PalArch's Journal of Archaeology of Egypt / Egyptology

ACCOUNTING MEASUREMENT AND DISCLOSURE: THE FAIR VALUE PRINCIPLE AND ITS ROLE IN IMPROVING THE QUALITY OF ACCOUNTING INFORMATION AND RATIONALIZING ADMINISTRATIVE DECISIONS (AN APPLIED STUDY IN AL KHALEEJ COMMERCIAL BANK)

Yas Khudhair Abbas[1], Thaar Umran Mousa[2], Forat Sattar Hassoon[3]

[1]Technical Institute of Al-Diwaniyah, AI-Furat Al-Awsat Technical University (ATU), Iraq

[2]Department of Finance and Banking, College of Management and Economics, University of Al-Qadisiyah, Iraq

[3]Department of Accounting, College of Management and Economics, University of Al Qadisiyah, Iraq

Email: [1]dw.yas@atu.edu.iq, [2]thaer.mousa@qu.edu.iq, [3]forat.hssoon@qu.edu.iq

Yas Khudhair Abbas, Thaar Umran Mousa, Forat Sattar Hassoon Accounting Measurement and Disclosure: The Fair Value Principle and Its Role in Improving the Quality of Accounting Information and Rationalizing Administrative Decisions (An Applied Study in Al Khaleej Commercial Bank) -- Palarch's Journal of Archaeology of Egypt/Egyptology 19(1), 1898-1911. ISSN 1567-214x

ABSTRACT

The current research aims to address the knowledge pillars of both the fair value principle and the quality of accounting information, and the research aims to demonstrate the role of accounting measurement and disclosure in accordance with the fair value principle in the banking sector on the quality of accounting information and administrative decisions, and thus the impact on the administrative decision-making process. The following hypothesis has been put forward: The accounting measurement and disclosure in accordance with the fair value principle can help improve the quality of accounting information and thus aid in rational management decisions. The research sample is the Gulf Commercial Bank, which is one of the joint-stock companies listed on the Iraq Stock Exchange, and the current research has been applied in this bank for the years (2016-2019). In order to achieve the objectives of the research and test its hypothesis, the applied study method has been relied upon in order todemonstrate the effect of the fair value principle on the quality of accounting information.The research reached a set of conclusions, the most important of which is that fair value is one of the most appropriate measures in improving the quality of accounting information and making rational management decisions and that the principle of historical cost is the most reliable measure, but it is not appropriate for decision-making because the informationprovided by this principle represent events. Carried out by an economic unit in the past.

INTRODUCTION

The economic units used the historical cost principle for several decades as a prevailing principle for accounting measurement, then there were those calling for the use of fair value such as the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB), by issuing and amending many accounting standards that focus on measurement and disclosure. Accounting according to the fair value principle, and the fact that the historical cost of the asset represents the actual reality of the event at the time of its occurrence at the moment of exchange, and that it is not in doubt about its accuracy and correctness at the moment of ownership, as it represents the fair value of this asset at the time of exchange, but skepticism appears about the safety of this principle after acquisition or The occurrence of the event when the fair value of the asset becomes a thing of the past that deviates little or much from the current value of the asset. Both the International Accounting Standards Board (IASB) issued Standard (32) and Standard (39) in which they dealt with measurement and disclosure of the fair value as well as Standard (157) issued by the Financial Accounting Standards Board (FASB) dealing with fair value measurement. The fair value of the assets and liabilities reflects the current market conditions, and thus the availability of information in a timely manner, which leads to increased transparency, and the fair value accounting does not only deal with recording the acquisition of assets, but rather looks beyond that, which are the financial risks resulting from keeping them, which are emerging economic risks About fluctuations in the market value, as investors look to financial information from a broad global investment perspective, and for this reason, it was important to use internationally recognized accounting standards in their preparation. At a time when financial markets are an important mechanism in developing the economy, it is possible to find out the importance of interrelationships. Between fair value accounting and financial markets.

The current research has been divided into four sections, the first topic dealt with the research methodology, either the second topic dealt with the theoretical framework of the research, while the third topic dealt with the applied aspect of the research, and finally, the fourth topic addressed the conclusions and recommendations.

THE FIRST TOPIC, RESEARCH METHODOLOGY

The Search Problem: -

The accounting measurement and disclosure in the Iraqi economic units is carried out within the principle of historical cost, which is considered inappropriate in decision-making because of the information provided by the principle that represents events from the past. In improving the quality of accounting information and making rational management decisions, and as a result, accounting had to search for a better alternative that is compatible with the changing economic conditions accompanying the modern business environment, and from here the fair value principle emerged as a more appropriate alternative to the historical cost principle.

The Importance of Research:

The importance of the research lies in that it deals with an important topic of modern and contemporary issues. The concept of fair value is one of the concepts used to express the values of invented assets, as this concept still needs clarification, especially about its application in various economic, social, and political environments. The importance of this research also comes In identifying the Iraqi environment of the various economic units and the extent of acceptance of these units by applying the concept of fair value in terms of measurement and disclosure. In addition, this research depends on determining the fair value by using mathematical equations instead of determining them expectedly based on market prices.

Research Objectives:

The current research aims to address the knowledge pillars of both the fair value principle and the quality of accounting information, and the research aims to demonstrate the role of accounting measurement and disclosure in accordance with the fair value principle in the banking sector on the quality of accounting information, and thus the influence on the administrative decision-making process.

Research Hypothesis:

The research is based on the following hypothesis: (The accounting measurement and disclosure in accordance with the fair value principle can help improve the quality of accounting information and thus help in making rational management decisions).

Research Sample:

The research sample is the Gulf Commercial Bank, which is one of the joint-stock companies listed on the Iraq Stock Exchange, and the current research has been applied in this bank for the years (2016-2019) to demonstrate the effect of measurement and accounting disclosure in accordance with the fair value principle on the quality of the accounting information provided by the bank to users.

THE SECOND TOPIC: THE THEORETICAL FRAMEWORK OF THE RESEARCH

The Concept of the Fair Value Principle:

The fair value is seen as the amount expressed in cash or the cash equivalent with which the ownership of an asset is transferred from a willing seller to a willing buyer, and both of them have reasonable information about all the relevant facts and neither of them is subject to any kind of coercion (Hammad, 2003) : 53), and American Accounting Standard No. (107) defined it as the exchange value of the asset in a real exchange process between parties willing to deal. Without this process being in cases of liquidation or compulsory sale, as defined by the International Accounting Standards Board as the amount for which the asset can be exchanged or the required payment between parties willing to deal on a purely commercial basis (Palea, 2013: 4).

These ambiguities were removed in a discussion paper of the International Accounting Standards Board (IASB) issuing the standard (157), which came into effect after November 15, 2007 AD regarding the definition and creation of a framework for measuring fair value within generally accepted accounting principles.

This standard defined fair value as the possible price. Received when an asset is sold or when a commitment is settled in an orderly process between market participants on the date of measurement (Ryan, 2008: 9).

Through the new definition, lines have been drawn clearly between the different points of view to provide a basis for appropriate measurement. The difference now is not between historical cost and current value, but between input values (cost base) and output values (sale) and between those who wish to measure opportunities available to a specific entity and those who prefer to use hypothetical market prices (Whittington, 2008: 155).

FASB defines fair value in (FASB Statement No.141) as the amount with which an asset (or obligation) can be bought, sold (or settled) in a current deal between the two parties wishing to complete the deal, that is, other than a forced sale or liquidation (Palea, 2013: 15).

After the concept of fair value has been clarified, some points that are preferable to be taken into consideration when putting this concept into practice in preparing financial statements for economic units can be summarized as follows: (Pita, 2006: 13).

1. The fair value is the price determined under fair market conditions, and there is no need or intention to liquidate the assets or sell them quickly.
2. The fair value is determined on a specific date, and at this moment certain information is available, special market conditions and expectations exist that may change over time.
3. The fair value will be the amount agreed upon between (knowledgeable willing parties) and this means that both the seller and the buyer have been briefed mainly on the nature and characteristics of the assets, their condition, the market, and there is no asymmetry in the information.

Based on the foregoing, the researcher believes that there is an agreement between researchers and professional bodies on the basic pillars of the concept of fair value represented by the existence of an exchange process between willing parties and in light of the availability of sufficient and identical information for the two parties involved in the exchange process. The value is fair.

The Justifications for Using the Fair Value Principle:

There is no dispute that the concept of fair value has transferred the traditional accounting theory to new horizons and frameworks, and brought about a comprehensive change in the structure of financial statements and their implications for a long term, and that was a result of developments on the accounting theory during the last three decades that have matured and were crystallized in international accounting standards related to value. Fair, which was put into practice at the beginning of the third millennium, and highlights the importance of fair value in the following: (Laux & Leuz, 2009: 830), (Palea, 2013: 15)

1. The fair value of the assets and liabilities reflects the current market conditions, and hence the availability of information promptly, which leads to increased transparency.

2. The fair value accounting does not only deal with recording the acquisition of assets but rather looks beyond that, which is the financial risks resulting from keeping them, which are economic risks arising from fluctuations in the market value.
3. Investors are looking to financial information from a broad global investment perspective, and for this reason, it was important to use internationally recognized accounting standards in their preparation. At a time when financial markets are an important mechanism in developing the economy, it is possible to identify the importance of the interrelationships between fair value accounting and markets. Financial.
4. Fair value accounting plays a role in enhancing transparency in the economy by specifying requirements for the disclosure and presentation of financial information.
5. The use of the fair value criterion is more appropriate for making decisions and conducting financial analyzes and is a better basis for forecasts of business results and cash flows.
6. The introduction of fair value leads to an increase in financial leverage in times of prosperity, and this in turn leads to an increase in the effectiveness of the markets.

The members of both (IASB) and (FASB) believe that fair value information for financial assets and financial liabilities provides more useful and appropriate information than the system based on historical cost. Boards have taken this position because the fair value reflects the monetary equivalent of the financial instrument instead of the cost of the past transaction. Therefore, the fair value provides an understanding of the current investment value (Kieso, 2010: 880).

Accordingly, it can be said that the most important justification for valuation based on fair value gives a better indication of the economic performance of units because it reflects the movements in the value of investments that are under their control and thus provides a more objective method for measuring the impact of decisions related to the purchase or disposal of investments during The period does not allow the management of the economic unit to manipulate the results of the performance of the period by the timing of decisions related to the disposal of investments.

Fair Value Measurement: -

There are a set of models for measuring fair value, and they are as follows:

First: Cash dividend discount model: - This model assumes that the fair value is a function of the discounted value of the expected future cash dividend that is discounted at the rate of return required by the investor to compensate for the uncertainties of those cash dividends, and is calculated according to the following formula: - (Agars & Biafra, 2015: 26)

Equation (1)

Where: Po: fair value per share (real value per share), Dt: future dividend for the period (t), K: required rate of return (discount rate).

Second: The present value model of growth opportunities: The model derives its assumptions from the nature of the relationship between future profits and available investment opportunities, as the increase in future profits is related to the availability of future investment opportunities (Yomba & Badin, 2015: 220).

Third: Profitability multiplier models (the ratio of the share price to its profitability): The ratio of the share price to its profitability is one of the important indicators in the financial markets, and it determines the price that the investor wants to pay in purchasing one dinar of the earnings per share, and this ratio is calculated according to the following formula:

………………… .. (2) The equation for V = ∑_ (t = 0) ^ n▒ (m) (En) / (1 + k) n

Where: V: fair value. m: the multiple of the stock's value in the market to its profitability. En: Ordinary earnings per share. K: Required rate of return.

Fourth: The profit evaluation model: The profit evaluation form is one of the models used to evaluate common shares based on its profitability, and it is calculated as follows: (Bile & Davy, 2001: 99)

Equation (3) ....

Where: Et: expected earnings per share at the end of period t from new investments, It: retained earnings (retained) in period t for future unit investments.

Fifth: the cash flow model: This model is based on the basis that the wealth derived from an asset is embodied in the deliberate cash flows of this asset, and the common stock valuation model on the basis of cash flows appears through the following equation: (Faradizes, 2003: 147)

Equation (4) ....

Where: Ct: the difference between cash inflows and cash outflows.

Sixth: Walter's model: Walter sought in this model to provide a framework for evaluating ordinary shares, based on the assumption that the dividend policy is directed through the goal or goal of maximizing wealth Owners of common shares, where the model can be illustrated through the following equation: (Yomba & Badin, 2015: 220)

Equation (5) ....

Where: Bc: required rate of return, Ba: rate of return on retained earnings - growth rate, E: earnings per ordinary share, D: dividend per ordinary share.

Disclosure of the Fair Value:

The accounting disclosure is seen as the process of presenting financial information, whether quantitative or descriptive, in the financial statements or in the margins, notes and supplementary tables in a timely manner, which makes the financial statements not misleading and appropriate for their users from outside parties that do not have the authority to view the consolidated records, and the goal of this definition is Focusing on the characteristics and methods of disclosure (Ropy, 2015:

311), and from the definition of accounting disclosure it becomes clear that there are multiple methods of accounting disclosure, including the following: (Bausch, 2008: 118)

1. Presenting information as part of the components of the financial statements: It is represented in issuing the basic financial statements. This requires arranging and organizing the information in them in a logical manner. The matters focus on the essential so that users can read them easily.
2. Terminology and detailed presentation of information: - This method is an integral part of the financial statements and is represented by the terminology used in the financial statements and the amount of detailed information presented in them. Accountants should use descriptive terms known by users.
3. Notes and clarifications: It includes the presentation of information that cannot be adequately and adequately presented in the body of the financial statements, provided that it does not contradict the information in the financial statements, and one of its advantages is the ability to display descriptive information that complements the quantitative information in the financial statements.
4. Attached Additional Reports: These are the reports that may not require adherence to GAAP compliance with their preparation. This method includes statements attached to the financial statements that disclose additional information and not just detailed information.

Therefore, the researcher believes that adopting the method of additional reports and statements attached to the financial statements to disclose the fair value is one of the best methods that have been mentioned because other methods cause confusion for the beneficiary of the fair value information, as well as the method of additional reports and statements, helps to expand the method of accounting disclosure about the economic unit Because there has become a disclosure of two types, disclosure of the economic unit measured on the basis of historical cost, and the second type of accounting disclosure measured on the basis of fair value.

2.5 The importance of accounting for a fair value in improving the quality of accounting information and rationalizing administrative decisions:

Quality is generally seen as doing something in the right way from the first time and every time according to a specific set of standards, and the quality of accounting information means that the information is Accounting is correct, reliable, and available at the required time, and in order to achieve this, the following qualitative characteristics must be available: (Al-Jawaher, 2011: 8)

1. Appropriateness: It refers to the ability of accounting information to make a difference in the decision by helping users to make predictions of operational results, or to reinforce or correct previous forecasts. The information is appropriate if it has some characteristics such as predictive ability, verification and appropriate timing.
2. Reliability: It indicates that accounting information is free from fundamental errors. The reliability characteristic is related to the integrity of the information and its reliability. This characteristic consists of truthfulness in expression, verifiable and impartiality, as this should be available in the financial statements of general-purpose and impartiality when preparing them for Various uses.

In addition to the above characteristics, some secondary qualitative characteristics of accounting information must be provided, including the following: (Laghi, 2012: 4)

1. Comparability: Comparability leads to the identification of real aspects of the similarities and differences between the performance of the establishment and the performance of other establishments during a certain period of time. It also enables a comparison of the performance of the same establishments between different periods.
2. Understandability: This means that the financial statements are free from ambiguity, as they cannot be used if they are not understood. The ability to understand the information depends on the nature of the accounting information, how it is presented on the one hand, and on the decisions of users on the other hand.

And fair value accounting supports transparency in accounting measurement and disclosure by specifying requirements for disclosure of financial information, thus it is more suitable for decision-making and financial analysis and a better basis for forecasts of business results and cash flows as a result of the accounting information enjoying the two characteristics of convenience and reliability (Laux & Leuz, 2009: 830).

THE THIRD TOPIC: THE PRACTICAL SIDE OF THE RESEARCH

Introduction About Al Khaleej Commercial Bank:

The Gulf Commercial Bank was established as a joint-stock company on 1/9/2004, and the bank aims to mobilize and employ national savings in investment fields and contribute to promoting the country's economic development process under the state's general policy frameworks in a manner that achieves the bank's goals for growth and development. The bank has an investment portfolio that includes The shares of a group of joint-stock companies to invest its surplus liquidity, and the bank is committed to applying the accounting rule No. (14) issued by the Iraqi Standards Board and the Iraqi accounting rules related to accounting for/ investments, which came against the International Accounting Standard No. (25) issued by the International Standards Committee, which was withdrawn. Implementation of it was discontinued the issuance of Accounting Standard No. (39), and the bank is subject to International Accounting Standard No. (34) for interim financial reports by issuing quarterly reports to help shareholders and dealers in the capital market to make their investment decisions on objective grounds.

2-3 Accounting measurement and disclosure in accordance with the fair value principle in Khaleej Commercial Bank:

To measure the fair value and disclose it in the bank, the research sample will depend on the profit multiplier model, and this model is used to find out the value that the investor is willing to pay to obtain the bank’s shares. The researcher relied on the published financial reports of Khaleej Commercial Bank for the fiscal year ending on 31/12/2019 as this bank is one of the joint-stock companies listed on the Iraq Stock Exchange, and the trading reports issued from this market were also relied upon. It should be noted that these reports do not refer to the fair value of the ordinary shares of the research sample bank.

To use the profit multiplier model in calculating the fair value of Al Khaleej Commercial Bank shares, it is necessary to determine each of the multiplier value of the share in the market to its profitability, the earnings of the ordinary share, the required rate of return, the beta coefficient and the risk-free rate of return, and the following equation can be used to calculate the fair value per share: -

$$v = \sum_{(t=0)}^{n} (m)(En) / (1+k)\, n$$

Where: V: fair value. m: the multiple of the stock's value in the market to its profitability. En: EPS is normal. K: Required rate of return. The required rate of return can be calculated according to the following equation:
$K = Rfr + \beta\,(Rs-Rfr)$

Where: K: required rate of return. Refer Risk-Free Return. Rs: the market rate of return per share. ß: beta parameter. Note that the risk-free rate of return is the interest rate on government treasury bonds, and due to the lack of these bonds in Iraq, the interest rate calculated on savings accounts in government banks during the year of research was used (0.050) according to the published reports of the Central Bank Iraqi. The market rate of return for a share can be calculated according to the following equation:

$$Rs = (po-p1 + Dij) / p1$$

Where: Rs: the market rate of return per share. P0: The closing price. P1: the opening price. Dij: Dividends per share. It should be noted that the research sample bank did not distribute profits during the first, second, and third quarter of 2019, but distributed profits per share in the last quarter of this year at a rate of (0.125) dinars per share. The market return per share of Khaleej Commercial Bank for the year 2019 can be calculated quarterly, as shown in the following table:

Table 1 Calculation of the market return per share for Khaleej Commercial Bank for the year 2019

Rs	***Dij***	***P1***	***P0***	Date	**Sr#**
- 0.135	**0.000**	**1.436**	**1.242**	**2019 / 03 / 31**	**1**
- 0.252	**0.000**	**1.317**	**0.985**	**2019 / 06 / 30**	**2**
0.262	**0.000**	**0.894**	**1.128**	**2019 / 09 / 30**	**3**
0.207	**0.125**	**1.012**	**1.096**	**2019 / 12 / 31**	**4**
0.021	**The overall average**				

Source: Prepared by the researcher.

It is clear from the above table that the market return per share of Khaleej Commercial Bank during the first quarter of 2019 reached (- 0.135), and in the second quarter (- 0.252), either in the third quarter it reached (0.262), while it reached in the quarter The fourth of this year (0.207), so the average market return per share during the year 2019 reached (0.021), and the reason for the presence of negative values and positive values is due to the difference in the closing and opening prices of shares in the trading bulletins, when the closing price is less than The opening price is negative and vice versa. After calculating the market return per share of Khaleej Commercial Bank for the year 2019, the beta coefficient will be calculated according to the following equation:

β = (cov (Rs Rm)) / (δ2 Rm)

Where: ß: the beta parameter. Cov (Rs Rm): covariance (correlation coefficient of return x standard deviation of earnings per share x standard deviation of market return). 2 Rmϙ: the coefficient of variation of the market return per share. The beta coefficient of the Gulf Bank for the year 2019 can be calculated, as shown in the following table:

Table (2) Calculation of the Gulf Bank beta coefficient for the year 2019

β	**Covariance**	**Correlation coefficient *R***	**Variance in market return per share**	**Standard deviation of the market return per share**	**The market return rate per share**	Date	**sr#**
0.016	**0.00008**	**0.308**	**0.005**	**0.056**	**- 0.135**	**2019 / 03 / 31**	**1**
0.099	**0.00743**	**0.416**	**0.075**	**0.238**	**- 0.252**	**2019 / 06 / 30**	**2**
0.469	**0.47208**	**0.422**	**1.006**	**1.112**	**0.262**	**2019 / 09 / 30**	**3**
0.244	**0.23232**	**0.248**	**0.952**	**0.984**	**0.207**	**2019 / 12 / 31**	**4**
0.207	**0.17798**	**0.349**	**0.510**	**0.598**	**0.021**	**The overall average**	

Source: Prepared by the researcher.

It is noticed from the above table that the beta coefficient for all periods was less than the correct one, as the value of this coefficient ranged between (0.016) and (0.469), which indicates that Gulf Commercial Bank's share prices during the year 2019 were less volatile due to the market return effects. Up and down, the required rate of return for Khaleej Commercial Bank for the year 2019 can be calculated as shown in the following table:

Table (3) Calculating the required rate of return for Gulf Commercial Bank for the year 2019

The required rate of return K	**Risk Free Rate Rfr**	**β**	**The market return rate per share Rs**	**date**	**Sr#**
0.047040	**0.050**	**0.016**	**- 0.135**	**2019 / 03 / 31**	**1**
0.020102	**0.050**	**0.099**	**- 0.252**	**2019 / 06 / 30**	**2**
0.149428	**0.050**	**0.469**	**0.262**	**2019 / 09 / 30**	**3**
0.088308	**0.050**	**0.244**	**0.207**	**2019 / 12 / 31**	**4**
0.076220	**The rate of return on the market portfolio**				

Source: Prepared by the researcher.

It is evident from the above table that the risk-free rate of return reached (0.050) during the year 2019, while the required rate of return during the first, second, third, and fourth quarter of this year was (0.047040), (0.020102), (0.149428), (0.088308) In a row, it is also noted that the required rate of return during the third quarter of 2019 was greater than the risk-free rate of return, while it was less than this rate in the rest of the periods. After calculating the required rate of return, the multiplier of the share's value in the market will be calculated to its profitability, as shown in the following equation:

The multiplier of the share's value in the market to its profitability (m) = 2 x (the share value in the market ÷ the earnings per share in the market)
Since: Earning per share in the market (E) = net profit ÷ number of shares

The multiplier value of the share in the market can be calculated to its profitability for Al Khaleej Commercial Bank for the year 2019, as shown in the following table:

Table (4) Calculating the multiplier value of the stock in the market to its profitability for Al-Khaleej Commercial Bank for one-year 2019

Double the value of the stock in the market to its profitability	**Earning per share in the market**	**The market value of the stock**	**Date**	**Sr#**
19.406	**0.138**	**1.339**	**2019 / 03 / 31**	**1**
9.3577	**0.246**	**1.151**	**2019 / 06 / 30**	**2**
6.8311	**0.296**	**1.011**	**2019 / 09 / 30**	**3**
11.457	**0.184**	**1.054**	**2019 / 12 / 31**	**4**
11.763	**0.216**	**1.139**	**The overall average**	

Source: Prepared by the researcher.

It is evident from the above table that the doubling of the share value in the market to its profitability for Khaleej Commercial Bank during the first quarter of 2019 amounted to (19,406), for the second quarter (9.3577), the third quarter (6.8311), and for the fourth quarter (11,457), while the average was General for the year as a whole (11,763). After calculating the multiplier of the share's value in the market to its profitability, the fair value of Gulf Commercial Bank's shares will be calculated, as shown in the following table:

Table (5) Calculating the fair value per share in Al Khaleej Commercial Bank within a year 2019

Fair value v	**Earning per share in the market** E	**Double the value of the stock in the market to its profitability** m	**The required rate of return** k	**Date**	**Sr#**
2.557713	**0.138**	**19.406**	**0.047040**	**2019 / 03 / 31**	**1**
2.256631	**0.246**	**9.3577**	**0.020102**	**2019 / 06 / 30**	**2**
1.759141	**0.296**	**6.8311**	**0.149428**	**2019 / 09 / 30**	**3**
1.937033	**0.184**	**11.457**	**0.088308**	**2019 / 12 / 31**	**4**

2.127630	**0.216**	**11.763**	**0.076220**	**The overall average**

Source: Prepared by the researcher.

It should be noted from the above table that the fair value per share in Al Khaleej Commercial Bank during the first quarter of 2019 amounted to (2.557713), for the second quarter (2.256631), for the third quarter (1.759141), and for the fourth quarter (1.937033). The year 2019 as a whole (2.127630), and it is also noticed that the fair value per share is greater than its market value, which indicates that Gulf Commercial Bank's shares are underpriced, which indicates the poor performance of the market and exposing the holders of these shares to an expected loss as a result of the increase in value The fair value on the market value during the research year.

3.3 The role of accounting measurement and disclosure in accordance with the fair value principle in improving the quality of accounting information and rationalizing administrative decisions in Al Khaleej Commercial Bank:

After that, in the previous paragraph of this topic, the fair value per share of Gulf Commercial Bank's shares was calculated during the year 2019, it was noticed that there is a difference between the fair value and the market value of the share, and this difference can be clarified through the following table:

Table (6) The difference between the fair value and the market value of Gulf Commercial Bank's shares during the year 2019

The difference	Market value per share	Fair value per share	date	Sr#
1.218713	**1.339**	**2.557713**	**2019 / 03 / 31**	**1**
1.105631	**1.151**	**2.256631**	**2019 / 06 / 30**	**2**
0.748141	**1.011**	**1.759141**	**2019 / 09 / 30**	**3**
0.883033	**1.054**	**1.937033**	**2019 / 12 / 31**	**4**
0.988880	**1.139**	**2.127630**	**The overall average**	

Source: Prepared by the researcher.

It is evident from the above table that the difference between the fair value and the market value per share of Gulf Commercial Bank's shares during the first quarter of 2019 was (1.218713), for the second quarter (1.105631), for the third quarter (0.748141), and for the fourth quarter (0.883033), as well. The difference for the year as a whole was (0.988880). Thus, it can be said that fair value accounting will support transparency in accounting measurement and disclosure by specifying requirements for disclosure of financial information, and thus it is more appropriate for decision-making and financial analysis and a better basis for forecasts of business results and cash flows as a result of the accounting information enjoying the two characteristics of convenience and reliability, and accordingly, it has been proven Research hypothesis.

THE FOURTH TOPIC: CONCLUSIONS AND RECOMMENDATIONS:

Conclusions:

1. The fair value is the amount by which the asset is sold or purchased through a real exchange process between two parties. Conversely, the fair value of the liabilities refers to the value that is due or the amount that is repaid through a real exchange transaction.
2. The fair value aims to show the items of the various accounts at the value closest to reality on the date of preparing the balance sheet.
3. There are several methods for measuring fair value, but these methods cannot be adopted because the Iraq Stock Exchange does not have efficient market conditions. Therefore, ordinary stock valuation models must be adopted to measure fair value, to easily apply these models.
4. Adopting the method of additional reports attached to the financial statements to disclose the fair value is one of the best methods, and it helps to expand the method of accounting disclosure.
5. From the reality of the applied study, it became clear that the fair value changes directly with the quality of the accounting information. The more the accounting measurement and disclosure is done according to the fair value principle, the accounting information will be of the required quality.

***Recommendations*:**

1. Working to establish a culture of fair value accounting by issuing a special local accounting rule that is compatible with the Iraqi environment.
2. The research sample bank should disclose the profit distribution policies at the date of preparing the final accounts, as it has an impact on investors ’decisions.
3. Disclosure of the structure of property rights attached to the financial statements, and clarifying its components within those statements in a manner appropriate to the beneficiaries of that information.
4. The bank must determine the amount of the fair value per share in the lists attached to the final statements, either for the stock market, it is also specified within a specific index and mentioned in the market’s annual trading bulletins.
5. Educating current and prospective investors in making their investment decisions that they do not rely mainly on stock prices in the market, but they should rely on fair value along with some other indicators for financial analysis so that the decision taken is more rational.

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