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THE ROLE OF THE AUDITOR IN VERIFYING OF ACCOUNTING CONSERVATISM USING THE (BTM) MODEL AND ITS IMPACT ON THE GOING CONCERN OF THE COMPANY (APPLIED RESEARCH IN A SAMPLE OF JOINT STOCK COMPANIES LISTED ON THE IRAQ STOCK EXCHANGE)

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Muhnnad Talib Razouki, Prof. Dr. Sabiha Barzan, The role of the auditor in verifying of Accounting conservatism using the (BTM) model and its impact on the going concern of the company (Applied research in a sample of joint stock companies listed on the Iraq Stock Exchange)-PalArch's Journal Of Archaeology Of Egypt/Egyptology 18(4), ISSN 1567-214x

Abstract

The research aims to evaluate the extent of applying the accounting conservatism from the auditor's point of view by applying to fifteen joint stock companies within three sectors (industry, financial investment, insurance) and listed on the Iraq Stock Exchange for the period from (2015-2019). The accounting conservatism was measured using the book value to market value (BTM) model, and it was found that there is a difference in the levels of accounting conservatism for the companies, the research sample and the presence of a weak impact on the going concern of the company. In addition to the need for the external auditor to adopt the measurement models adopted by this research in examining the level of accounting conservatism and financial failure of the companies under audit to reach evidences that support his opinion of the extent of the companies ability to continue.

Introduction

Despite the controversy that the accounting conservatism (prudence) raises between a supporter and an opponent, it remains one of the basic concepts and elements of the limited characteristics of the financial statements that accountants hold onto until the present time , as it plays an important role in reducing the excessive optimism of management in dealing with the company's resources, protecting the owners' funds, and enhancing the company's ability to continue to operate and cope with events and

circumstances in the business environment that associated with uncertainties and requires them to be careful in preparing financial lists . As well as the role played by accounting conservatism in reducing profit management and creative accounting practices, the acceptable hedging of risk to reduce financial failure, which is one of the dangerous phenomena threatening the life of the company, and the auditor's duty is to consider events and circumstances are important and indicators that raises doubts about the financial failure and the non-viability of the going concern standard of audit (570).

The study comes as an attempt to identify the level of accounting conservatism and its impact on the going concern of the company by the auditor using the BTM model of accounting conservatism measurement and the SPRINGATE model to measure going concern and measure the effect of accounting conservatism on the imposition of going concern using the linear regression factor in the statistical program SPSS .

In order to achieve the objectives of the research, it was divided into four sections, the first of which was devoted to research methodology and earlier studies. The second section dealt with the theoretical framework of research variables. Section III presented the operational aspect and finally section IV drew conclusions and recommendations .

First section :Methodology and previous studies

1. Research methodology

1-1 research problem:-

Accounting conservatism is a means for management to respond to the growing optimism of managers and accountants in assessing assets and liabilities in the uncertain circumstances facing accountants. Many managers believe that the use of accounting conservatism makes accounting information more objective in a way that protects the interests of capitalists and creditors, leading to easy and simplified access to their rights. However, a group of companies suffered from financial failure as a result of a failure to pay their liabilities as a result of a lack of liquidity, which clearly affected the viability of these companies as a result of their liquidation, even though their financial lists and business results reflected a good picture of the outcome of the activity and the financial position of the lack of audit procedures in determining the reasons for this . From the above, the problem of research can be represented by the following questions:

1. What is the level of accounting conservatism practice in sample companies?
2. Does the accounting conservatism have an effect on the imposition of going concern?
3. What procedures does the auditor have in place to verify accounting qualifications ?

1-2 Importance of research:-

The importance of research stems from the role played by the Auditor in his report on the ability of companies to continue their activity by indicating the level of accounting conservatism, which has filled a great deal in the interests of researchers and parties with interests in companies, in particular the uncertainties associated with operational and investment decisions. The research contributes to providing clear insights and useful information to those interested in the accounting conservatism and

providing the Controller with the work to ascertain accounting information and the going concern of companies. Submission of the work of the auditor to ascertain accounting information and corporate going concern.

1-3 Search objectives: The objective of the search is to

1. Identification of accounting conservatisms and going concern.
2. Measurement of accounting conservatism practices in companies listed on the Iraq Stock Exchange.
3. To indicate the extent to which the accounting conservatism affects the imposition of going concern.
4. An understanding of the auditing procedures for accounting conservatisms.

1-5 Search hypothesis: There is an intangible significant effect of accounting conservatisms on the imposition of going concern.

1-6 Community and sample research: The research community consists of all mixed and private joint-stock companies listed on the Iraq Stock Exchange. Table 1 represents the number of companies in the Iraq Stock Exchange divided by sector .

Table 1 Number of community companies and research sample

Ratio	Sample	number of companies in the sector	Sector
12	3	25	Industrial
33	3	9	Investment
60	3	5	Insurance
23	9	39	Total

Table 2 shows the companies of the research sample (9) companies were selected from the research community the research is conducted by 39 companies at the rate of 23% as follows :

Table 2. Company search sample (Iraqi dinar amounts)

Sector name	Company's name	Capital until 2019	Foundation capital
Industrial	Al Mansour Pharmaceutical Industries	6469267350	8000000
	Baghdad for the manufacture of packaging materials	1080000000	250000
	The chemical industries	1800000000	149500
Investment	Al-Amin Financial Investment	1000000000	100000000
	Mesopotamia for financial investments	1000000000	200000000
	Al Zawraa for Financial Investment	1150000000	100000000
Insurance	Al-Amin Insurance	3410000000	150000000
	Al-Ahlia Insurance	2500000000	500000000
	Gulf Insurance	2000000000	1000000000

1-7 Temporal limits: The information used in the research extends from (2015-2019).

1-8 Methods used for research: The book value entry to market value has been used to measure the accounting conservatism by BTM and the (SPIRINGATE) model has been used to measure going concern and will be reviewed in second section.

1-9 Previous studies:-

The most important results	Measure used	The aim of the research	Research Title	researcher
The study found that a company with a small ratio of market value to book value had a larger accounting conservatism and had a significant treatment (asymmetry) in dealing with profits and losses.	Two models (basu) and a book value to market value model were used.	This study aimed to clarify the relationship between asymmetry in the use of agreements and the wider application of accounting conservatism in lenders' financial reports.	Accounting conservatism and liabilities.	Beatty et al (2008)
There is considerable variation between the reports submitted by the auditors on the evaluation of going concern, with a clear relationship between the auditors' reports on going concern and corporate failures through the use of statistical data analysis.	This study relied on resolution models, and a total of 60 samples were randomly selected from the study community .	The aim of the study was to scrutinize the reports on the assessment of going concern and scandals faced by public-equity companies in the State of Nigeria, with the most notable obstacles to the going concern of such companies.	The imposition of going concern in the auditor's report to counter the scandals of Nigeria's major corporations	Enofe& Mgbame (2013)
Identification of the factors affecting the client and the auditor, determination of the relationship between the auditor and the client, accuracy of the auditor's opinion on the going concern of the project, consequences arising from the expression of an opinion on the going concern of the project.	Survey	The purpose of this research is to study and discuss the previous academic literature on the auditor's opinion, developing a conceptual framework for expressing the controller's opinion on the going concern of the project.	Report of the auditor about uncertainty in imposing going concern	Carson & et :al (2014)

1-10 Contributions from the current research

This study is distinct from previous studies in that it measures accounting conservatism in balance sheets using a model (BTM) and going concern measurement using a model (SPRINGATE) and determines the extent to which the accounting conservatism affects going concern by the regression factor. This is done with a control framework and the extent to which it affects the controller's opinion. None of the previous studies, according to the researcher, linked these variables.

Second section : Theoretical frame

2-1 Concept and definition of accounting conservatism

The efforts of the pioneers of accounting thought have long been matched by the achievements of recent accounting research on the concept of accounting conservatism. However, they have not reached an agreed concept and the debate over it continues to this day. and the accounting conservatism is seen by some as a constraint imposed by the uncertainty surrounding the business environment on the presentation of the financial statements (zhong and xie, 2016), In the opinion of Hendriksen, the concept of accounting conservatism is the result of the uncertainty faced by accountants in many situations in the practice of the accountancy profession. If the lack of doubt is assumed, there is no need to use this constraint (kieso, 2012), which means showing the lowest value of several potential asset and income values and the highest value of several demand and expense values through the available alternatives to selection provided by accounting practices, including one that results in the non-overstatement of assets and net income (glover, 2013), The accounting conservatism was also defined as "the selection of accounting principles that minimize cumulative profits reported through delayed recognition of income, accelerated recognition of expenditures, minimization of assets, and valuation of liabilities" (Hayn, Givoly 2000), The International Accounting Standards Board (IASB) defined it as "a degree of caution in the practice of judgment when assessing circumstances of uncertainty leading to non-overstated estimates of assets and income and the reversal of liabilities and costs" (IASB, 1989, par. 37).

According to the researcher, there is a common and agreed result by most researchers that conservative reports - as a result, net assets will be shown at lower values than real ones, to take into account changes in the business environment and the attendant uncertainties.

2-2 Types of accounting conservatism

2-2-1 Conditional conservatism: It is called "income list conservatism" or subsequent conservatism or "news-based conservatism" and means that the book values of net assets are reduced when certain undesirable events occur and at the same time are not increased when desired events occur (carsten, 2018) and have been defined as "accelerating recognition of economic losses," (ball, 2005).

2-2-2 Un Conditional conservatism: It's called a prior or independent conservatism. Unconditional conservatism means "The amount of the decrease in the book value of net assets from their market value as a result of the adoption of pre-conservative accounting practices" (jarva, 2010), ball defined "means the reduction of net asset values or the disclosure of lower book values of property rights" (ball, 2005) and that it represents the difference between the book value of shareholders' rights and market value (Beaver & Ryan, 2005).

2-3 Justification for the use of the accounting conservatism: Accounting conservatism contributes to certain advantages for businesses as part of the contractual relationship between the business and other parties. Its use may avoid suing the company by creditors, as well as reducing the amount of its tax figure, to improve the quality of

accounting information through the security provided by the qualified information, which assures the user at the time of decisions, as well as the reduction of information symmetry, the quality of profits and its ability to predict cash flows. According to the researcher, the nature of the Iraqi environment is influenced by certain political, economic and other factors, as well as the weakness of the legal and judicial system, the existence of an inefficient capital market and inadequate knowledge of governance requirements, all of which lead to the exercise of accounting restraint in financial reports (Kwon, Y.K., 2005).

2-4 Accounting conservatism measurement models

2-4-1 Profit measure (Basu) : The model is defined as the relationship between equity returns and profits, or a model. (BASU) This model assumes that an accounting conservatism requires a higher degree of verification of gains than losses, which is the essence of an accounting conservatism based on asymmetry in the timing of recognition of economic events by responding to negative news faster than good news: (Negative equity returns) Reflect on earnings for the same period other than (positive equity returns) Some of them will be reflected in current-period profits (Sagata& Watts, 2007)

2-4-2 (Giovoly and Hayn) model: This model is classified as an accounting conservatism measure based on the Receivables entry, which assumes a model equal to the sum of cash inflows and departures with net income during a company's lifetime, and that the difference between net income and cash flows represents receivables as negative receivables can. (Non-operating receivables) to be an indicator of accounting conservatism as a result of the rapid recognition of expenses against profits (Hill,2011), and that the rationale for using receivables from non-operational activities as a measure of accounting conservatism, is that the conservatism uses the receivables mechanism to defer economic gains and accelerate recognition of economic losses (Wang,2009).

2-4-3 Book value-to-market ratio measure: The book value to market value model is classified as an unconditional conservatism measure as it relates to the financial position list, where a ratio is used (BTM) To examine the value of a company's stock by comparing its book value with its market value (feltham and ohlson, 1996), a Hamdan study indicated that the low ratio of book value to market value of less than one is true over a period of time, referring to the company's use of conservative accounting policies. (Heaton, 2012) The equation can be expressed as follows:

$$\text{Accounting balance} = \text{book value}/\text{market value (closing price)}$$

$$\text{Book value} = (\text{ordinary shares dividend reserve})/\text{number of shares}$$

2-5 Concept and definition of the imposition of going concern: The philosophy of using going concern in financial accounting assumes that each organization has a continuous accounting unit. As long as there is no evidence to the contrary, it assumes that the life of the accounting unit is longer than the productive life of the assets it uses in the sense that the accounting unit is of a continuous age while the assets it uses are of a limited age, that it continues to operate indefinitely and will continue in the foreseeable future. "The imposition of going concern applies to a project that continues to operate in the foreseeable future for an unspecified period of time sufficient to use its economic resources as planned with no real-time intention of

liquidating it or reducing its activities in a substantial, explicit and influential manner on the nature of the project's work, (Arens, 2008), as the going concern was defined by "the activities of the enterprise are not related to a certain period, and are continued indefinitely," (kiso, 2012), and According to the researcher, the imposition of going concern does not mean that the company will remain permanent, but rather that the company will remain in existence long enough to use its assets to carry out its current business, meet its obligations or until the objectives for which the company was founded.

2-6 **Indicators of suspicion of company going concern:** The International Federation of Accountants has issued International Auditing Standard (570) on the imposition of going concern, which contains a set of indicators: (International Standard on Auditing 570, 2007).

Table 3 Indicators of non-viability

operational indicators	Financial indicators	other indicators
Losing important managers without replacing them	Increased requirements for traded assets	Ongoing lawsuits against the company
Loss of concession, head market or head supplier	Borrowing problems	Change in government laws and policies
Labour-related difficulties, or lack of critical requirements	Negative emergence of core financial ratios	Failure to comply with capital or other legal requirements
	Recurrent operational losses	
	Delay in distribution or cessation of profits	
	Commitment to loan terms	
	Suppliers and creditors goods are treated only in cash	

2-7 **Going concern measurement models:** The investigator can measure the imposition of going concern with one of the quantitative models to help him/her demonstrate the viability of the company under scrutiny. we mention the most important of them as follows :

2-7-1 **The Argenti model:** the Argenti model in the accounting literature is known as A-Score and is based on a combination of risk analysis and financial analysis through a combination of qualitative or descriptive indicators and financial indicators, although it gives the former greater weight by determining the relative weight of each variable by type, size, activity, ambient circumstances, past experience and age. It identified three (directions for ending the life of a company (large, medium-sized, and newly founded).

2-7-2 **Sherrod model:** One quantitative model in measuring the imposition of going concern and determining the viability of companies is ideal for financial institutions: it is based on two axes in measuring the degree of risk and credit to financial institutions. The second is based on six independent financial indicators in addition to the relative weights of the coefficients of the function of excellence given to these variables (Carsten,2018).

2-7-3 **The "Springate" model:** The "Springate" model was developed by Canadian researcher (*Gordan Springate*) to predict the risk of companies operating in the Canadian market, who followed the discriminatory, linear, multi-variable

financial model, relying on a sample of companies of size. A company that is half bankrupt and a successful company where (19) a financial ratio has been analysed to arrive at a model formula consisting of only four financial ratios from which the risk of bankruptcy can be predicted, as follows:

$$Z = 1.03X1 + 3.07 X2 + 0.66 X3 + 0.4 X4$$

X1 = Working capital/total assets

X2 = Profit before interest and taxes/total assets

X3 = Net profit before taxes/traded liabilities

X4 = Sales/total assets

if an estimate in the model is greater than (0.862) The company suffers from bankruptcy risks and is unable to continue. Vice versa, if the result is greater than that value, and Based on the above, the researcher will use the Springate model to measure the going concern of companies' research sample for the period 2015-2019 (www.bankruptcyaction.com/bankruptcyexemptions.htm)

- 2-8 **Responsibility of the Controller for imposing going concern:** The auditor's responsibility is to assess the ability of clients to continue is linked to the standard of professional care. If the auditor takes professional care, exercises professional care, and then the indicators of customer inability to continue appear, he or she will not be responsible as long as the indicators are not shown during the normal examination, exercise professional care, but if there are clear signs of failure or failure that appear during the normal examination, and the auditor does not indicate (john, 2017).
- 2-9 **The effect of the accounting conservatism on going concern:** Opponents of the accounting conservatism believe that it does not rely on the scientific basis that it represents a bias in accounting information, and that its follow-up results in current-year profits at the expense of the previous year or years. However, these views focus only on the temporary negative effect of the conservatism on the income list, while the going concern of the company and the positive cumulative effect of the accounting conservatism on the financial position list diminish the importance of these objections to the accounting conservatism, (Watts, 2012), the researcher believes that the application of the accounting conservatism to the balance sheets will have a positive effect when the company is unable to maintain (Liquidation) and the sale of assets at a higher market value than the registered value of assets, This would provide a real guarantee to creditors. On the other side, it would have a negative impact on the company's income list and financial position in the current year, should the accounting conservatism be applied to its financial lists because of the mechanism of the conservatism, which depended on accelerated recognition of losses and expenses and delayed recognition of profits and revenues
- 2-10 **Effect of going concern on the auditor's opinion:** After the auditor has carried out appropriate auditing tests and procedures to obtain the necessary evidence and information to assist him in expressing the opinion, the auditor decides whether there is any doubt about the going concern of, the business or not Here is the International Going concern Standard Section 570, which fits going concern into two parts:

- 2.10.1 Consider the going concern basis appropriate: When the auditor is satisfied that going concern is appropriate based on the information obtained and the evidence is sufficient, he must express a clean opinion, When the Auditor is satisfied that going concern is appropriate, with such disclosure as he deems appropriate with respect to factors with non-material impact on data, such as future management plans, here the Auditor is satisfied that I am expressing a clean opinion and otherwise making a qualified statement, and as he deems appropriate, if the doubt about the going concern of the company is not properly removed, the Controller should examine whether the financial statements have properly disclosed the underlying circumstances that have raised the fundamental doubt. (ISA No.6. 570, 2007), In the absence of appropriate disclosure in the financial statements, the auditor must express a qualified or negative opinion, whichever is more appropriate.
- 2.10.2 Consider the basis for going concern inappropriate: The auditor must express a negative opinion in his report if he is convinced that the imposition of going concern is inappropriate and includes a substantial and comprehensive misinformation of the financial statements after the additional procedures have been implemented and adequate information and evidence to support that view, According to the researcher, going concern and the auditor's opinion have a mutual effect, one affecting the other, since the outcome of the auditor's work is to express a professional opinion that is impartial to the honesty and fairness of the balance sheets, that reflects the reality of the financial position and the outcome of the activity of the company under scrutiny, and that any substantial effect on the appropriateness of the going concern imposition will be reflected in that opinion and, in contrast, that the expression of an opinion is not clean. (Negative, conservative, refraining from expressing an opinion) in financial statements that have the beginning of financial disruption or uncertainty about their going concern may contribute to accelerating the financial failure of the company as a result of employee vulnerability (Creditors and investors) and making decisions that are not in the company's interest would make it more difficult for the company than it was before that view, (ISA No.6. 570, 2007).

Third section / application aspect

3-1 Measurement of accounting conservatism in research sample companies

The researcher based the financial reports of the contributing companies on the sample of research published on the Iraq Stock Exchange to extract book value, as well as on trading bulletins and closing prices to determine market value, after which the following model was applied:

$$\mathbf{BTM = BV/MV}$$

Book Value per Share = Gross Property Rights/Number of Shares Paid.

The researcher will compare the Book Value (BV) of Companies' Stock Search Sample with their Market Value (MV) according to the (BTM) Model

of Companies' Financial Statements - Search Sample published on the official website of the Iraq Stock Exchange and by various Sectors and for years (2015-2019) As follows

3-1-1 Industrial sector companies: The levels of accounting conservatism in accounting policies and the average ratio for a sample of industrial companies will be identified for the period 2015-2019 and as shown in table 4:

Table 4 show The level of accounting conservatism of a sample of companies in Industrial sector 4

Average BTM	Conservatism Level	BTM (1/2)(3)	M V (2)	BV (1)	year	The Company's name	Sector name
low	low	1.54	0.76	1.17	2015	Al Mansour Pharmaceutical	Industrial
	low	1.74	0.67	1.16	2016		
	low	1.70	0.69	1.17	2017		
	low	1.85	0.64	1.19	2018		
	acceptable	0.89	0.95	0.85	2019		
acceptable	acceptable	0.48	1.93	0.93	2015	Baghdad for packaging materials	
	acceptable	0.51	1.84	0.93	2016		
	acceptable	0.68	1.38	0.94	2017		
	acceptable	0.73	1.30	0.95	2018		
	acceptable	0.49	1.98	0.97	2019		
acceptable	acceptable	0.38	77	29.40	2015	The chemical industries	
	acceptable	0.38	70	26.85	2016		
	acceptable	0.44	60	26.53	2017		
	acceptable	0.47	60	28.38	2018		
	acceptable	0.28	100	27.81	2019		

From the above table, it is clear that Al Mansur Pharmaceutical Company had a different level of conservatism during the years (2015-2019), which was acceptable in the year (2019), low for the rest of the years, and low for the average accounting conservatism (1.54), while my company (Baghdad Packaging Materials, Chemical Industries) achieved an acceptable level of conservatism for the years of the research sample and an average accounting conservatism of (0.39.0.58) respectively during the years (2015-2019).

3-1-2 Investment sector companies:

Table 5 show The level of accounting conservatism of a sample of companies in investment sector

Average BTM	Conservatism Level	BTM (1/2)(3)	M V (2)	BV (1)	year	The Company's name	Sector name
low	low	2.06	0.52	1.07	2015	Al-Zawraa	Financial investment
	low	2.57	0.4	1.03	2016		
	low	2.5	0.4	1	2017		
	low	2.71	0.36	0.97	2018		
	low	2.8	0.33	0.92	2019		
acceptable	low	1.05	1	1.05	2015	Mesopotamia	
	acceptable	0.86	1	0.86	2016		
	acceptable	0.68	1	0.68	2017		
	acceptable	0.66	0.9	0.6	2018		
	acceptable	0.56	0.9	0.5	2019		
acceptable	acceptable	0.41	1.6	0.66	2015	Al- Amin	
	acceptable	0.36	1.65	0.59	2016		
	acceptable	0.57	1.15	0.66	2017		
	acceptable	0.4	1.4	0.56	2018		
	acceptable	0.62	0.88	0.55	2019		

From previous table, it appears that Al-Zawraa was characterized by a low level of accounting conservatism for all years, the search sample, where the ratio ranged. (2.06-2.8), with an average accounting conservatism of a low level of 2.53, either company (Mesopotamia) There was a variation in the level of accounting conservatism, which was low in one year. The rest of the years from 2016-2019 ranged from, (0.56-0.86) The average accounting conservatism appeared in an acceptable proportion during the research sample years. (0.76) Al Amin alone achieved an acceptable conservatism level for all years of the research sample, ranging from 0.4-0.62 to an average acceptable accounting conservatism of 0.47.

3-1-3 Insurance companies

Table 6 shows the level of accounting qualification of a sample of insurance companies

Average BTM	مستوى التحفظ	BTM (1/2)(3)	M V (2)	BV (1)	year	The Company's name	Sector name
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low	2.19	low	1.51	0.7 7	1.15 9	201 5	Al-Amin Insurance	Insurance
		low	1.75	0.6 8	1.19 2	201 6		
		low	2.22	0.4 7	1.04 5	201 7		
		low	3.5	0.3	1.05	201 8		
		low	1.96	0.5 4	1.06	201 9		
low	2.35	low	2.22	0.5	1.11	201 5	Al-Ahlia Insurance	
		low	2.6	0.4 2	1.09 2	201 6		
		low	2.61	0.4	1.04 3	201 7		
		low	2.44	0.4	0.97 6	201 8		
		low	1.88	0.4 6	0.86 7	201 9		
low	2.21	low	2.65	0.3 6	0.95 4	201 5	Gulf Insurance	
		low	2.038	0.4 8	0.97 8	201 6		
		low	2.48	0.5 3	1.31 5	201 7		
		low	2.17	0.5 8	1.25 6	201 8		
		low	1.74	0.6 8	1.18	201 9		

From previous table, it is clear that all companies in the financial insurance sector have shown a low accounting conservatism in their accounting policies and for all years of the research sample. The accounting conservatism ratios for companies (Al Amin Insurance, Al-Ahlia Insurance, Gulf Insurance) ranged from 1.51-3.5 to 1.88-2.61 and 1.74-2.65 respectively.

3-2 **Measuring the imposition of going concern:** The viability of companies is measured by the application of the *Springate* model to the annual financial statements published on the Iraq Stock Exchange for Companies research sample for the period 2015-2019 and by the following model:

$$Z=1.03 X1+3.07 X2+0.66 X3+0.4 X4$$

3-2-1 Measurement of the going concern of industrial companies:

Table 7. Extraction of value (X) according to the Springate model of industrial companies

AW Imposing going concern	Notes	Z	0.4 X4	0.66 X3	3.07 X2	1.03 X1	year	The Company's name
suitable	0.98	suitable	2.34	0.21	0.77	0.2 7	201 5	Al- Mansour

		suitable	1.17	0.15	0.00	0.00	1.03	2016	
		suitable	1.38	0.16	0.25	0.09	0.88	2017	
		unsuitable	0.71	0.14	0.10	-0.12	0.79	2018	
		unsuitable	-0.69	0.03	0.43	-0.41	0.12	2019	
unsuitable	2.22	unsuitable	-11.32	0.02	-11.42	-0.28	0.36	2015	Baghdad
		unsuitable	0.36	0.04	0.07	0.01	0.24	2016	
		unsuitable	0.27	0.05	0.00	0.00	0.22	2017	
		unsuitable	-1.40	0.03	1.59	-0.09	0.25	2018	
		unsuitable	0.96	0.05	0.63	0.05	0.24	2019	
unsuitable	0.13	unsuitable	0.45	0.03	0.02	0.04	0.36	2015	Chemical Industries
		unsuitable	-0.76	0.00	1.48	-0.10	0.82	2016	
		unsuitable	0.28	0.02	0.53	-0.03	0.82	2017	
		unsuitable	0.33	0.03	0.01	0.03	0.26	2018	
		unsuitable	0.34	0.02	0.15	-0.02	0.49	2019	

From the previous table, it appears that Al- Mansour company was distinguished by achieving the highest values for (Z) Compared with the average values of Z (0.98) in years (2015-2019), which is above the standard limit (0.862) of the Springate model, indicating that going concern is appropriate and that the company can continue, having achieved success in the first three years, reaching its values (2.34. 1.17. 1.38) Respectively, the rest of the years were valuable. Z is low (0.71, 0.69-0.69), respectively, which is below the standard limit for the model, either the average value Z, for my company Baghdad, Chemical Industries, it showed up low in the years. (2015-2019), at 2.22 and 0.13 respectively, is below the standard limit for the model (0.862) indicating that the said companies are unable to continue and that the imposition of going concern has been improperly demonstrated under the Springate model.

3-2-2 Investment sector companies:

Table 8 Extraction of X value according to the Springate model of investment sector firms

AW Imposing going concern		Notes	Z	0.4 X4	0.66 X3	3.07 X2	1.03 X1	year	The Company' s name
suitable	0.94	suitable	1.56	0.01	0.44	0.16	0.95	2015	Al-Zawraa
		unsuitable	0.45	0.01	0.39-	0.12-	0.96	2016	
		unsuitable	0.66	0.01	0.24-	0.07-	0.96	2017	
		unsuitable	0.65	0.01	0.24-	0.08-	0.96	2018	
		suitable	1.37	0.00	0.31	0.10	0.95	2019	
unsuitable	0.08	unsuitable	0.04	0.00	0.00	0.00	0.03	2015	Mesopotamia
		unsuitable	0.02	0.00	0.00-	0.01-	0.03	2016	
		unsuitable	0.01	0.00	0.00-	0.02-	0.03	2017	
		unsuitable	0.21	0.02	0.11-	0.24-	0.54	2018	
		unsuitable	0.12	0.01	0.12-	0.28-	0.50	2019	
unsuitable	0.37	unsuitable	0.03	0.02	0.22-	0.40-	0.63	2015	Al- Amin
		unsuitable	0.30	0.01	0.05-	0.12-	0.46	2016	
		unsuitable	0.72	0.02	0.06-	0.06-	0.81	2017	
		unsuitable	0.09	0.02	0.28-	0.38-	0.73	2018	
		unsuitable	0.73	0.02	0.02-	0.03-	0.75	2019	

The previous table shows that Al-Zawrah had the advantage of achieving the highest value. (z) compared to the average value (0.94) above the standard limit for the model Springate (0.862) indicates that going concern is appropriate and that the company is viable and valuable. (z) low (0.45, 0.66 and 0.65) in the years (2016, 2017 and 2018) respectively, the first and last year of which had values above the standard limit of the model where it was (1.56/2015, 1.37/2019), The average value (z) of the two companies (Mesopotamia, Al Amin) was low at respectively. (0.08, 0.37), which is below the standard limit, indicating that the imposition of going concern and the inability of the company to continue according to the model is inappropriate. For Mesopotamia, the value is (z) ranged from 0.01-0.21 to 0.03- 0.73 respectively, which are lower and lower than the standard limit of the model and for all years the research sample. Mesopotamia, Alamin the value is (z) ranged from 0.01-0.21 to 0.03- 0.73 respectively, which are lower and lower than the standard limit of the model and for all years the research sample.

3-2-3 Insurance companies:

Table 9 Extraction of X value according to the Springate model of financial transfer companies

AW Imposing going concern	Notes	Z	0.4 X4	0.66 X3	3.07 X2	1.03 X1	year	The Company's name	
suitable	1.08	suitable	1.74	0.08	0.57	0.28	0.79	2015	Alamin
		suitable	1.13	0.09	0.55	0.16	0.34	2016	
		suitable	0.14	0.06	-0.16	-0.05	0.29	2017	
		suitable	1.33	0.06	0.37	0.09	0.81	2018	
		suitable	1.04	0.06	0.14	0.04	0.80	2019	
suitable	0.88	suitable	0.87	0.07	-0.13	-0.12	1.05	2015	Al-Ahlia Insurance
		suitable	0.99	0.03	-0.03	-0.03	1.02	2016	
		unsuitable	0.86	0.03	-0.08	-0.09	1.00	2017	
		unsuitable	0.84	0.02	-0.07	-0.09	0.97	2018	
		unsuitable	0.83	0.02	-0.21	-0.30	1.32	2019	
suitable	1.80	suitable	1.52	0.06	0.38	0.11	0.96	2015	Gulf Insurance
		suitable	1.78	0.08	0.59	0.13	0.98	2016	
		suitable	3.44	0.17	1.81	0.50	0.97	2017	
		suitable	1.32	0.08	0.22	0.21	0.81	2018	
		suitable	0.93	0.02	0.04	0.04	0.82	2019	

From the table above, it turns out that the average value (z) of companies is (Alamin Al-Ahlia Insurance, Gulf Insurance) (1.08, 0.88, 1.80) Respectively, which is above the standard limit of the *Springate* model 0.862 Indicating the appropriateness of imposing going concern for all said companies, that they are viable and that values have ranged, (0.14-1.74, 0.83-0.99, 0.93-3.44) respectively, and is suitable for all companies and for all years the research sample except the Al-Ahlia Insurance company for the years and (2017, 2018, 2019) where their values were below the normative limit if they were (0.86, 0.84, 0.83) respectively.

3-3 **The effect of the accounting conservatism on going concern:** The regression analysis model is one of the most commonly used statistical analysis tools and is concerned with estimating the relationship between one quantum variable, the

dependent variable and another quantum variable, and assuming the existence of a dependent variable and an independent variable, the model can be formulated as follows:

$$y_i = \beta_0 + \beta_1 x_{1i} + \varepsilon_i$$

where (y_i) is the dependent variable, (x_{1i}) is the independent variable, (ε_i) is the random error, and (β_0) is a fixed value that expresses the value of (y) when (x_1) is equal to zero and (β_0, β_1) expresses the regression coefficients of the independent variable.

3-3-1 Al-Mansur Pharmaceutical Company: The effect of the independent variable (accounting conservatism) on the dependent variable (company going concern) was measured by its impact (0.879) at a moral level (0.005) by passing the test (t) in the sense that the relationship between the independent variable - the accounting conservatism - and the dependent variable is continuous, which shows that the greater the accounting conservatism in the company, the greater the going concern by (0.750) and vice versa as shown in the table below:

Table 10. Model Effect (Coefficients ^{a, b}) for Al-Mansur Pharmaceutical Company

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 Conservatism/Al-Mansur	.879	.116	.997	7.603	.005

- a. Dependent Variable: going concern
- b. Linear Regression through the Origin

3-3-2 Baghdad Packaging Company: Table 11: Measurement of the impact of the independent variable shows the accounting conservatism on the dependent variable. The effect of the conservatism variable (1.079) is at a moral level (0.044) by passing the (t) test, in the sense that the relationship is genuine between the accounting conservatism variable and the going concern variable. Which shows that as the company becomes more conservative, the going concern increases by 1.079 and vice versa, as shown in the table below.

Table 11. Model Effect (Coefficients ^{a, b}) of Baghdad Packaging Company

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 Conservatism / Baghdad	1.079	14.172	.124	.076	.044

3-3-3 Chemical Industries: The impact of an independent variable can also be measured by accounting conservatisms on a company's going concern, with the effect of a conservatism variable (1.065) at a moral level (0.029) by passing the (t) test, i.e., the relationship between the conservatism variable and the going concern variable, which shows that the greater the conservatism in the company, the greater the going concern by 1.065 and vice versa, and as shown in the table below:

Table 12 Model Effect (Coefficients ^{a, b}) of Chemical Industries

Model	Unstandardized	Standardized	t	Sig.
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	Coefficients		Coefficients		
	B	Std. Error	Beta		
1 Conservatism /Chemical Industries	1.065	1.631	.905	.653	.029

a. Dependent Variable : going concern

b. Linear Regression through the Origin

From the analysis of the above findings of the three companies (Al Mansur-Baghdad - Chemical Industries) For the industrial sector, Mansur was found to have the highest effect on the accounting conservatism for going concern, followed by Baghdad, while for Chemical Industries, it is the lowest effect, which indicates that there is an effect on the accounting conservatism for going concern at a moral level below 0.05, i.e. acceptance of the first hypothesis.

3-3-4 Al-Zawraa Financial Investment Company: The impact of an independent variable can also be measured by the accounting conservatism on the going concern of the company. The effect of the accounting conservatism variable (0.743) was at a moral level (0.010) by passing the (t) test in the sense that the relationship between the accounting conservatism variable and the going concern variable is valid, which shows that the more accounting conservatism in the company increases in going concern by (0.743) and vice versa and as shown in the table below:

Table 13. Model Effect (Coefficients ^{a, b}) for Al-Zawraa Financial Investment Company

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 Conservatism / Al-Zawraa	.743	.672	1.821	1.105	.010

a. Dependent Variable : going concern

b. Linear Regression through the Origin

3-3-5 Mesopotamia Company: The impact of each independent variable on the going concern of the company can be measured with the effect of 0.040 at a moral level (0.017) by passing the (t) test In other words, the relationship between the accounting conservatism variable and the going concern variable shows that the greater the accounting conservatism in the company, the greater the going concern (0.040) and vice versa and as shown in the table below:

Table 14. Model Effect (Coefficients ^{a, b}) of Mesopotamia

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 Conservatism /Mesopotamia	.040	.048	.285	.831	.017

a. Dependent Variable: going concern

b. Linear Regression through the Origin

3-3-6 Al-Amin Company :The impact of each independent variable on the going concern of the company has been measured. The impact of the accounting conservatism variable (0.043) has reached a moral level (0.007) by passing the (t) test, i.e., the relationship between the accounting conservatism variable and the going concern variable, which shows that the greater the accounting conservatism in the company, the greater the going concern by (0.043) and vice versa and as shown in the table below:

Table 15. Model Effect (Coefficients ^{a, b}) of Alamin Company

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
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	B	Std. Error	Beta		
1 Conservatism / Al-Amin	.043	1.377	.043	.031	.007

- a. Dependent Variable: going concern
- b. Linear Regression through the Origin

From the analysis of the above findings of the three companies (Al-Zawraa-Mesopotamia-Al-Amin) For the financial investment sector, Al-Zawraa was found to have the highest effect on the accounting retention of going concern, followed by Al-Amin, while for Mesopotamia it is the lowest effect, which indicates an effect on the accounting retention of going concern at a moral level below 0.05, i.e. acceptance of the first hypothesis.

3-3-7 Al Amin Insurance Company: The effect of the independent variable (accounting conservatism) on the going concern of the company was 0.242 at a moral level (0.0000) by passing the (t) test, i.e., the relationship between the accounting conservatism variable and the going concern variable, which shows that the greater the accounting conservatism in the company, the greater the going concern by 0.242 and vice versa and as shown in the table below:

Table 16. Model Effect (Coefficients ^{a, b}) of Alamin Company

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 Conservatism /Al Amin	.242	.236	.464	1.026	.000

- a. Dependent Variable: going concern
- b. Linear Regression through the Origin

3-3-8 Al-Ahlia Insurance Company: The effect of the independent variable (accounting conservatism) on the going concern of the company was measured and its effect was 0.139 at a moral level (0.002) by passing the (t) test, i.e., the relationship between the accounting conservatism variable and the going concern variable, which shows that the greater the accounting conservatism in the company, the greater the going concern by 0.139 and vice versa, and as shown in the table below:

Table 17. Model Effect Factors (Coefficients ^{a, b}) of the Al-Ahlia Insurance Company

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 Conservatism /Al-Ahlia	.139	.065	.373	2.142	.002

- a. Dependent Variable: going concern
- b. Linear Regression through the Origin

3-3-9 Gulf Insurance Company: The impact of the independent variable (accounting conservatism) on a company's going concern can be measured by its impact (1.224) at a moral level (0.030) by passing the (t) test in the sense that the relationship between the accounting conservatism variable and the going concern variable is valid, which shows that the greater the accounting conservatism in the company, the greater the going concern by 1.224 and vice versa, and as shown in the table below:

Table 18. Model Effect (Coefficients ^{a, b}) of the Gulf Insurance Company

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 Conservatism / Gulf Insurance	1.224	1.344	1.373	.910	.030

a. Dependent Variable: going concern

b. Linear Regression through the Origin

From the analysis of the above results for the three companies (Al Amin Insurance , Al-Ahlia Insurance , Gulf Insurance) For the industrial sector, Al-Ahlia has been found to have the highest effect on the accounting conservatism for going concern, followed by the Al Amin's company, while for the Gulf Insurance Company it is the least effect, which indicates an effect on the accounting conservatism for going concern at a moral level below 0.05, i.e. acceptance of the first hypothesis.

Fourth section /conclusions and recommendations

4-1 conclusion

4-1-1 There is a discrepancy in the levels of accounting conservatism between (the rise, the decline, the acceptance) of the corporate and sectorial research sample, probably because there is no obligation on the part of the sectorial bodies of the companies or the supervisors of the companies involved to maintain a specific level of accounting conservatism.

4-1-2 Auditor's weak awareness of his responsibility towards company's failure and lack of opinion on the viability of the company. Most of them hesitate to include financial failure in order to avoid precipitating financial failure, leading to a decline in company shares, withdrawal of owners' funds, and a suspension of business with the company.

4-1-3 The international auditing standard (570) and (706) were not taken into account by the company's research examiners. The opinion was positive for all the research companies, as well as the lack of reference to a paragraph drawing attention to the standard when conducting checks and opinions despite the fact that some companies were financially unsuccessful and unable to continue according to the research findings.

4-1-4 There is an intangible effect of accounting conservatisms on going concern to varying degrees depending on the nature of each sector.

4-2 Recommendations

4-2-1 The search-sample company auditors listed on the Iraq Stock Exchange must clearly express their opinion of the level of accounting conservatism, which has an impact on financial failure and the ability to sustain companies.

- 4-2-2** The necessity for the professional bodies specialized in the profession to set a local standard for the responsibility of the auditor to verify the imposition of going concern along the lines of the International Auditing Standard (570).
- 4-2-3** The researcher recommends further studies in the area of going concern to arrive at measurement models based on financial and non-financial information to predict the future status of the company and its ability to confront and respond to circumstances, events and risks in order to avoid the termination of a company's life, as well as to provide a tool for the examiner to assess the company's status in the conduct of oversight and scrutiny, since the standard of international scrutiny is international. (570) is limited to providing indicative indicators and lacks a comprehensive model to measure the imposition of going concern.

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