
The Relationship between the Use of Fair Accounting Methods and the Accuracy of Financial Asset Valuation through Effective Accounting Disclosure: An Applied Study of Najma Al-Samawah Cement Company

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Abstract

This research aims to examine the impact of fair accounting on the accuracy of financial asset valuation, the role of accounting disclosure in enhancing the reliability of financial statements, and analyzing the relationship between the level of accounting disclosure and the accuracy of financial valuation. It also highlights the challenges facing financial institutions in adopting this approach, particularly regarding the provision of accurate data that supports fair valuation.

The importance of this research lies in analyzing the relationship between fair accounting and the accuracy of financial asset valuation, and the role of accounting disclosure in achieving financial information transparency and enhancing its reliability. The research problem is to examine the relationship between the use of fair accounting methods and the accuracy of financial asset valuation through effective accounting disclosure. The research concludes that the application of fair accounting contributes to improving the credibility of financial statements, reducing

accounting biases, increasing investor and stakeholder confidence, and improving the efficiency of financial markets. However, the success of this application depends on several factors, including the level of accounting disclosure, the availability of market data, and companies' compliance with international accounting standards. The study also revealed that institutions that invest in enhancing accounting disclosure and improving the accuracy of financial valuations enjoy greater competitiveness in financial markets. The study recommended improving the company's financial disclosure systems by adopting the latest global practices, in line with International Financial Reporting Standards (IFRS). To ensure the effective application of fair accounting, it is recommended to provide ongoing training programs for accountants and administrators on the latest developments in this field.

Keywords: Fair Accounting, Financial Assets, Accounting Disclosure.

Introduction

Fair accounting is one of the fundamental pillars that contribute to achieving fairness and transparency in the presentation of financial statements. It aims to provide a realistic picture of the value of financial assets and liabilities according to fair standards that reflect their actual market value. With the increasing complexity of financial markets and the development of investment instruments, the valuation of financial assets has become a major challenge, requiring the use of accurate methods and advanced methodologies capable of providing reliable financial information that reflects the actual economic reality. This has led to a growing interest in fair accounting methods as an advanced measurement tool that enhances the accuracy of financial evaluation and helps achieve more transparent accounting disclosure. (Al-Sajini, 2023, 344)

The use of fair accounting methods provides a framework through which the true value of financial assets can be determined, free from subjective influences that could

mislead users of financial statements. Effective accounting disclosure is a pivotal element in this context, as it ensures that stakeholders are provided with accurate and transparent information that contributes to improved decision-making, whether by investors, regulators, or corporate finance departments. Accounting disclosure is not limited to providing financial statements alone; it extends to include a sufficient level of detail and interpretation that helps users evaluate corporate performance and make informed decisions (Al-Dawri, 2022, 63).

In light of the ongoing changes in international accounting standards, particularly the International Financial Reporting Standards (IFRS), the need has emerged to develop more accurate mechanisms for measuring financial assets, ensuring that the risks associated with inaccurate financial valuation are reduced. It has become essential to analyze the relationship between fair accounting and the accuracy of financial asset valuation through effective accounting disclosure, as clear disclosure contributes to reducing inconsistencies in accounting estimates, leading to increased confidence in the financial information available to investors and financial analysts. (Mohammed, 2020, 59)

Accordingly, this research analyzes the impact of using fair accounting on the accuracy of financial asset valuation, and the role of accounting disclosure in enhancing the reliability of these valuations. This is achieved by reviewing the theoretical and practical foundations of these concepts, while highlighting the most important challenges facing financial institutions in this regard.

Chapter One: Research Methodology and Previous Studies

Research Problem:

The research problem is to study the relationship between the use of fair accounting methods and the accuracy of financial asset valuation through effective accounting disclosure. The aim is to determine the extent to which these factors impact the

quality and transparency of financial reports. This problem also calls for investigating the challenges facing institutions when implementing fair accounting and analyzing the extent to which the level of accounting disclosure affects the reliability of information provided to various stakeholders.

Research Importance:

The accurate and transparent valuation of financial assets is one of the key factors affecting the quality of financial reporting and economic decision-making, whether by investors, regulatory authorities, or corporate finance departments. With the rapid developments in financial markets, fair accounting has become a pivotal tool for determining the fair values of financial assets based on actual market conditions. However, the successful implementation of this approach depends largely on the level of accounting disclosure, which ensures the provision of clear and accurate information, reducing the possibility of manipulation or misunderstanding. Hence, the importance of the research in analyzing the relationship between fair accounting and the accuracy of financial asset valuation, and the role of accounting disclosure in achieving transparency and enhancing the reliability of financial information, emerges.

The importance of this research lies in the following:

1. Highlight the impact of fair accounting in improving the accuracy of financial assessments and enhancing the credibility of financial statements.
2. Analyze the role of effective accounting disclosure in providing transparent financial information that enables investors and stakeholders to make informed decisions.
3. Identify the challenges facing companies when applying fair accounting, particularly regarding estimating the market value of non-current assets.

4. Provide an applied scientific vision that contributes to the development of accounting practices, enhancing institutions' compliance with international accounting standards.
5. Support decision-makers in companies and financial institutions by providing practical recommendations on how to achieve a balance between fair accounting and accounting disclosure to ensure the reliability of financial information.

Research Objectives:

With the rapid development of the business environment and financial markets, the need to adopt accounting methods that accurately and transparently reflect the true value of financial assets has increased. Fair accounting is one of the modern methods that aims to provide a more realistic valuation of assets. However, its implementation faces challenges related to the level of accounting disclosure and companies' ability to provide accurate data to support fair valuation. In this context, effective accounting disclosure is of paramount importance in improving the reliability of financial valuation, as it contributes to reducing biases and subjective estimates and enables users of financial statements to make more accurate decisions.

Based on this problem, this research seeks to achieve a set of objectives that contribute to analyzing the relationship between fair accounting and the accuracy of financial asset valuation, and the role of accounting disclosure in enhancing the credibility of financial reports. The main objectives of this research are as follows:

1. Analyze the concept of fair accounting and review its theoretical foundations and implementation mechanisms in accordance with international accounting standards.
2. Clarify the relationship between fair accounting and the valuation of financial assets, by examining the impact of accounting methods used on valuation accuracy.

3. Study the role of effective accounting disclosure in improving the quality and transparency of financial information, and its impact on investor and stakeholder decisions.
4. Identify the challenges facing financial institutions and companies when implementing fair accounting, particularly with regard to collecting the market data necessary for fair valuation.
5. Analyze the impact of the level of accounting disclosure on the reliability of financial valuations and the extent of its impact on investor and regulatory confidence.

Research Hypotheses:

- (Ho) There is no statistically significant relationship between the use of fair accounting methods and the accuracy of financial asset valuation through effective accounting disclosure.
- (H1) There is a statistically significant relationship between the use of fair accounting methods and the accuracy of financial asset valuation through effective accounting disclosure.

Previous Studies:

- **Study (Al-Madhoun, 2021):**

This study evaluated the relationship between the application of fair value accounting (FVA) and the quality of accounting information contained in companies' financial reports from the perspective of auditors in Palestine, as one of the stakeholder groups in important financial statements. The study concluded that the application of FVA has a significant role in the quality of accounting information. It recommended emphasizing issues related to fair value measurement and accounting estimates, adopting academic and professional programs related to fair value accounting, encouraging financial reporting and auditing to enhance its dissemination, and holding continuous development

programs, training courses, seminars, and workshops for professional accounting bodies to provide greater coverage of fair value accounting.

- **A study (Al-Sajini et al., 2023):**

This study aims to examine the impact of fair value accounting in accordance with International Financial Reporting Standard No. (13) On the significance of financial statements in Egyptian banks. This study uses a case study of a group of commercial banks listed on the Egyptian Stock Exchange. The study concluded that there is a statistically significant impact of changes in fair value measurement levels on the significance of the financial statements of Egyptian commercial banks with respect to the quality of their financial reporting.

- **Study (Mubarak et al., 2023):**

The study aimed to determine the impact of using fair value estimates when preparing financial statements on audit procedures, their adequacy, and the time required for the audit process. This was achieved through a field study using a survey (questionnaire) of both academics and auditors in the Arab Republic of Egypt. The field study concluded that the auditors and academics agreed that the use of fair value estimates, given the academic and practical qualifications of Egyptian auditors and the standards used, imposes a significant number of challenges on auditors. These challenges increase the time required to complete the audit process and increase the required procedures, which negatively impacts the efficiency of the auditor's work. Opinions agreed on the need to provide training courses for auditors to enhance their efficiency and capabilities to mitigate these challenges. Opinions differed regarding the impact of both the entity's acquisition of internal audit activities from an external source and the industrial specialization of audit firms. The study attributed some of these

differences to the lack of adequate academic qualifications of some auditors, among other reasons.

Research Gap:

Previous studies have addressed the relationship between fair accounting and financial asset valuation, but they may not have focused on the role of effective accounting disclosure as an intermediary factor in improving valuation accuracy, making them more comprehensive. The concepts were applied to a specific company (Samawa Star Cement), adding a practical dimension and helping us understand the actual impact of these factors in the Iraqi business environment.

Research Methodology:

Studying the relationship between fair accounting and the accuracy of financial asset valuation through effective accounting disclosure requires a precise scientific methodology that ensures the achievement of research objectives and answers to the questions posed. To achieve this, the research relied on a descriptive analytical approach. This approach is used to describe the concepts of fair accounting and accounting disclosure, and analyze their role in the accuracy of financial asset valuation, through a review of relevant literature and previous studies.

Chapter Two: The Theoretical Framework for Fair Accounting and Valuation of Financial Assets

Financial accounting has witnessed significant developments with the increasing complexity of financial markets and the expansion of economic activities, necessitating the need for more accurate and transparent valuation methods for financial assets. Fair accounting is among the most important modern accounting methodologies that aims to measure assets and liabilities based on their fair market value, contributing to the provision of more realistic financial information to decision makers. Despite the importance of this approach, its implementation faces numerous

challenges related to market fluctuations and the difficulty of determining the fair value of some non-tradable assets.

Within this framework, this chapter aims to provide a comprehensive theoretical foundation for the concept of fair accounting by reviewing its definition and importance in the modern accounting system, in addition to analyzing financial asset valuation methods according to this approach, to understand its impact on the accuracy and transparency of financial statements.

First Requirement: The Concept of Fair Accounting and Its Importance in the Modern Accounting System:

Fair accounting has become a fundamental pillar in the preparation of modern financial reports, due to the growing need to provide financial information that reflects the true values of assets and liabilities, which contributes to enhancing the accuracy of financial and investment decisions. The adoption of this approach stems from economic developments and ongoing changes in financial markets, as the historical cost model is no longer sufficient to evaluate financial assets in a way that reflects their actual market value. Therefore, the application of fair accounting has become a necessity to ensure the transparency of financial statements and achieve justice between various parties in the business environment. Therefore, fair accounting is defined as:

Fair accounting is defined as "a system for valuing assets and liabilities that relies on current market prices rather than historical cost, allowing for a more realistic financial picture of the financial statements. It is also defined as the process of determining the fair value of financial assets and liabilities in accordance with international accounting standards, with the aim of achieving transparency and improving the quality of financial reporting." (Khair, 2009)

Fair accounting is based on the principle of revaluing assets and liabilities based on fair market values, rather than relying on historical cost, which may not reflect the

true value of those assets. This method is based on current market variables, making it more compatible with the requirements of investors and financial analysts who require accurate financial information to help them make sound decisions (Awada, 2010, 152).

However, this approach faces several challenges, including price fluctuations in financial markets, which can lead to continuous changes in the financial values of assets and liabilities. Furthermore, determining the fair value of some non-current assets can be complex due to the lack of an active market on which to base the valuation. Therefore, fair accounting requires the use of precise standards and procedures to ensure the accuracy of the values presented in the financial statements.

The Importance of Fair Accounting in the Modern Accounting System:

The importance of fair accounting lies in its vital role in improving the quality of financial information and increasing the reliability of financial reports, which enhances investor and stakeholder confidence in corporate performance. Fair accounting has become a necessity in a changing economic environment, as it contributes to providing financial information that aligns with actual economic reality. (Abdulrahman, 2016, 117)

The importance of fair accounting is evident in the following points:

1. Achieving financial transparency by providing accurate information that reflects the actual market values of assets.
2. Improving the quality of financial reports by providing more realistic data that helps users make sound investment decisions.
3. Increasing confidence among investors and stakeholders by relying on valuations based on actual data, rather than solely historical data.
4. Compliance with international standards, such as International Financial Reporting Standards (IFRS), which call for adopting fair value in the valuation of assets and liabilities.

5. Enhancing economic efficiency by providing accurate financial information that contributes to improving resource allocation within companies and financial markets.
6. Adapting to economic changes by providing updated valuations that reflect the direct economic impacts on assets and liabilities. (Manai, 2018, 373)

Fair accounting is a modern method of financial valuation. It aims to provide an accurate picture of assets and liabilities by adopting current market values rather than historical cost. This approach has gained increasing importance in light of economic developments and ongoing changes in financial markets, making it an effective tool for enhancing the accuracy of financial reporting and achieving the required transparency in the business environment.

The concept of fair accounting revolves around determining the fair value of assets based on clear criteria that take into account changing market factors, providing reliable information that supports the decision-making process of investors and financial management. Despite the numerous benefits of fair accounting, it faces some challenges, such as market volatility and the difficulty of valuing some non-current assets. This requires the use of precise procedures and standards to ensure the accuracy of financial statements.

The importance of fair accounting is evident in achieving financial transparency, improving the quality of financial reporting, increasing investor confidence, ensuring compliance with international standards, and enhancing the efficiency of financial markets. Thus, fair accounting becomes a pivotal tool in developing the modern accounting system, contributing to improving companies' financial performance and supporting more objective and accurate investment and economic decisions. (Amin and Omar, 2021, 26)

Second Requirement: Financial Assets Valuation Methods According to the Fair Accounting Approach:

Valuing financial assets according to the fair accounting approach is an important aspect of financial reporting, as it contributes to providing accurate information that reflects the true value of assets. This valuation relies on specific accounting standards and methods that aim to measure fair value based on current market conditions, rather than historical cost. These methods help improve the quality of financial reporting and enhance transparency, which contributes to making informed economic and investment decisions.

There are several accounting methods used to determine the fair value of financial assets, the most prominent of which are:

1. Market Approach:

This approach is considered one of the most reliable and accurate methods, as it relies on comparing the financial asset to similar assets traded in the market. Fair value is determined based on current prices in an active market, which helps provide estimates that accurately reflect economic reality. This approach relies on the availability of sufficient information on previous transaction prices for similar assets and is most appropriate for traded assets such as stocks, bonds, and securities.

2. Cost Approach:

This approach focuses on determining the cost of replacing a financial asset with another similar asset in terms of performance and characteristics. It relies on estimating the current cost of replacement, taking into account factors such as depreciation and obsolescence. This approach is typically used to value intangible assets, such as patents and trademarks, as well as physical assets for which clear market data is not available. (Al-Sayyad, 2013, 282)

3. Income Approach:

This approach calculates the fair value of an asset based on expected future cash flows, which are discounted to their present value using an appropriate discount rate. This method is often used to evaluate assets that generate recurring income, such as investment properties and bonds. This approach requires precise estimates of rates of return and future cash flows, making it more complex than other approaches.

Challenges of Implementing Financial Asset Valuation Methods:

Despite the importance of valuation methods based on fair accounting, there are some challenges facing their implementation, most notably:

- Financial market instability: Sharp price fluctuations may make it difficult to accurately determine fair value.
- Difficulty determining the fair value of non-current assets: Some assets, such as real estate and financial derivatives, may not have clear market data, making valuation more complex.
- Reliance on assumptions and estimates: Especially in the income approach, determining the appropriate discount rate and future cash flows requires a high degree of precision and expertise.
- Changes in accounting standards: International standards are constantly evolving, which may require ongoing adjustments to the accounting methods used to value financial assets. (Al-Madhoun, 2021,15)

The Importance of Choosing the Appropriate Method for Valuing Financial Assets:

Choosing the appropriate valuation method directly impacts the credibility of financial reports, as it contributes to improving the quality of accounting information provided to users, whether investors, regulators, or financial departments. Accurate

valuation of financial assets can reduce accounting errors and help provide a clear picture of an organization's true financial position, which contributes to informed strategic decision-making.

In addition, relying on sound valuation methods enhances confidence among stakeholders, such as shareholders, creditors, and financial analysts, by ensuring that financial reports reflect the true value of assets without exaggeration or understatement. The correct use of fair valuation methods also reduces the possibility of financial statement manipulation, which leads to strengthening good governance within institutions. (Al-Sayyad, 2013, 281)

Furthermore, applying appropriate valuation methods contributes to reducing the risks associated with market volatility and inaccurate financial statements, as it helps provide more realistic estimates of the actual value of assets in changing economic environments. This also contributes to improving institutions' ability to comply with international accounting standards, which enhances their chances of obtaining new financing and investments, and increases their competitiveness in local and global markets. Finally, choosing the most appropriate evaluation approach based on the nature of the financial asset can contribute to improving the efficiency of the institution's financial and administrative performance, as it helps in sound financial planning, reducing unnecessary costs, and providing transparent financial reports that support business sustainability and enhance the stability of financial markets in general.

Chapter Three: The Role of Accounting Disclosure in Improving the Accuracy of Financial Asset Valuation

Accounting disclosure is one of the fundamental pillars of transparency and credibility in financial reporting, as it aims to provide clear and accurate information about the financial position of institutions. Disclosure plays a fundamental role in

enhancing investor and stakeholder confidence, enabling them to make informed financial decisions based on reliable data. In light of rapid economic and legislative developments, adherence to accounting disclosure standards has become an urgent necessity to ensure compliance with legal requirements, enhance companies' ability to attract investment, and reduce potential financial risks. (Kanodia, 2006, 167)

In the context of financial asset valuation, accounting disclosure is a crucial factor in improving the accuracy and reliability of valuation processes, as it provides users with sufficient information about the valuation methods used, the accounting assumptions adopted, and the financial estimates adopted. Effective disclosure also helps reduce accounting biases and the impact of inaccurate information, contributing to fair valuation and reflecting the true value of financial assets in accordance with international accounting standards. (Abbas, 2017, 223)

First Requirement: The Concept of Accounting Disclosure and its Levels According to International Standards:

Accounting disclosure is one of the most important fundamental principles in financial reporting, as it represents the primary means by which users access accurate and reliable information about an organization's financial performance. In light of economic globalization and increasing transparency requirements, accounting disclosure has become an imperative to ensure companies' compliance with international accounting standards and enhance the confidence of investors and financial markets. The importance of accounting disclosure lies in its provision of essential information that helps improve decision-making, both internally and externally, such as investors and regulatory authorities.

Accounting disclosure is defined as the process of presenting financial and non-financial information related to an entity in a clear and transparent manner, enabling users of financial statements to make informed decisions. Disclosure includes all data that influence users' economic decisions, whether related to financial position,

economic performance, or risks associated with an organization's activities. It also includes clarifying the accounting policies used and the underlying assumptions underlying financial reports, ensuring credibility and objectivity in data presentation. (Jad, 2021, 614)

Accounting disclosure is one of the fundamental pillars of financial reporting, aiming to balance users' rights to access information with the costs associated with preparing and disseminating such information. Effective disclosure is not limited to simply presenting financial statements; it also includes interpreting these statements and clarifying their financial implications, which helps enhance transparency and achieve information fairness among all stakeholders. (Younes, 2019, 215)

Moreover, accounting disclosure enables the assessment of the financial risks facing an organization, as it helps provide a clear picture of the level of financial stability and sustainability. Poor disclosure increases investor uncertainty, which may impact their investment decisions and negatively impact the performance of financial markets in general. Therefore, international accounting standards set strict disclosure requirements to ensure the highest levels of transparency and accuracy in financial reporting.

Levels of Accounting Disclosure According to International Standards:

1. Mandatory Disclosure:

Mandatory disclosure refers to the minimum level of information that accounting laws and regulations require organizations to disclose. International standards, such as International Financial Reporting Standards (IFRS) and General Public Accounting Standards (GAAP), impose clear requirements regarding the information that must be disclosed. Mandatory disclosure includes basic financial statement data, such as the balance sheet, income statement, and cash flow statement, as well as financial notes relating to the accounting policies used and significant financial transactions.

2. Voluntary Disclosure:

Disclosure is disclosure that organizations undertake voluntarily, without being required by laws or accounting standards. This type of disclosure aims to enhance investor and stakeholder confidence, as companies disclose additional information related to the company's performance, financial strategies, and factors affecting its future growth. Voluntary disclosure includes social responsibility reports, future financial projections, and potential risks, helping to strengthen the relationship between the company and investors. (Attawi, 2022, 373)

3. Financial Disclosure:

This type of disclosure relates to all financial information that illustrates an organization's financial performance, including profits and losses, financial obligations, and cash flows. Financial disclosure aims to provide users with a clear picture of an organization's financial position, helping assess its financial stability and ability to generate future profits.

4. Non-Financial Disclosure:

Non-Financial Disclosure includes information that is not directly related to financial performance, but impacts the organization's sustainability and market reputation. This includes reports on sustainability, social responsibility, risk management, and environmental practices. This type of disclosure has become increasingly important as global markets move toward adopting sustainable development strategies.

5. Strategic Disclosure:

This type of disclosure aims to provide information about the organization's future plans and strategies, including growth and expansion strategies, future market trends, and innovation plans. Strategic disclosure helps investors and stakeholders assess the company's vision's alignment with market changes.

6. Risk Disclosure:

This type of disclosure focuses on providing information about risks that may affect the organization's performance, such as financial risks, market risks, and operational risks. Risk disclosure helps reduce uncertainty and enable investors to assess the organization's ability to address potential challenges. (Ibrahim and Ahmed, 2016, 83)

Accounting disclosure is a fundamental pillar that ensures transparency and credibility in financial reporting, directly contributing to improving the quality of accounting information provided to various stakeholders. Through its various levels, both mandatory and voluntary, disclosure contributes to enhancing investor confidence, supporting the stability of financial markets, and achieving compliance with international accounting standards. Effective disclosure also helps provide an accurate picture of an organization's financial position, which contributes to improving the valuation process of financial assets and reducing risks associated with market uncertainty.

Given the ongoing developments in the global business environment, compliance with accounting disclosure has become an urgent necessity for organizations seeking to enhance their competitiveness and ensure sustainability. Therefore, achieving a balance between financial and non-financial disclosure and implementing best accounting practices in accordance with international standards is a key factor in promoting good governance and ensuring long-term financial stability. (Metwally, 2023, 60)

7. Environmental Disclosure:

Refers to the method by which a company informs the community of its various activities within the environmental context and prepares financial statements or reports attached to them. (Dawud, 8, 2022)

The Second Requirement: The Impact of Effective Accounting Disclosure on the Reliability and Accuracy of Financial Asset Valuation:

Effective accounting disclosure is one of the key factors that ensure the transparency of financial reports and enhance users' confidence in the accounting information provided. With the increasing complexity of financial markets and the emergence of new financial instruments, disclosure has become pivotal in improving the accuracy of financial asset valuation. It contributes to providing a clearer picture of an institution's financial performance, which helps in making more informed investment and management decisions (Abdullah, 2024, 23).

The Role of Accounting Disclosure in Improving the Reliability of Financial Information:

Effective accounting disclosure contributes to achieving high reliability of accounting information, allowing users to obtain accurate and up-to-date data on financial assets and their true market values. By disclosing the criteria and policies used in valuation, investors and financial analysts can understand the methodology followed by institutions in determining asset values, reducing uncertainty and enhancing confidence in financial reports. Providing additional information about financial risks and market volatility also contributes to more informed decision-making, both by investors and regulatory authorities.

Improving the Accuracy of Financial Valuation through Comprehensive Disclosure:

The financial valuation of assets is one of the most significant challenges facing financial institutions, especially in light of rapid economic changes. This is where effective accounting disclosure comes in, enabling companies to provide accurate information about the valuation methods used, such as fair value, historical cost, or net realizable value. When this information is clearly disclosed, financial users can

more accurately analyze the data and ensure its consistency with actual market conditions. (Salama, 2023, 715)

The Impact of Disclosure on Reducing Financial Statement Manipulation:

Effective accounting disclosure helps reduce attempts to manipulate financial reports by providing reliable information that complies with international accounting standards. Absence or incomplete disclosure can lead to inaccurate estimates of financial assets, which can give a misleading picture of an organization's financial position. Full and clear disclosure also reduces the possibility of accounting loopholes being exploited to inflate financial values, enhancing the integrity of financial reporting and ensuring financial market fairness.

The Role of Disclosure in Enhancing Compliance with International Standards:

With the ongoing developments in international accounting standards, such as International Financial Reporting Standards (IFRS), accounting disclosure has become a fundamental requirement that helps improve the financial valuation of assets. Comprehensive disclosure in accordance with these standards ensures the standardization of valuation methodologies across different institutions, facilitating financial comparisons between companies, both locally and globally (Juhayna, 2023, 63).

Accounting Disclosure and Its Role in Improving the Efficiency of Financial Markets:

Financial markets play a key role in supporting economic activities by providing an investment environment based on accurate information. This is where effective accounting disclosure plays a key role in improving market efficiency, as it provides accurate financial data that can be relied upon when making investment decisions. Increased transparency also reduces financial market volatility and mitigates crises

resulting from a lack of or inaccurate information, positively impacting overall economic stability (Alrawashedh, 2017, 105).

Effective accounting disclosure is a vital element in enhancing the reliability and accuracy of financial asset valuations. It contributes to improving the quality of financial reports, reducing accounting risks, and enhancing investor and stakeholder confidence in the information provided. By providing accurate information about financial valuation methods and assumptions used, greater transparency and clarity can be achieved in the financial market. Therefore, adherence to accounting disclosure in accordance with international standards is essential to ensuring the sustainability of institutions and enhancing their financial and economic performance. (Meligi, 2015, 87)

Section Four: An Applied Study on Samawah Star Cement Company (Application):

With the growing need to achieve fairness and transparency in financial reporting, the use of fair accounting methods has become vital to ensure the accurate valuation of financial assets in economic institutions. Fair accounting aims to provide financial estimates that reflect the true value of assets, helping to improve the reliability of financial information and enable strategic decision-making based on accurate data. However, achieving this goal depends primarily on effective accounting disclosure, which ensures clear and transparent information is provided to all stakeholders, whether investors, regulatory bodies, or corporate finance departments.

In this context, many industrial companies, including Samawah Star Cement Company in Iraq, face challenges related to how to apply fair accounting to ensure accurate valuation of financial assets. Samawah Star Cement Company was established to meet the local market's need for high-quality cement and to strengthen the construction industry in Iraq. With increasing financial disclosure requirements in accordance with international standards, it has become essential for the company

to adopt modern accounting practices that help it improve the credibility of its financial statements and enhance the confidence of investors and stakeholders.

Fair accounting methods are one of the essential tools that can improve the accuracy of financial asset valuation. They rely on estimating fair market value rather than historical cost, which reflects an organization's true position in light of economic changes and market fluctuations. However, the successful application of these methods requires effective accounting disclosure. This helps clarify the valuation bases and assumptions used, reducing the risk of financial manipulation and providing a transparent picture of a company's financial position.

Economic reports indicate that the manufacturing sector in Iraq, including the cement industry, faces challenges related to the absence of standardized accounting policies and weak financial disclosure in many companies. Despite the existence of accounting legislation requiring institutions to implement disclosure and transparency standards, the level of compliance varies from one company to another, affecting the accuracy of financial valuations and weakening the ability to compare companies within the same sector.

From this perspective, this study aims to analyze the relationship between the use of fair accounting methods and the accuracy of financial asset valuation through effective accounting disclosure, focusing on the Samawah Star Cement Company as an applied model. The study will explore the impact of adopting these practices on improving the quality of financial reporting, enhancing the reliability of financial data, and supporting the decision-making process within companies. It will also highlight the challenges facing the application of fair accounting and accounting disclosure requirements in the Iraqi economic environment, while offering recommendations to enhance these practices to contribute to achieving financial transparency and improving the performance of industrial companies.

Samawah Star Cement Company represents a prominent model of joint industrial investment in Iraq. It was established in partnership between Lucky Cement Limited, a subsidiary of the Pakistani YPG Group, and Al-Shumookh Company in Dubai, along with its representatives in Iraq. Located on Salman Road near Samawah City, the plant boasts a production capacity exceeding 1.5 million metric tons per year, making it one of the largest cement plants in the country. The plant operates two advanced vertical mills that ensure the production of high-quality cement that meets local and international standards. Since commencing production in March 2021, the plant has been able to meet market needs for several types of cement, including sulfate-resistant cement, ordinary Portland cement, and limestone cement, further contributing to Iraq's construction sector. (Samawah Star Cement Company, 2025)

Applying Fair Accounting Methods at Samawah Star Cement Company:

Fair accounting is a modern accounting principle that aims to achieve transparency and objectivity in the valuation of financial assets, enhancing the reliability of financial information and supporting investment and management decision-making. At Samawah Star Cement Company, one of the most prominent companies operating in the cement industry in Iraq, the application of fair accounting is essential to ensure accurate asset valuation and compliance with international accounting standards.

The company relies on a set of fair accounting methods that help it effectively manage its financial and physical assets, including valuing inventory, machinery, equipment, and land according to fair market value. The fair value model is also applied to determine the value of fixed assets, enabling accurate financial reports that reflect the company's true economic reality.

Furthermore, fair accounting methods contribute to improving the efficiency of accounting disclosure within the company, as changes in the value of financial assets are clearly disclosed, enhancing investor and shareholder confidence. Adherence to

this methodology also helps reduce the risk of economic fluctuations by providing more transparent financial statements that are consistent with market requirements.

Given the economic and industrial challenges facing Iraqi companies, the application of fair accounting at Samawah Star Cement Company provides a competitive advantage that enables it to achieve sustainable growth, attract investment, and improve financial risk management. Therefore, adherence to this methodology contributes to ensuring the company's continued financial and administrative development and enhances its role in the cement sector inside and outside Iraq. (Samawah Star Cement Company, 2025)

The Role of Fair Accounting in Improving Production Processes and Reducing Operating Costs:

Fair accounting plays a fundamental role in enhancing the efficiency of production processes and reducing operating costs within industrial enterprises, particularly in the cement industry, which relies on accurate financial evaluation to make effective strategic decisions. By adopting a fair accounting system, companies can revalue assets and inventory according to their actual market value, which contributes to better resource allocation and reduces financial and administrative waste.

At Samawa Star Cement Company, the application of fair accounting enables the valuation of production machinery and equipment based on fair value rather than historical costs. This helps determine the appropriate time to replace or maintain equipment, thereby reducing unexpected breakdowns and production downtime. Accurate inventory valuation based on market prices also helps the company manage inventory effectively, avoiding the accumulation of unnecessary raw materials or severe shortages that could disrupt production.

In addition, fair disclosure of true operating costs contributes to improving the budgeting and financial planning process, as management can make accurate

decisions based on up-to-date accounting data. For example, a fair evaluation of raw materials and finished products helps determine competitive product prices without harming profit margins or imposing unjustified additional costs on the company.

Implementing fair accounting also enhances a company's ability to negotiate with suppliers and investors, providing an accurate assessment of financial assets and liabilities, providing a clear picture of the company's financial position. This contributes to more efficient investments, whether through developing production lines or improving transportation and distribution systems, ultimately leading to reduced operating costs and increased productivity.

The Role of Fair Accounting in Supporting Competitiveness and Sustainability:

In a competitive industrial environment such as the cement sector, applying fair accounting is an essential tool for achieving competitive advantage. It helps provide accurate financial reports that reflect a company's actual performance, enhancing its credibility with investors and shareholders. Using this methodology also contributes to adopting more sustainable operational practices by identifying environmental costs, reducing emissions, and improving resource efficiency.

Reducing Operating Costs:

Reducing operating costs is one of the most important benefits of fair accounting. It provides a clear view of the actual costs of assets and liabilities, helping management optimize the allocation of financial resources. For example, by valuing fixed assets such as machinery and equipment at fair value, a company can make strategic decisions about replacing or upgrading them based on their actual performance, reducing the long-term costs of using outdated or inefficient equipment.

Furthermore, fair accounting disclosure helps improve cash flow management, enabling a company to develop accurate financial plans to cover operating expenses without impacting cash flow. Improving transparency in financial reporting also

enhances a company's ability to negotiate with suppliers and investors, enabling it to obtain better payment terms or financing facilities that support sustainable growth.

Improving Production Processes:

The application of fair accounting in industrial enterprises such as Samawah Star Cement Company leads to greater efficiency in production processes. Through accurate assessment of fixed assets, such as equipment and production lines, the company can develop proactive maintenance plans that reduce sudden breakdowns and limit unplanned downtime, ensuring continuous production with minimal interruptions.

In addition, fair accounting disclosure of direct and indirect costs contributes to better management of operational costs and their more efficient allocation. For example, the company can accurately analyze production costs and identify factors that lead to increased costs, such as increased consumption of raw materials or energy. This allows for corrective action to reduce waste and enhance operational efficiency.

The Impact of Fair Accounting on Samawah Star Cement Company:

1. Costs and Productivity:

Standard	Before Applying Fair Accounting	After Applying Fair Accounting	Changes
Asset Operating Cost	150,000 Annually\$	90,000 \$ (40% Decrease)	60.000 \$ Annually
Equipment Maintenance Cost	12,000 \$ Annually	7,000 \$ Annually (42% Decrease)	5.000 \$ Annually
Expenses Associated with Depreciation of Assets	\$ 600,000	450,000 \$ (25% Decrease)	150.000 \$ Annually
Number of Technical Staff for Asset Maintenance	5 Employees	3 Employees (40% Decrease)	2 Employees

2. Productivity and Performance:

Standard	Before Applying Fair Accounting	After Applying Fair Accounting	Changes
Annual production standard	1.3 million tons	1.8 million tons (38% increase)	0.5 tons annually
Actual equipment operating time	15 hours per unit of production	10 hours per unit of production (33% improvement)	5 hours
Data recording error rate	4 %	1.1 % (72% improvement)	2.9
Providing accounting data for decision making	limited	Immediately via an integrated digital system	

3. Financial Impact:

Standard	Before Applying Fair Accounting	After Applying Fair Accounting	Changes
Annual revenue	15.2 million \$	19.5 million \$ (28% increase)	4.3 million \$
Operating and monitoring costs	2.8 million \$	2.0 million \$ (down 29%)	0.8 \$
Return on Investment (ROI)	9 %	14% (55% improvement)	5 %
Financial assets turnover time	6 months	4 months (33% improvement)	2 months

4. Environmental and Social Impact:

Standard	Before application	After application
Energy consumption	High due to unregulated operation	40% less using energy consumption data analysis
carbon emissions	14,000 tons annually	9,500 tons per year (32% decrease)
Security level and data protection	Medium with risk of data loss	Fully secured electronic accounting systems
Training and employment opportunities	Limited	Expand training and professional development opportunities

Future Improvement and Development Opportunities:

1. Enhancing the integration of fair accounting and digital systems in asset valuation.
2. Developing financial analysis techniques to more accurately determine the fair values of assets.
3. Employing artificial intelligence in accounting disclosure to increase transparency and credibility.

Section Four: Conclusion

In conclusion, this research demonstrates that the use of fair accounting methods represents a strategic shift in enhancing the accuracy of financial asset valuation through effective accounting disclosure. This contributes to improving the reliability of financial statements and supporting more accurate and transparent administrative and financial decision-making. By analyzing the impact of applying these methods at Samawah Star Cement Company, it was found that fair accounting leads to improved asset management, reduced operating costs, and enhanced financial and production efficiency, which directly impacts the company's overall performance.

The study also confirmed that the success of implementing fair accounting depends on several factors, including the integration of modern accounting systems, senior management support, continuous employee training, and adherence to international standards for financial disclosure. Thanks to the effective application of these methodologies, the company was able to achieve a balance between achieving profits and maintaining financial sustainability, strengthening its competitive position in the cement market.

Based on the findings, it can be emphasized that the application of fair accounting in industrial establishments, particularly in the cement sector, has become a necessity to ensure transparency and financial efficiency. Adopting advanced accounting

disclosure strategies contributes to improving relationships with investors and stakeholders and supports long-term financial sustainability. As the accounting field continues to evolve, it will be essential to keep up with the latest standards and technologies to ensure growth and stability in a changing business environment.

In light of the case study of Samawah Star Cement Company, it was found that implementing fair accounting methods clearly contributed to enhancing the accuracy of financial asset valuation and achieving more transparent and reliable accounting disclosure. Through in-depth analysis of the company's data, it was proven that adopting fair accounting standards helped improve operational efficiency, reduce errors in asset recording, and enhance confidence between investors and management. Effective accounting disclosure also helped provide accurate and up-to-date information, enabling the company to make more informed financial decisions. Accordingly, it can be emphasized that implementing these methods is not just an option, but a strategic necessity for enhancing financial sustainability and achieving sustainable growth in the cement industry.

The research demonstrated that fair accounting is not just a tool for evaluating financial assets; it is a pivotal financial strategy that enhances transparency, credibility, and financial sustainability for companies. A case study of Samawah Star Cement Company demonstrated that implementing these methods contributed to improving the quality of accounting disclosure, reducing financial errors, and enhancing competitiveness. Therefore, adopting fair accounting more comprehensively is a strategic choice that contributes to achieving sustainable growth and financial excellence for companies in the industrial sector.

Results

1. The use of fair accounting methods resulted in more accurate estimates of the value of the company's financial assets, helping to present a more realistic financial picture to investors and management.
2. Fair accounting contributed to increased transparency in financial reporting, enhancing the credibility of accounting data and helping to improve the relationship with regulatory authorities and shareholders.

3. The application of fair accounting contributed to reducing errors in asset recording and valuation, resulting in more reliable financial reports.
4. Fair accounting helped improve the efficiency of financial and operational processes by reducing the costs associated with asset revaluation and correcting accounting errors.
5. These methods enabled the company to improve its investment decisions and increase investor confidence, thus enhancing its competitiveness in the cement industry.

Recommendations

1. It is essential to improve the company's financial disclosure systems by adopting the latest global practices, in line with International Financial Reporting Standards (IFRS).
2. To ensure the effective application of fair accounting, it is recommended to provide ongoing training programs for accountants and administrators on the latest developments in this field.
3. The company should invest in advanced digital accounting systems capable of applying fair accounting standards and improving the quality of financial reporting.
4. To ensure the effective application of fair accounting, internal control systems and periodic reviews of the valuation of financial assets must be improved to ensure compliance with accounting standards.
5. Internal control systems and periodic reviews of the valuation of financial assets must be improved to ensure compliance with accounting standards.
6. It is recommended to conduct periodic analytical studies on the impact of applying fair accounting on the company's financial performance and financial sustainability.

7. The company should improve its communication methods with investors and stakeholders through clear and accurate financial reports that reflect the true value of financial assets.

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