} = \alpha + \beta + \pounds \ldots\ldots\ldots\ldots \quad (1)$$

Whereas:

a = is the fixed amount and it is the cut part of the head axe of y
b = trend and axe y according to time

£ = limit of random fault

The extraction of the value of each of "a" and "b" required the estimation of general trend equation of time series. Table 3 below explains this:

Table 1. Calculation of the value of cash flows of the company Sample of the research (amounts in thousands of dinars)

Years X	Cash inflows Y	X	X * Y	X^2
2010	168.548	0	0	0
2011	195.185	1	195.185	1
2012	223.721	2	447.442	4
3013	229.214	3	687.642	9
2014	200.169	4	800.675	16
2015	239.911	5	1.199.555	25
2016	264.993	6	1.589.958	36
2017	295.830	7	2.070.810	49
Total	1.817.571	28	6.991.272	140

Explicitly, this equation 1 can be defined as:

$$\beta = [(n * \sum xiyi) - (\sum xi) * (\sum yi)] / [(n \sum xi^2) - (x)^2 \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (2)$$

$$\beta = 8 * 6.991.272 - 28 * 1.817.571 / 8 * 140 - (28)^2 = 14.994$$

$$\alpha = y - \beta * x = 174.715$$

The outward cash flows were calculated using method T. As a result of using fixed assets in production processes during the remaining years of production life, the outward and inward expected cash flows have been estimated. In five years, this has been estimated by using the above-mentioned information. When the inward cash flows for 2018 is estimated, Y = 174.715+ 17.994 *8=294.675, for instance, through the value of X (basis year- the year in which the value of X will estimate, 8 = 2010-2018) and by compensation in general trend equation Y (a +b*x). Table 2 show the study results.

Table 2. Cash inflows and outflows and expected net cash flows of the cash-generating unit (in thousands of dinars)

Years	Cash inflows Expected	Cash outflows Expected	Net cash flows Expected
2018	294.672	244.672	50.000
2019	309.666	254.859	54.807
2020	324.661	265.046	59.615
2021	339.656	275.233	64.423
2022	354.650	285.420	69.230
Total	1.623.305	1.325.230	298.075

It is clear from the analyses in Table 2 that the net of future cash flows for cash generating unit in the company is 298.075 Iraqi Dinar after taking in consideration the remaining value of the management's estimations at the production life of that unit which is Zero.

Therefore, the following steps should be followed to calculate the present value of those flows according to the average of reliable discount rate in local banks of 2017 which is 4%. The present values of the factors are also used in accordance with the present value for the Table for five years. Table 3 shows the present value for the net expected cash flows of the generating cash unit in the selected companies of the study.

Table 3. The net present value of the expected cash flows of the cash generating unit of Tourism (amounts in thousands of dinars)

Years	Net expected cash flows	Current value factor based on discount rate of 4%	The present value of net cash flows
2018	50.000	0.962	48.100
2019	54.807	0.925	50.696
2020	59.615	0.889	52.998
2021	64.423	0.855	55.082
2022	69.230	0.822	56.907
Total	298.075		263.783

From the above Table 3 the present value of the net expected cash flows for cash generating unit in the company of the research sample is 263.783 Iraqi Dinar while the book value which has been identified previously amounted to 266.428 Iraqi Dinar. The impairment loss of cash generating unit will be in accordance to the following:

Recoverable value - book value = impairment loss ……………. (3)
263.783 – 266.428 = 2.645 Iraqi Dinar

Result and discussion

The recognition of impairment of non-current assets is required by the standard (IAS 36) when the recoverable is less than its book value. The income account statement recognizes the loss through the previous step and there is a loss in the value of cash generating unit in the selected company which is 2.645 Iraqi Dinar (ID). Therefore, it is necessary to conduct accounting entry (constraint). This accounting entry has two sides: one represents the debtor's side of the impairment loss of fixed assets while the other represents the creditor's side of impairment allowance account of fixed assets. The loss will be closed in the processes of current account which are in return closed to the accumulated scruples account due to unified accounting system applied in the selected companies.

The extraction of each rate of asset book value to the total cash generating unit's book value at first is required for the proportionate distribution of the impairment loss of the cash-generating unit for each asset among the selected companies for the study. Then, the impairment loss of 2.645 Iraqi Dinar is distributed on each asset in cash generating unit according to the percentages specified in the first section. The share of each of the impairment loss is added by calculating the provision for accumulated depreciation of each asset in the cash-generating unit to determine the total provision of accumulated depreciation and losses which is later removed from the historical cost of each asset and to extract the adjusted book value. Table 4 presents these results below:

Table 4. Ratio of the amount of each asset to the total amount of the cash generating unit of the research sample company (in thousands of dinars)

Cash-generating unit	Book value of the original	Total book value of cash generating unit	The ratio %	Impairment loss	Share original loss	Historical cost of the cash-generating unit	Accumulated depletion	Total accumulated provision for impairment and loss	Adjusted book value
Buildings	33.273	266.428	%12	2.645	330	36.679	3.406	3.736	32.943
Machines & Equipments	212.648	266.428	%80	2.645	2.111	390.549	177.901	180.012	210.537
Furniture & Appliances	20.507	266.428	%08	2.645	204	27.429	6.922	7.126	20.303
Total	266.428	266.428	%100		2.645	454.657	188.229	190.874	263.783

Disclosure on Impairment Losses in Financial Statement

The accounting treatments mentioned above affects the financial statements of the selected companies as appearing in the adjusted values. The disclosure shows the financial position of the company of the research sample before and after the adjustment. The disclosure 1 comprises the disclosure of the modified financial position as at 31/12/2017 (amounts in thousands of dinars).

Table 5. Calculation of production, trading, profits and adjusted losses for the financial year ended in 31/12/2017

Accounting Guide	Account name	2017 after modification	2017 before modification
1	fixed assets		
11	Fixed assets at book value	263.783	335.929
2	Long-term funding sources		
22	Reserves	123.156	129.312
	Short-term funding sources		
23	Customizations	5.518	5.647

Table 5 presents the calculation of production, trading, profits and adjusted losses for the financial year ended in 31/12/2017 before and after company's adjustment of the companies in consideration.

Table 6. Calculation of production, trading and adjusted, unrealized profits and losses for the year 31/12/2017 (amounts in thousands of dinars)

Accounting Guide	Account name	2017 after modification	2017 before modification
45-41	Current activity income	293.821	293.821
6-5	Cost of current activity	(228.348)	(228.348)
8-7	Cost of marketing and administrative services	(22.989)	(22.989)
	Surplus of current operations	24.484	24.484
49-48	Transforming and other income	16	16
38	Transfer expenses	(460)	(460)
398	Impairment losses on fixed assets	----	(2.645)
	The distributable surplus is distributed as follows:	24.040	21.395
	Expansion reserve 25%	10.150	5.349
	Legal reserve 5%	1.340	1.070
	Cumulative surplus (shareholders' equity) 55%	25.461	11.767
	Share of corporate tax 15%	3.606	3.209

It is clear from the analysis of Table 6 that the sample of the research has achieved a pre-tax surplus of 24. 040 ID before adjusting the production and trading account and after deducting the tax amount of 42.041 ID when the surplus is adjusted by subtracting the impairment losses of 2.645 ID. Also, the amount of the surplus is 21.395 ID. Table 7 shows the reserves' account for the sampled population of the study.

Table 7. Calculation of adjusted and non-adjusted reserves for the companies as at 31/12/2017 (in thousands of dinars)

Accounting Guide	Account name	Balance on 1/1/2012	After modification		before modification	
			Additions during the year	Balance on 1/1/2012	Additions during the year	Balance on 1/1/2012
2213	Legal reserve	6.228	1.070	7.298	1.340	7.568
222	General reserve	12.600	15	12.615	15	12.615
2211	Expansion reserve	30.930	5.349	36.279	10.510	41.440

2212	Reserve high prices	4.952	872	872	872	5.824
2218	Fixed asset replacement reserve	2.227	100	5.052	100	2.327
223	Miscellaneous reserve	722	0	2.227	0	722
2214	Issuance bonus reserve	8	0	722	0	8
224	Cumulative surplus	46.316	11.767	11.775	25.461	58.339[1]
	Total	103.983	19.173	123.156	38.298	128.843

Similarly, the calculation of tax provisions is derived from the surplus activity under the adjusted and unadjusted detection (disclosure statement) of operations for the fiscal year ending 31/12/2017. Table 8 illustrates this:

Table 8. Current and Non-Adjusted Current Operations Statement for the end of year 31/12/2012 (amounts in thousands of Dinars)

Accounting Guide	Account name	2017 after modification	2017 before modification
45-41	Current income	278,283	278,283
38-31	Current Cost	(256,444)[2]	(253,799)
	Surplus or deficit of ongoing operations	20,951	24,484
49-48	Transforming and other income	16	16
38	Transfer expenses	(460)	(460)
	Excess of activity before tax	21,395	24,040

It is clear from the analysis of the table above that the company's research sample has achieved a surplus of 20.951 ID after adjusting the current disclosures in the impairment losses of assets leading to the formation of the tax provisions. Table 9 presents the adjusted and unadjusted allocation of the company for the selected companies.

Table 9. Calculation of Modified and Unamortized Allocations of the Company Research Sample as at 31/12/2017 (amounts in thousands ID)

Accounting Guide	Account name	Balance on 1/1/2012	After modification		before modification	
			Additions during the year	Balance on 1/1/2012	Additions during the year	Balance on 1/1/2012
224	Tax Allocations	4.250	350	4.600	479	4.729
2351	War War Allocations	918	0	918	0	918
	Total	5.168	350	5.518	479	5.647

Table 10 presents the disclosure of fixed assets of the company of research sample as follow:

Table 10. Disclosure of fixed assets and their derivatives before the amendment and after the amendment for the financial year ended as at 31/12/2017 (amounts in thousands of dinars)

	Fixed assets/ Accounting Guide Number	Buildings and constructions 112	Machinery and equipment 113	Transport & transmission modes 114	Number and templates 115	Furniture and office 116	Total
	Cost as of 1/1/2012	23.096	390.056	14.670	3.750	21.446	453.018
	Extensions	13.732	33.601	3.397	3.571	7.237	61.538

[1]The amount after subtracting the exclusions during the year amounting to (13,393) thousand dinar.
[2] Including losses of the value of assets amounting to (2,645) thousand dinars in addition to conversion costs amounting to (253,799) thousand dinars

	Cascading adjustments	(149)	(1.108)	0	(904)	(253)	(2.414)
	Cost as of 31/12/2012	36.679	422.549	18.067	6.417	28.430	512.142
	Extrusion ratio / fixed premium	%5-3	%10	%12.5-10	%50-20	%15-10	
	Provision for accumulated depreciation on 1/1	2.284	168.232	9.031	2.154	4.871	87.073
	The current year is gone /2012	1.142	10.140	2.336	10.758	2.915	
	Exclusions	20	971	610	998	130	2730
	Provision for accumulated depreciation at 31/12/2012	3.406	177.901	10.757	2.915	6.922	201.901
	The carrying amount as at 31/12/2012	33.273	212.648	7.310	3.502	[3]204	278.241
After modification	Cost as of 1/1/2012	23.096	390.056	14.670	3.750	7.126	453.018
	Extensions	13.732	33.601	3.397	3.571	20.303	61.538
	Cascading adjustments	(149)	(1.108)	0	(904)		(2.414)
	Cost as of 31/12/2012	36.679	422.549	18.067	6.417		512.142
	Extrusion ratio / fixed premium	%5-3	%10	%12.5-10	%50-20		2730
	Provision for accumulated depreciation on 1/1/2012	2.284	168.232	9.031	2.154		87.073
	The current year is gone	1.142	10.140	2.336	10.758		17.558
	Exclusions	20	971	610	998		17.558
	Provision for accumulated depreciation at 31/12/2012	3.406	177.901	10.757	2.915		201.901
	The impairment loss of the cash-generating unit is recognized	330	2.111	-	-		2.645
	Provision for accumulated depreciation after adjustment on 31/12/2012	3.736	180.012	10.757	2.915		204.546
	The adjusted book value as at 31/12/2012	32.943	210.537	7.310	3.502		274.595

Test of Multi-collinearity and Correlation

It is necessary to state the effect of financial reporting about those losses on the relevant property of accounting information after calculating the impairment losses of the company of research sample and recognizing those losses and reporting on them in the financial statements. Using the

[3] The share of furniture from the destruction of laboratories and generators

following regression equation, the simple linear regression sample was used to examine the hypothesis:

Regression Analysis: Y versus X
Y = 17.4 + 1.637 X

Whereas:
Y = represents the appropriate accounting information characteristic
X = represents the impairment loss on fixed assets

Thus, Table 11 presents the results of hypothesis tested which is represented by measuring the effect of reporting on impairment of fixed assets in appropriate characteristic (property) for accounting information.

Table 11. Results of the Second Hypothesis

Independent variable X	dependent variable Y	fixed value	Constant value	Beta B is the value of the selection coefficient	R-sq value F	Calculated significance
Impairment loss	The relevance of accounting information	17.4	0.637	%91.3	37.35	There is a relationship and an effect

F = Table value at significant level of (0.05) and degree of freedom (3.1) = 9.13

From the analysis of the results as presented in Table 11, it shows that there is a relationship and significant effect between the dependable variable, reporting on impairment losses of fixed assets and the independent variable, appropriate characteristic (property) of accounting information. Notably, the value of Beta factor is 0.637X from the regression equation. As the value appears in a positive equation, it shows that the relationship is positive between the reporting on impairment losses of fixed asset and the enhancement of appropriate characteristic (property) of accounting information. The R-squared represents the coefficient of determination which measures the effect rate of dependable variable for changes that happen on dependent variable. The result is reported to be 91.3 or 9%. This shows that the reporting on impairment explains the percentage 91.3% of whole changes that happen on appropriate characteristic of accounting information. This result is said to be significant.

From the analysis of the above data, the calculated F value is 37.35and it is greater than table F value which reported to be 9.13 at significant value of 0.05 and degree of freedom of 3.1. This shows that appropriate property of accounting information is significantly affected by the reporting on impairment losses of fixed assets in the sampled population of the study.

Based on the results of this study, the hypothesis is supported with the correlation between financial reporting on impairment of fixed losses and the appropriate characteristic (property) of accounting information for the selected companies.

Conclusion

In today's competitive global tourism marketplace, finance functions in hotels and tourism businesses must find the finest formula for accomplishment. This must include not only being a good steward of shareholder value, but also being foremost the strategic arrangement of all company objectives and operations. Financial Reporting Standards (IFRS) have a significant impact on a company's accounting processes and procedures, and additionally, may also provide a strategic chance for positive organizational modification for those who comprehend the benefits of a reasoned and deliberate conversion process (Deloitte, n.d.).

> FRS potentially offers companies increased transparency and consistency of financial information, streamlined, simplified and improved internal controls, greater access to capital, simplified cross-border M&A transactions, and opportunities to improve cash management and implement income tax strategies. These potential benefits do not come without cost. Conversion to IFRS will require commitment of specialized resources in order to properly analyze , plan and execute the implementation. (Deloitte, n.d.).

1. An immediate recognition of losses due to the impairment of these assets as an important indicator of the quality of the financial statements and what they contain as accounting information is required as the importance of accounting on the impairment of assets such as the fixed ones.
2. The Standards IAS 36 are required by every organization to conduct tests for each report of financial statements whether they are internal or external, indicating on impairment of an asset or a group of non-current assets in order to measure the value of impairment and reporting on related losses.
3. One of the fundamental features of the accounting information is the relevance of characteristics which are defined by the joint venture of the (FASB) and the (IASB) as financial reporting of impairment of assets such as the fixed assets which enhances the relevance property. The impairment loss of the asset like the fixed assets occur by adopting alternative measurement approaches to the historical cost approach which includes the approach of the present value of future for the net cash flows from the use of the assets.
4. Companies considered in this study depended on the historical cost approach in measuring their non-current assets such as the fixed ones without reporting losses of their impairment despite the existence of internal and external indicators that shows the impairment in accordance with the requirements of the unified accounting system as applied by the companies.

Recommendations

According to the conclusions reached we recommend the following:

1. A need to create a new item in the accounting manual (guide) in the unified accounting system to be applicable to both public and private sector companies under the name "impairment losses of non - current assets" within the item of other expenses with a satisfied explanation of the accounting treatments for the impairment of fixed assets.
2. It is preferable for the organization (joint stock companies) to test the impairment of the fixed assets (cash generating units) on each financial reporting date by identifying internal and external indicators. This is as a result of the importance of applying the standard (36) of IAS requirements and its effect on the relevance property of accounting information to its user's decisions. This shows a decrease in value in determining the fixed asset or the cash-generating unit under test and book value of the fixed assets that are subject to impairment. Thus, the recoverable value can be measured by using one of the alternative measurements approaches instead of the historical cost approach such as the present value of expected future cash flows or the fair value approach.

3. Impairment loss of noncurrent assets should be recognized if there is any, and it should be reported in the financial statements in order to enhance the relevance property of accounting information.
4. Important laws that contribute to the protection of local products such as trademark law, customs tariff law, tax exemption and other laws that limit the flow of competitive foreign products should be activated. Also, the role of regulatory bodies such as the Central Body for Standardization and Quality Control should be activated.

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