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Impact Achieving of Requirements Hedge Accounting on Accounting Information Systems Fundamental Qualities in Companies Iraq

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Abstract

The current study looked at how meeting standards for hedge accounting affected the core characteristics of accounting information systems, which in turn affected the performance of businesses listed on the Iraqi stock exchange. A number of requirements were measured using hedge accounting, such as the measurement of financial instruments at fair value or expired cost, the classification of financial instruments at affair value, the cancellation of the available-for-sale investment classification, the restrictions on reclassifying financial assets, the treatment of gains or losses from unclassified equity instruments for trading in comprehensive income and continuing from year to year, and the linking of the company's financial asset and liability classification to its business model rather than management decision. Relevance, dependability, and comparability of accounting information were utilised to gauge the core attributes of the accounting information system. According to the findings, the companies listed on the Iraqi stock exchange comply with the requirements of hedge accounting, indicating that they understand these requirements and how they can impact the accounting relevance, accounting reliability, and accounting comparability of the accounting data that accounting information systems submit.

Keywords: Hedge Accounting; Accounting Information Systems, Fundamental Qualities, Companies, and Iraq.

Introduction

The output of the accounting process is accounting information, which is widely acknowledged as being essential to a business's success. Management needs accounting information to make the best decisions possible, which helps to lessen uncertainty about the future state of affairs. These results feature attributes and traits that define and show their calibre. These characteristics are what give these results their use to consumers. Furthermore, "quality is essential for measurement purposes and in line with the requirements of those who need access to it such accountants, managers, business analysts, consultants, chief financial officers, auditors, tax agencies, and regulators which want to take appropriate decisions that will evaluate the performance of the company" **(Harash, 2015 & Harash, 2017).** However, accounting data influences management's effectiveness in accomplishing the desired results, which is crucial for reaching the company's overall objectives and the success of its career strategies. Accountants' decision-making process also heavily relies on accounting data. **(Tout et al., 2014).** Also, studies by **Grazia-Oana, (2012), Harash, (2015), Harash, (2017) and Hosen et al., (2014)** indicated that superior quality accounting data plays a critical role in decision-making and the discovery of quantifiable results as it provides information for more efficient planning, regulating, and monitoring of the normal operations of the organisation, it is thought to have a good effect on decision-making. Policymakers will thus be better able to pinpoint areas that need to be improved to allow for the wider use of accounting data in commercial enterprises. As a result, it becomes an important company resource that sets it apart from competitors. The problem of this study crystallised in users of accounting information facing a discrepancy in the accounting information's quality and quantity that is characterised by accurate, timely, consistent, and not presented in real time for management because some companies at the Iraq Stock Exchange do not comply with the requirements of hedge accounting. As a result, the main focus of this study was how hedge accounting regulations affected the AIS' essential components in the organisations that were listed on the Iraqi stock market. As a result, research indicates how important hedge accounting is as a source of reliable, fast, and consistent accounting information for management, which may have an impact on users of the Iraqi stock exchange. Thus, this study looks at how requirements hedging accounting affects the core components of AIS in the organisations that are listed on the Iraq Stock Exchange. Financial instruments measured at fair value or expired cost; financial instruments categorised at affair value; calculating the embedded derivative with a financial instrument and a financial instrument at fair value; reversing the classification of investments that are available for sale; placing restrictions on the reclassification of financial assets; treating the gains or losses of unclassified equity instruments for trading as comprehensive income and continuing annually; and linking the financial asset and liability classification to the company's business model instead of management decision-making were all requirements that were measured in this study using hedge accounting. Additionally, relevance, dependability, and comparability for accounting information were utilised to gauge the core aspects of the accounting information systems. Therefore, the study's goal is to determine the fundamental needs for hedge accounting that are met by the firms that are listed on the Iraqi stock exchange and how those needs affect the fundamental characteristics of the accounting information systems based on the accounting data that the study population provides. To accomplish the study's goal, a questionnaire was created based on related literature and distributed to the sample of the study population which included chief financial officers, accountants, finance managers, business analysts, consultants, auditors, and audit managers who were involved in relevant business practices for companies listed on the stock exchange in Iraq. A total of 400 questionnaires were administered to the relevant samples. Out of them, 300 were sent back, resulting in a 75% legitimate response rate and were utilised as the analysis's final sample. A generic sample for this study was acquired from Iraqi firms that were registered on the Iraq Stock Exchange in 2020. To fit the study's objectives, every item used to assess the primary variables was revised from pre-existing instruments. Additionally, a five-point Likert scale was employed to rate each item's degree of agreement or disagreement. On the guidance of specialists, minor adjustments were made to the instrument. The research variables were measured using these items. Precisely, SEM was employed in this study's data analysis since it fulfils a comparable statistical purpose to multiple regressions. It may forecast needs that alter the core characteristics of accounting information systems using hedge accounting.

2. Requirements for hedge accounting

Accounting for hedging is a technique that aims to lessen the volatility caused by frequent changes to a financial instrument's value by combining the instrument and the hedge as one entry as it involves derivatives so that large swings are lessened to a particular security are not necessarily to make profit rather than to lessen the impact of associated losses." This technique applies to anything that is being hedged, including cash flows and interest rates. **(Glaum & Klöcker, 2011**). Corporations must meet the requirements outlined in IFRS (9) to be eligible for hedge accounting, in addition to adhering to several other standards. “However, this standard is not mandatory. The need for hedge accounting arises partly because of the mixed measurement models that underlie IFRS (9) and other criteria set on financial instruments” **(Cairns, 2013, Glaum & Klöcker, 2011)**. Hide accounting was created to assist companies in avoiding the higher profit volatility linked to fair value accounting, to enable the market to assign prices more in line with the intrinsic values of their stocks, to lessen share mispricing, and to boost the predictability of cash flows and earnings **(Pirchegger, 2006).** Accounting for hedges entails balancing variations in a financial instrument's fair value with variations in the linked hedge's fair value and "discuss marking-to-market implementation issues of determining financial instruments’ fair values and to help identify important issues for company regulators" **(Landsman, 2006).** As a result, to lower the risk of losses, the reported fair value of financial instruments is typically modified somewhat over time. This is particularly the case for accounting procedures of derivatives held for hedging purposes, which shield a company's core earnings from cyclical fluctuations in the fair value of its before-liquidated gains or losses **(Frestad & Beisland, 2015)**. With the release of IFRS9 and IFRS13, the International Financial Reporting Standards Foundation (IFRS) introduced several noteworthy innovations in the accounting treatments of financial instruments. These innovations include the recognition on the balance sheet of financial derivatives used as hedges, the measurement of financial derivatives using fair value, and the subsequent recognition of changes in fair value, based on hedge effectiveness. These modifications are intended to raise the standard of financial reporting while also increasing transparency and cross-border comparability. Naturally, all of these developments call for unique expert judgements in addition to an appropriate information system to sustain risk management finance strategies. The basic principle of all financial instruments, including derivatives, is that they are first acknowledged at cost, or the fair value of the consideration given or received. Derivatives are therefore always valued fairly, and profits and losses are shown in the income statement. The amount that might be used to fulfil a financial obligation or exchange a financial asset between willing and informed parties in an arm's length transaction is known as the fair value. According to this fundamental idea, financial assets kept for trading should be classified as derivatives (not held for hedging purposes) (Bunea –Bontaş, 2009).

3. Accounting information systems' fundamental qualities

Previous studies indicate that a broad spectrum of users are typically interested in evaluating the accounting of hedges and determining the quality of accounting information. There is a great deal of disagreement over how effectively different types of accounting information represent these objectives (Mamić Sačer & Olujić, 2013). In addition to helping current and latent investors, market participants, and listed companies make wiser investment decisions, the quality of accounting information can assist these investors in identifying inefficient investments and act as an enforcement mechanism to force management to make capital investments more efficiently. The importance of high-quality accounting information in making wise investment decisions has been the subject of several research (Zhai & Wang, 2016). When accounting information modifies a user's decision, it becomes relevant (Francis et al., 2006). A study conducted in 2001 by Barth, Beaver, and Landsman, highlighted the need to use only trustworthy and pertinent information when making decisions and influencing market prices. The predictability of future cash flows is what defines the significance of accounting information from an informational and accounting perspective (Lopes & Martins, 2012). Accounting information relevance is strongly tied to the earnings quality concept since it measures the impact of accounting statements on helping users estimate the firms' future cash flows by looking at market reactions (Scott, 2011). According to Lopes and Martins (2012), the predictability of future outcomes is a key component of accounting information relevance. Panaretou et al. (2013) demonstrated this aspect of accounting information relevance in hedge accounting. The authors contend that accounting affects the predictability of business outcomes, making them more predictable in businesses that implemented accounting, by measuring the inaccuracy of analyst's dispersion projections for companies' earnings. Furthermore, market analysts may do more accurate analyses and projections with the use of accounting data, claim the authors.

4. Requirements hedge accounting and accounting information systems fundamental qualities

The realisation that derivatives hedges must be adjusted to fair value via income has been drastically altered by the adoption of IFRS9 and IFRS13, which may cause a firm to look riskier than it is (Frestad & Beisland, 2015). According to respective fields, Ercan & Önder (2016) determine the contrasts and similarities between accounting and finance professionals about the significance of accounting information for investors' decision-making. Important information sources that are utilised by all investors in their evaluations of common stock, profit projections, and the company's future economic outlook were highlighted by Baker & Haslem (1973). According to Murphy and Soutar's (2004) research, investors give a stock's recent price movements, personality, and their perceptions of the management of the firm greater weight than dividends, price-earnings ratios, and yield. A study by Luminita (2014) discovered that when using accounting information, users carefully consider both financial and non-financial details, decide which course to take based on their interests and information needs, and make decisions based on the accounting information they have received. When using hedge accounting, expectations and market circumstances are crucial, and the current unprecedented period of market upheaval might have a big influence on hedging programmes.

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After years of low volatility and strong economic expansion, many organisations suddenly faced some substantial changes to their risk profiles and hazards for which they were unprepared **(Kawaller & Koch, 2000).** Many of the hedging contracts in place were formed when market volatility was low and it was easy to predict future transactions and exposures. It is crucial to emphasise that accounting for the length of a hedging relationship is influenced by the manner the connection is first documented. The majority of businesses will probably be influenced by market fluctuations, either directly or indirectly, and there may be major financial reporting ramifications due to the elevated risk and uncertainty in the economy **(Beneda, 2013).** More specifically, the instabilities may affect the risk exposures and risk management strategies of an organisation. Drakopoulou (2014) states that a company using hedge accounting as a component of its IFRS9 management plan needs to carefully consider the impact that market instability might have on the existing hedging arrangements. as well as whether the IFRS hedge accounting standards are still satisfied. Companies may reconsider their current risk-management goals as a result of continuous modifications in the business environment, which will affect their current and future hedging tactics **(Grossman, 1987)**. "The hedge accounting implications will differ based on the unique circumstances of each entity." But these are anticipated to be the primary effects:

• Modifications to the hedged transactions (quantity or timing).

• The efficacy and inefficacy of hedges if the counterparty's or the entity's creditworthiness declines in uncollateralized derivatives.

• The recoverability of delayed debit amounts is uncertain.

• Appropriate and transparent disclosures; and Market shifts affecting specific hedging arrangements. (KPMG, 2020) "Hedge accounting under the new Market Conditions"

5. Study model investigated

The current study looks at how meeting standards for hedge accounting affects the core characteristics of accounting information systems, which in turn affects how well-performing businesses do on the Iraqi stock exchange. The research model, which serves as a thorough framework of requirements for hedge accounting for the methodical identification, measurement, monitoring, and control of all risks faced by businesses operating in the Iraq stock market, was developed because of the study problem and its constituent parts. The proposed theory also provides a new theoretical integration of relationships, as shown in Figure (1) below, which will enhance the body of existing literature and help academics, managers, practitioners, and executives manage the needs for accounting information systems and hedge accounting to increase financial returns and earnings for companies listed on the Iraq Stock Exchange.

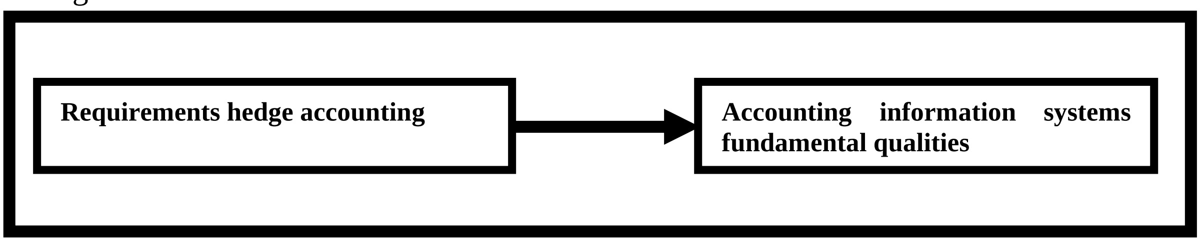

Figure No. (1) The study model

The research hypothesis was developed following this justification and based on the theoretical framework depicted in Figure. The influence of requirements for accounting variables on the core characteristics of AIS will be tested by this hypothesis. The development of the theories is covered in the next sections. To examine the theories, Structural Equation Modelling was utilised. As a result, the main hypothesis and supporting theories listed below are proposed:

H: The essential components of AIS are directly impacted by the requirements of hedging accounting.

H.1: The implementation of financial instrument requirements evaluated at fair value or expired cost has a direct influence on the essential features of AIS in businesses.

H.2: The implementation of the requirement for the classification of financial instruments measured affair value has a direct influence on the essential attributes of AIS in businesses.

H.3: The essential characteristics of accounting information systems are directly impacted by the implementation of the obligation to measure the embedded derivative with a financial instrument and a financial instrument at fair value.

H.4: The necessity to reverse the categorization of investments that are offered for purchase in businesses that use accounting information systems has a direct impact on how those businesses operate.

H.5: The essential characteristics of accounting information systems are directly impacted by the obligation to consider the profits or losses of unclassified equity instruments for trading in complete income and to carry over from year to year.

H.6: The proposed theory, as shown in Figure (1) below, also provides a new theoretical integration of relationships that will enhance the body of existing literature and help academics, managers, practitioners, and executives manage the needs for accounting information systems and hedge accounting to increase financial returns and earnings for companies listed on the Iraq Stock Exchange.

H.7: In businesses AIS, there is a direct impact on the implementation of the requirement that the initial measurement be at fair value, even if the execution price differs from the fair value.

H.8: When the price of execution changes from fair value, there is a direct influence on the essential attributes of AIS in businesses.

H.9: The relevance of accounting information supplied by accounting information systems is directly impacted by hedge accounting regulations.

H.10: Reliability of accounting information supplied by accounting information systems is directly impacted by hedge accounting rules.

H.11: The rules of hedge accounting have a direct influence on the comparability of accounting data presented byAIS.

6. Study results

This study looked at how risk regulations and hedge accounting affected the core components of accounting information systems for businesses that were listed on the Iraqi stock market. By selecting participants at random from among workers, accountants, finance managers, business analysts, consultants, chief financial officers, auditors, and audit managers who work for or with firms listed on the Iraqi stock market, this study distributed 300 questionnaires to assess the dependability. The test's measures' reliability test results are displayed in Table (1). Every

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alpha value exceeded the cut-off point, meaning that every item met the minimal standard for dependability. Based on the valid answers, the mean value was determined. For data analysis, 300 valid questionnaires (75%) were utilised. To establish the validity of the scales and the structural links between independent and endogenous (dependent) variables, the findings are analysed using SPSS (16.00) and a structural equation model (SEM, AMOS 7.0) for the confirmatory path analysis. Structural equation modelling (SEM) is employed in this study to create a model that examines the links between the latent (hidden) and observable variables. The model is then applied to test hypotheses and validate associations. Coefficient alpha and correlation are used in the scale validation process to evaluate the measures' psychometric qualities. For the study, all items utilised to assess the primary study variables were modified from pre-existing instruments. Additionally, a five-point Likerts scale measuring agreement and disagreement was used for all items. Tables (2) and (3) provide the items that were utilised to assess the research variables.

Table (1) shows the reliability test results (n=150)

Variables	No. of items	Cronbach's alpha
Requirements hedge accounting	**8**	**.83**
Accounting information systems' fundamental qualities	**3**	**.86**

Table (2). Measurement Items of requirements hedge accounting

Independent Variable	Measurement items
Requirements hedge accounting	1. The implementation of financial instrument requirements for functioning enterprises, calculated at fair value or expired cost.
	2. The implementation of the financial instrument categorization requirement assessed affair value in businesses that were in operation.
	3. Applying the obligation to measure the embedded derivative at fair value using a financial instrument and another financial instrument.
	4. The implementation of the mandate to revoke the categorization of investments that are offered for purchase in businesses that are in operation.
	5. The requirement that profits and losses from trading unclassified stock instruments be treated as comprehensive income, with the requirement being applied annually.
	6. The necessity to apply a linkage between the business model of the firm and the categorization of financial assets and financial liabilities, rather than the management choice.
	7. Even in cases when the execution price differs from the fair value in operational firms, the first measurement requirement is applied at fair value.
	8. even when operational firms' execution price differs from their true value.

Table (3). Measurement Items of accounting information systems fundamental qualities

Dependent variable	Measurement items
Accounting information systems' fundamental qualities	**1. Relevance of accounting information that is submitted by accounting information systems.**
	2. Reliability of accounting information that is submitted by accounting information systems.
	3. Comparability of accounting information that is submitted by accounting information systems.

7. Descriptive Statistics for All Variables

Table 4 presents the means, standard deviations, and standard errors of the variables under investigation. The central tendency is measured by the mean value. All other variables were above their midway level (M = 3), except for the implementation of the requirement of categorization of financial instruments measured affair value in running enterprises. The implementation of the need to relate the categorization of company's financial assets and liabilities to the business model rather than the management decision had the highest mean value (M = 4.15), subsequently, the essential characteristics of accounting information systems (M = 3.91). The lowest mean rating pertaining to the application of the first measurement's condition is at fair value in businesses with mean values of 3.57, regardless of whether the execution price varies from the fair value. The standard deviation serves as a dispersion statistic to show how far each variable's values deviate from the variable mean. The application of the requirement of financial instrument classification measured affair value in operating companies and the application of the requirement of financial instrument application measured at expired cost or fair value in operating companies deviated from their means the most among the studied variables (SD = 0.075). This occurrence suggests that the respondents' opinions on these factors differed the most. On the other hand, the lowest deviation for the mean was obtained by using the criterion to determine the embedded derivative with a financial instrument and a financial instrument at fair value with a standard deviation of 0.66. Lastly, the standard error was used as the additional dispersion indicator to show how much the mean of each variable differed from the mean of the relative population. The mean of the implementation of the necessity to link the classification of financial assets and financial liabilities to the company's business model, as opposed to the management decision, was the variable under research with the least departure from the population mean (SEM = 0.03).

Table (4) Descriptive Statistics for All Variables (Endogenous, Exogenous) (n=300 responses)

Name Variables	Mean	Std. deviation (SD)	Std. error of mean (SEM)
Requirements hedge accounting.	**3.77**	**0.71**	**0.04**
The application of the requirement of financial instruments measured at expired cost or fair value in companies operating.	**3.75**	**0.75**	**0.04**
Even if the execution price is different from the fair value in companies operating.	**3.73**	**0.67**	**0.04**
The application of the requirement of classification of financial instruments measured affair value in companies operating.	**3.87**	**0.75**	**0.04**

The application of the requirement of the initial measurement is at fair value, even if the execution price is different from the fair value in companies operating.	**3.57**	**0.70**	**0.04**
The application of the requirement of measuring the embedded derivative with a financial instrument and a financial instrument at fair value.	**3.66**	**0.74**	**0.04**
The application of the requirement of linking the classification of financial assets and financial liabilities to the company's business model instead of the management decision.	**4.15**	**0.66**	**0.03**
The application of the requirement of cancelling the classification of available-for-sale investments in companies operating.	**3.74**	**0.73**	**0.04**
The application of the requirement of treating the gains or losses of unclassified equity instruments for trading in comprehensive income and continuing from year to year.	**3.73**	**0.68**	**0.04**
Accounting information systems fundamental qualities.	**3.91**	**0.70**	**0.04**
Relevance of accounting information that is submitted by accounting information systems.	**3.92**	**0.70**	**0.04**
Reliability of accounting information that is submitted by accounting information systems.	**3.91**	**0.70**	**0.04**
Comparability of accounting information that is submitted by accounting information systems.	**3.90**	**0.70**	**0.04**

8. Testing direct hypothesis

The influence of requirements hedging accounting on the accuracy, consistency, and relevance of accounting data created by AIS in businesses that trade on the stock exchange in Iraq was investigated in this study.

The direct relationship between independent factors (requirements hedge accounting) and dependent variables (basic characteristics of accounting information systems) is explained by hypotheses (1) through (5). Based on the findings, this study concluded that while hypotheses (3) and (4) were not supported, hypotheses (1), (3), and (5) were supported. The specifics are as follows:

Hypothesis.1: The implementation of financial instrument requirements determined at fair value or expired cost showing direct impact on the fundamental features of AIS in businesses. The hypothesis is strongly supported (β =.226; p =.000 < 0.001) by the presence of impact on the fundamental qualities (RMP) of AIS in companies operating (URM) regarding the application of financial instrument requirements measured at expired cost or fair value.

Hypothesis 2: There is a direct impact on the application of the requirement of classification of financial instruments measured by their value in companies operating on accounting information systems fundamental qualities. The outcome revealed no significant impact of the application of the requirement of classification of financial instruments measured as affair value in companies operating on accounting information systems fundamental qualities (β =.005,.932>0.001), suggesting that the effect condition was not satisfied. Thus, hypothesis 2 was rejected.

Hypothesis 3: The essential characteristics of AIS are directly impacted by the implementation of the need to measure the embedded derivative with a financial instrument and a financial instrument at fair value. This hypothesis is strongly supported by the statement that there is a direct impact (β =.357; p =.000 < 0.001) on the fundamental qualities of accounting information systems from the application of the requirement to measure the embedded derivative with a financial instrument and a financial instrument at fair value.

Hypothesis 4: there is a direct impact on the application of the requirement of cancelling the classification of available-for-sale investments in companies operating on accounting information system's fundamental qualities. However, this study found that there is no significant direct impact for the application of the requirement of cancelling the classification of available-for-sale investments in companies operating on accounting information systems fundamental qualities since the result shows the beta value is very small and the p-value bigger than .001 (β = -.034; p =.550 > 0.001). Hence, this hypothesis 4 was rejected.

Hypothesis.5: The obligation to treat profits or losses from trading unclassified stock instruments in comprehensive income and to carry it over from year to year influences directly on the essential components of AIS. According to the statement, this hypothesis has a significant direct impact on the fundamental characteristics of AIS every year. This impact is caused by the requirement to treat the gains or losses of unclassified equity instruments for trading in comprehensive income. This hypothesis is strongly supported (β = .225 p =.000< 0.001).

Hypothesis 6: Instead of the management choice about the essential features of accounting information systems, there is a direct influence on the application of the requirement tying the arrangement of financial assets and financial liabilities to the firm's business model. The findings of this investigation indicate that hypothesis 6 is validated (β =.577; p =.000< 0.001).

Hypothesis 7: Hypothesis (11) explains the direct impact of the independent variables (requirements hedge accounting) and AIS' fundamental qualities in companies that operate in the Iraq stock exchange. The results lead to the support of hypotheses (7), (9) and (11), meanwhile, hypotheses (8) and (10) are unsupported.

Hypothesis 8: Even if the execution price differs from the fair value in businesses using AIS, there is a direct impact on the implementation of the requirement that the first measurement is at fair value. The hypothesis was given the following information: in organisations operating on the essential qualities of AIS, there is a direct influence for the application of the requirement of the initial measurement at fair value, even if the execution price differs from the fair value. Hence, this hypothesis is strongly supported (β = .173; p =.003.1< 0.01).

Hypothesis 9: even when the execution price differs from fair value in businesses using accounting information systems, there is still a direct influence on the implementation of the requirements. However, as the results reveal that the p-value is more than 001 and the beta value is extremely tiny, this study concluded that there is no substantial direct impact even if the execution price differs from the fair value in firms operating on fundamental features of accounting information systems. The hypothesis was shown to be false (β =.073; p =.173 > 0.001).

Hypothesis.9: The implementation of hedge accounting regulations has a direct influence on the applicability of accounting information provided by AIS. The hypothesis was presented with the assertion that hedge accounting regulations directly impact the relevance of accounting information given by AIS. This hypothesis is strongly supported (β = .271; p = .000< 0.05).

Hypothesis.10: The dependability of accounting information offered by AIS is directly impacted by the adoption of requirements for hedging accounting. Since the beta value was very small and the p-value was bigger than (.001), this hypothesis was not supported. This hypothesis was rejected (β = .002; p = .939 > 0.001).

Hypothesis.11: The execution of hedge accounting regulations has a direct influence on the comparability of accounting data created by AIS. According to the theory, the rules of hedge accounting have a direct influence on the comparability of accounting data presented by AIS. This hypothesis is strongly supported (β = .244 p = .000 < 0.001).

Table 5 summarises the findings of the requirements hedge accounting hypothesis testing using conventional regression weights of route models.

Table 5: Results of the Direct Hypotheses

	Test of direct impact between variables			beta	p-value	Results
H1	Application of requirement of financial instruments measured at expired cost or fair value in companies operating.	→	Accounting information systems fundamental qualities.	.226	***	Supported
H2	Application of requirement of classification of financial instruments measured affair value in companies operating.	→	Accounting information systems fundamental qualities.	.005	.932	Not Supported
H3	Application of requirement of classification of financial instruments measured affair value in companies operating.	→	Accounting information systems fundamental qualities.	.357	***	Supported
H4	Application of requirement of treating the gains or losses of unclassified equity instruments for trading in comprehensive income and continuing from year to year.	→	Accounting information systems fundamental qualities.	-.034	.550	Not Supported

H5	Application of requirement of treating the gains or losses of unclassified equity instruments for trading in comprehensive income and continuing from year to year.	→	Accounting information systems fundamental qualities.	.225	***	Supported
	Test of direct impact between variables			**beta**	**p-value**	**Results**
H6	Application of the requirement of linking the classification of financial assets and financial liabilities to the company's business model instead of the management decision.	→	Accounting information systems fundamental qualities.	.577	***	Supported
H7	Application of requirement of the initial measurement is at fair value, even if the execution price is different from the fair value in companies operating.	→	Accounting information systems fundamental qualities.	.173	.003.1	Supported
H8	application of the rule even in situations where the execution price differs from fair value in businesses that operate	→	Accounting information systems fundamental qualities.	.073	.173	Not Supported
H9	application of requirements hedge accounting	→	relevance of accounting data provided by accounting information systems.	.271	***	Supported
H10	application of requirements hedge accounting	→	reliability of accounting information provided by accounting information systems.	.002	.984	Not Supported
H11	application of requirements hedge accounting	→	Comparability of accounting information submitted by accounting information systems.	.244	***	Supported

***** P-value at .000; p-value above .01 not significant**

9. Discussion and Conclusion

The current study looked at how meeting standards for hedge accounting affected the core characteristics of AIS, which in turn affected the performance of businesses listed on the Iraqi stock exchange. Three hundred data points were examined and coded. Reliability, descriptive statistics, and measurement analysis for all variables are the next phases in the process. Additionally, a direct effect analysis outcome by evaluating direct hypotheses. Based on the assessment criteria, it was determined that the measurement model and the data fit each other well. This was indicated by all model fit indices. The measures' convergence, validity, and reliability received broad acceptance. Cronbach's coefficient alpha values (0.70 and above) and composite reliability values (0.70 and above). As a result, it seemed that every measure was one-dimensional, valid for hypothesis testing, internally consistent, and dependable. Twelve of the sixteen theories were accepted, while the others were disproved. Lastly, the study's findings have demonstrated and validated that hedge accounting regulations directly affect the core components of AIS in businesses that trade on the Iraqi stock market. By directly affecting the accounting relevance, accounting dependability, and comparability of accounting information supplied by AIS in businesses, criteria for hedge accounting are met.

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