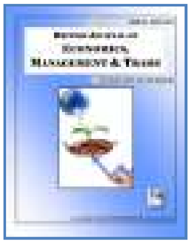

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An Empirical Assessment of Jordanian Holding Companies in Attainment of International Accounting Standards (IAS)

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Authors' contributions

This work was carried out in collaboration between all authors. Author M. Nawaiseh designed and developed the general framework for the study and wrote the first draft of the manuscript. Author ASAlS performed the statistical analysis, managed the analyses of the study. Author SYS wrote the literature searches and author JMB wrote the protocol, read, and approved the final manuscript.

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ABSRACT

Aims: This paper investigates the need for the assessment of Jordanian holding companies in attainment of International Accounting Standards (IAS): (27), (28) and (IFRS) no. (3).
Study Design: Research paper.
Place and Duration of Study: Jordan. Questionnaire in 2013.
Methodology: 40 questionnaires were circulated by hand to the financial departments in these companies.
Results: The study concluded a set of results: holding companies realize degree of compliance with the requirements of (IAS) for a business combination with a percentage of (76.46%), the percentage of the degree of compliance to the disclosure requirements is (72.13%).

Keywords: IAS; IFRS; holding companies; Jordan.

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1. INTRODUCTION

The Jordanian companies publish their audited financial statements in accordance with International Accounting standards (IAS). Nowadays, these companies make every possible effort to build more trust in their published annual reports that become the main source of information for users in securities market and others. To attract more investors, there is the need to apply IAS in business combinations more accurately. Accounting for business combinations has long been one of the most controversial financial reporting issues, which generates numerous opinions and interpretations by capital market regulators and accounting standards setters Aboody et al. [1]. For accounting purposes, a business combination can be evaluated either by an acquisition (purchase) accounting or a merger (pooling of interests) accounting, and under certain circumstances, the managers of the companies are allowed to choose between the two methods. In most jurisdictions purchase accounting is the normal method of accounting for business combinations. Generally, in a purchase accounting transaction, the purchase price is allocated to each of the purchased assets (and liabilities) according to their fair value .Elliott & Elliott [2]. The current accounting standard – IFRS 3 Business combination gives a definition of fair value as 'the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's-length transaction, Wallman et al. [3].

The holding company must follow a suitable technique to account for its investment in subsidiaries, as it is the duty of the accountants in the holding company to evaluate investments in subsidiaries accounted for and on that basis. The question the study seeks to answer is: "Do Jordanian Holding Companies realize the degree of compliance with requirements of International Accounting Standards (IAS) for a business combination and disclosure?" Furthermore, this research tries empirically to show the degree of compliance and disclosure of IAS on the light of some special characteristics that might relate to the respondents.

The rest of the study is organized as follows; section 2 reviews the related literature on the topic. Then, section 3 defines the data and explains the study methodology including the study sample and period, the variables under examination and discusses the empirical results .The final part of the study, reports the conclusions and recommendations.

1.1 IAS No. 27

This Standard shall be applied in the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent and does not deal with methods of accounting for business combinations and their effects on consolidation, including goodwill arising on a business combination (IFRS 3 Business Combinations). This Standard shall also be applied in accounting for investments in subsidiaries, jointly controlled entities and associates when an entity elects, or is required by local regulations, to present separate financial statements. A parent must consolidate its investments in subsidiaries. A group must use uniform accounting policies for reporting like transactions and other events in similar circumstances. The consequences of transactions and balances, between entities within the group must be eliminated. Non-controlling interests must be presented in the consolidated statement of financial position, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. An entity must disclose information about the nature of the relationship between the parent entity and its subsidiaries [4].

1.2 IAS No. 28

The Standard clarifies that investments in associates over which the investor has significant influence must be accounted for using the equity method whether or not the investor also has investments in subsidiaries and prepares consolidated financial statements. However, the investor does not apply the equity method when presenting separate financial statements prepared in accordance with IAS 27. Profits and losses resulting from 'upstream' and 'downstream' transactions between an investor and an associate must be eliminated to the extent of the investor's interest in the associate. [5]

1.3 IFRS No. 3

An acquirer of a business recognizes the assets acquired and liabilities assumed at their acquisition-date fair values and discloses information that enables users to evaluate the nature and financial effects of the acquisition. A business combination must be accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. One of the parties to a business combination can always be identified as the acquirer, being the entity that obtains control of the other business (the acquiree). Formations of a joint venture or the acquisition of an asset or a group of assets that does not constitute a business is not business combinations. Each identifiable asset and liability is measured at its acquisition-date fair value. Any non-controlling interest in an acquiree is measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The IFRS requires the acquirer to disclose information that enables users of its financial statements to evaluate the nature and financial effect of business combinations that occurred during the current reporting period or after the reporting date but, before the financial statements are authorized for issue. After a business combination, the acquirer must disclose any adjustments recognized in the current reporting period that relate to business combinations that occurred in the current or previous reporting periods. [6]

2. LITERATURE REVIEW

This section provides a general review on concepts for holding companies and other related literature. A Holding Company's definition stated by article no. 204 of the Jordanian Companies Law, as a Public Shareholding Company which has financial and administrative control over one or more Companies called subsidiary companies in one of the following methods :To acquire more than one half of the Company share capital and/or to have control over the formation of its Board of Directors. A holding Company shall be prohibited from acquiring any stocks or shares in General Partnerships or Limited Partnerships.A subsidiary company shall be prohibited from acquiring any stocks or shares in the Holding Company. As per article (208) of the law, the Holding Company shall prepare at the end of each fiscal year a consolidated balance sheet, profit and loss statement and its cash flow for all its subsidiary companies. It shall then present it to the General Assembly together with the explanations and related statements in accordance with the internationally recognized accounting and auditing principles [7]. According to Instructions of Financial Services and Registration in Jordan as per article no. 56, the Company shall maintain accounting books and records and other records necessary for conducting its activities in an organized and proper manner in accordance with International Accounting Standards, prepare the statements adequately to reflect the reality of the Company's financial status and comply with any special requirements determined by the Commission in this respect. [8]Moreover, Instructions on Licensing of Activities of Financial Services Companies and Certified Financial Professionals No.1 for the year 1999 focused on International Accounting Standards. [9]. A business combination occurs when an entity acquires net assets that constitute a business or acquires equity interests of one or more other entities and obtains control over that entity or entities FASB [10]. Some researchers used factors influencing the extent of corporate compliance with International Accounting Standards (IAS); the major findings are that there is a significant extent of non-compliance with IAS, especially in the case of IAS disclosure requirements. Further, as regards factors associated with compliance with IAS disclosure requirements, there is a significant positive association with a U.S. listing/filing and/or non-regional listing, being in the commerce and transportation industry, referring exclusively to the use of IAS, being audited by a Big 5+2 firm and being domiciled in China or Switzerland. Additionally, there is a significant negative association with being domiciled in France, Germany, or other Western European country. As regards compliance with IAS measurement and presentation standards, there is a significant positive association with exclusive reference to the use of IAS, being audited by a Big 5+2 firms and being domiciled in China. Additionally, there is a significant negative association with being domiciled in France or Africa. Donna et al. [11]. Since 2005, all publicly traded European Union companies must prepare their consolidated statements in accordance with the International Financial Reporting Standards (IFRS). Their paper analyzed the consequences of IFRS adoption in a code-law country (Spain), whose context is very different from the Anglo-Saxon system, the study provides evidence on the way that environment can affect Spanish financial managers and chief accountants, when they have to prepare financial reports under high-quality standards such as IFRS, it used a questionnaire-based survey, which was completed by 63 Spanish listed firms. The results show that IFRS are perceived as a high-quality regulation appropriate for decision-making. However, IFRS are also seen as (1) significantly different from Spanish standards, (2) troublesome and (3) failing to meet a cost-benefit trade-off in some cases. IFRS are not considered by the survey respondents as more appropriate than Spanish standards. The results of the study indicate that statement preparers' overall views of IFRS could lead to less IFRS compliance and, therefore, lower quality financial reports than could be reached under strict IFRS application. García and Bastida [12]. Others investigate the relationship between analysts' earnings forecast errors and firm compliance with the disclosure requirements of International Financial Reporting Standards (IFRS). Using a comprehensive disclosure index of selected IFRS for which previous research has indicated significant noncompliance, they developed un-weighted and an innovative weighted measure of IFRS disclosure compliance. They document that forecast error is negatively related to IFRS compliance and that the magnitude of this effect is larger when controlling for analyst fixed effects. Their findings suggest that compliance with the disclosure requirements of IFRS reduces information asymmetry and enhances the ability of financial analysts to provide more accurate forecasts. Findings support the viewpoint that the extent of compliance with accounting standards is as important as the standards themselves. The results are robust to alternative model specifications. Hodgdon et al. [13]. A study in Philippines' publicly listed companies for the periods 2006 until 2010 focused on how compliance with International Financial Reporting Standards 3 - Accounting for Business Combination is related with and has a significant effect on the liquidity ratios of publicly listed. The research made use of two linear regressions to analyze the impact of IFRS index on the liquidity of the companies. Findings suggest that the disclosure index of merger and acquisition exhibited a significant positive relation with the current ratio. Rodiel [14]. Another paper has focused on a comparison of the scope of consolidation required by the 7th EEC Directive, IAS 27 and the newly published Belgian Royal Decree. Through such a comparison, they discuss some of the contemporary issues of consolidation such as effective control, true and fair view, incentives to consolidate voluntarily and the possibility of the success of the Directive implementations. The discussion gave a better insight as to how future legislation might develop. Lefebvre et al. [15]. Generally accepted accounting principles in the United States usually require that companies which own more than 50% of the voting stock of foreign corporations prepare consolidated financial statements. The foreign financial statements must be recast into US GAAP and the foreign currency financial statements must be translated into US dollars. Alternative methods of translating foreign currency have major impacts on consolidated financial statements and on the behavior of management. Further, foreign subsidiary financial statements that are recast into US GAAP are less useful than the originals and US users cannot analyze them without reference to the foreign environment. The interests of financial statement users are better served by alternative presentations of foreign currency denominated accounts rather than by consolidation. Holt [16]. Others provide evidence that analysts' stock-price judgments depend on (1) the method of accounting for a business combination and (2) the number of years that have elapsed since the business combination. Consistent with business-press reports of managers' concerns, analysts' stock-price judgments are lowest when a company applies the purchase method of accounting and ratably amortizes the acquisition premium. The number of years since the business combination affects analysts' price estimates only when the company applies the purchase method and ratably amortizes goodwill—analysts' price estimates are lower when the business-combination transaction is further in the past. However, this joint effect of accounting method and timing is mitigated by the Financial Accounting Standards Board's proposed income-statement format requiring companies to report separate line items for after-tax income before goodwill charges and net-of-tax goodwill charges. When a company uses the purchase method of accounting and writes off the acquisition premium as in-process research and development, analysts' stock price judgments are not statistically different from their judgments when a company applies pooling-of-interest accounting. Hopkins et al. [17]. Another research entitled : Controlling the standard-setting agenda: the role of IFRS 3, has approach to setting accounting standards, which incorporates a formal consultation process, leads to questions about the lobbying process with regard to the nature of the argument, the characteristics of lobbying groups and the responsiveness of the standard setters. IFRS 3, as the first standard initiated by the UK Accounting Standards Board (ASB), provides the context for considering these questions in relation to the nature of responses and respondents to the prior exposure draft, and the extent of comment integration, leading to a conclusion that the relative lack of change between the exposure draft and the standard is not explained by the pluralist concept of the standard-setter in bilateral interactions with the independent respondents. It may, however, be rationalized in terms of a community of business interests collectively permitting the ASB to demonstrate its effectiveness through the apparent legitimization afforded by an overt position of accommodating users as a special interest group and a market force. The formal consultation process served the purpose of a symbolic ritual to establish the acceptance and acceptability of a newly-established regulatory agency. Weetman [18]. Another study pointed out the objectives, to define the concept of the holding company, the conditions to be provided to the holding company, to determine the usefulness of holding companies at the tax, to achieve the objectives of the study, three sections were included: first refers to the historical introduction of the holding company since its appearance at the end of the nineteenth century and its appearance later in France, Lebanon and Syria, one of its conclusions is determining the conditions of the establishment of the holding company objectivity and formality. Ghazal [19]. International Financial Reporting Standards (IFRS) were developed in advanced economies but are increasingly being applied in emerging economies, potentially ignoring considerations of whether IFRS are appropriate or relevant to such economies. This study examines the relevance and implementation of IFRS to the emerging economy of Kazakhstan from independence in 1991 to 2006. It concludes that although a strong case for IFRS relevance cannot be made, even by 2006, Kazakhstan had little choice but to proceed with IFRS and that IFRS relevance is likely to increase as Kazakh economic development continues, Implementation of IFRS is proving problematic but is taking place slowly. This, in turn, has implications for the theoretical status of the IFRS relevance argument and the pathways that nations might follow in implementing a national accounting system. If the only choice of accounting system is IFRS, then the IFRS relevance debate is effectively closed and the real issue is the pathway of change that nations might follow as they implement IFRS. Abu-Elzein [20]. While the Greek GAAP is stakeholder-oriented and commonly viewed as a historical cost accounting model, IFRS is shareholder-oriented and generally perceived as a fair-value accounting model. The study seeks to investigate the effects of adopting IFRSs on the financial statements of Greek listed companies, the study shows that IFRS implementation has influenced positively the profitability of most industrial sectors, IFRS adoption appears to negatively influence liquidity for a number of industrial sectors and stock market constituents. Iatridis, Konstantia Dalla [21].The adoption of IFRS in the European Union in 2005 aimed to increase the comparability of publicly traded companies' consolidated accounts. However, previous literature questions whether IFRS are applied consistently across countries with differing institutional environments, and therefore, whether *de facto* harmony has been achieved. Further examine this question by investigating IFRS accounting policy choices of listed companies in Germany and the UK between 2005 and 2009. It has been found that most firms, when choosing IFRS options, tend to retain accounting policies required by national rules. They also investigate national accounting traditions in the case of options under national GAAP and find that most companies continue these after adopting IFRS. Moreover, there appears to be little significant change in accounting choices over time from 2005 to 2009. Given the differences in accounting rules and practices that exist across countries, the results suggest that international differences in financial reporting are likely to continue under IFRS. Haller [22].

Based on the preceding literature, the existing evidence is inconclusive and hence there is need for more studies to provide research evidences across IAS and IFRS in business combination and disclosure requirements respectively, More importantly, the empirical evidence in this area from developing economies is still largely inadequate, However, the study fills this gap by providing empirical evidence from Jordan in this regard. The outcome of this study could benefit the following sectors: Jordanian Association of Certified Public Accountants (JACPA), Securities and Exchange Commission (SEC), the academe, the management of concerned holding companies, investors, and the auditing firms.

3. RESEARCH METHODOLOGY

3.1 Sample Size and Data Collection

The original population in which the sample of employees has been selected, consists of (12) holding companies in 2013, (40) questionnaires have been circulated by hand among the Chief Financial Officers(CFO),Financial Managers (FM), Chief Accountants (CA) and other accountants at these companies, the returned questionnaires were (38), questionnaires (36) were valid for the purposes of analysis, after the exclusion of (2) due to the lack of information contained .The questionnaire has two sections; specialization, experience and professional certification and the second is the empirical variables :Paragraphs (1-16) to measure the degree of compliance to the requirement of IAS in business combination and Paragraphs (17-22) to measure the degree of compliance to IAS disclosure.

3.2Data Analysis and Hypotheses Testing

The Degree of compliance (importance) which is mathematically expressed by :(Arithmetic Mean) ÷ (higher weight to the question) (100%). The one-sample *t*-test is used to know whether the sample comes from a particular population but we do not have full population information available to us. Analysis of variance (ANOVA) is used to analyze the differences between group means and their associated procedures, it provides a statistical test of whether or not the means of several groups are equal and therefore generalizes *t*-test to more than two groups. For this reason, ANOVAs are useful in testing three or more variables for statistical significance, level of significance chosen in this study 0.05. In this study, the likert scale is designed to examine how strongly subjects agree or disagree with statements with the following anchors: (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, (5) strongly agree. The consistency level can be determined through inter-item consistency reliability. The consistency test that is commonly used specifically for multipoint-scaled items is the Cronbach's Alpha coefficient Hair [23]. It is the most common measure of internal consistency (reliability) and most commonly used when we have multiple Likert questions in a questionnaire that form a scale and we wish to determine if the scale is reliable. If reliability Coefficient is ≥ (60%), it would be accepted according to sekaran [24]. For data collected from the survey, all items in section (B) and (C) were subjected to the reliability test. The findings of the reliability test for each section of the questionnaire and normality tests are presented in the Table 1.

Table 1. Cronbach's alpha and Shapiro wilk

Section of questionnaire	Measurement tool Questions	Cronbach alpha coefficient value	Shapiro wilk
B	1 - 16	85.06	.215
C	17 - 22	65.75	.000
B , C	1 - 22	85.13	.159

Three individual information were involved in the data collection, namely, Academic specialization, work experience and Professional Certificate. Table 2 presents the descriptive statistics of the final sample in this study.

Table 2 indicates (91.7%) of the respondents' specialization in accounting, this means that the terms of the questionnaire are filled by specialists in the subject of the study, whereas (94.44%) of the respondents have more than (5) year as practical experience, but the respondents who have a professional certificates are (5.56%), the reason for that, is due to the high salaries they demand compared with those who do not have a professional certificates. The present research is testing the degree of compliance with requirements of International Accounting Standards (IAS) for a business combination and disclosure in the Jordanian holding companies, thus, three hypotheses are listed below.

Table 2. Summary of descriptive variables

Variable	Category	Frequency	%
Academic Specialization	Accounting	33	91.7
	Management	3	8.3
	Finance	0	0
	Other	0	0
Working Experience	Less than 5 years	*2*	*5.56*
	5 – 10	*5*	*13.89*
	10-15	*18*	*50.00*
	15 years and over	*11*	*30.56*
Professional Certificate	Yes	*2*	*5.56*
	No	*34*	*94.44*
	Total	*36*	*100*

Ha1: Jordanian Holding Companies realize the degree of compliance with requirements of International Accounting Standards (IAS) for a business combination. We test this hypothesis depending on the paragraphs from (1) to (16), summarized as in Table 3.

Table 3. Realizing the compliance degree with requirements of international accounting standards (IAS) for a business combination

No.	Titles	Strongly disagree (1)	Dis agree (2)	Medium (3)	agree (4)	Strongly agree (5)
1	Investments are recorded in subsidiaries at the date of acquisition on the basis of cost consideration	5 13.9%	0 0	6 16.7%	20 55.6%	5 13.9%
2	Recognition of gains or losses arising from intercompany transactions	1 2.8%	0 0	0 0	35 97.2%	0 0
3	Direct costs due to investments are treated as part of the cost of investments.	4 11.1%	0 0	16 44.4%	10 27.8%	6 16.7%
4	Additional paid in capital is reduced by the additional costs when buying investments.	13 36.1%	0 0	0 0	0 0	23 63.9%
5	Cost of investments over the fair value of the net assets of the subsidiary is goodwill	1 2.8%	0 0	0 0	35 97.2%	0 0
6	Excess of asset fair value over its carrying value is treated as an evaluation difference.	3 8.3%	0 0	17 47.2%	10 27.8%	6 16.7%

Table 3 Continued……………

7	The Carrying amounts for assets and liabilities are adjusted as an evaluation differences on consolidated statement	12 33.3%	0 0	1 2.8%	0 0	23 63.9%
8	Decrease of cost of investments compared with fair value of the net assets is treated as the subsidiary merger extraordinary gain	0 0	0 0	1 2.8%	35 97.2%	0 0
9	The negative goodwill (bargain purchase) is treated as extraordinary revenue in the consolidated income statement.	3 8.3%	0 0	13 36.1%	14 38.9%	6 16.7%
10	The combination goodwill is subject to test impairment	8 22.2%	0 0	1 2.8%	5 13.9%	22 61.1%
11	There is no recognition of any income before date of investment	0 0	0 0	1 2.8%	35 97.2%	0 0
12	Investments account is affected by Holding 's share in the subsidiaries' income	3 8.3%	0 0	19 52.8%	7 19.4%	7 19.4%
13	Investments account is affected by Holding 's share in the investment of the dividend declared	12 33.3%	0 0	1 2.8%	0 0	23 63.9%
14	Dividend declared by subsidiary is considered as income from investments	0 0	0 0	1 2.8%	35 97.2%	0 0
15	Investment in subsidiary a/c is decreased by amortization of evaluation differences.	2 5.6%	0 0	10 27.8%	21 58.3%	3 8.3%
16	I cancel accounts that results from intercompany transactions between the Holding and subsidiary	2 5.6%	4 11.1%	1 2.8%	17 47.2%	12 33.3%

The respondents' answers have showed the highest percentages to paragraph (10), which refers to the combination goodwill impairment test, with a percentage (75.00%) ; (61.1%) and (13.9%) whether strongly agree or agree respectively , the lowest percentage among all paragraphs, is related to No. (3) as it appeared from Table no. 3, the crux of this paragraph , is to deal with the direct costs resulting from investments that are treated as part of the investment cost , this percentage is (44.5%), while the rest of the paragraphs' percentages have fluctuated around these percentages , the arithmetic mean for each of these paragraphs falls within the range (3.500 -4.139), the relative importance (compliance) falls within (70%-82.78%) ,in which all these are greater than (60%), or the arithmetic mean measure (3) that is adopted in this study .The combined mean for all paragraphs is (3.823) with a relative importance (76.46%) and the combined standard deviation (0.523), which means that the holding companies in Jordan are Complied with the requirements of International Accounting Standards (IAS) for a business combination with a percentage of (76.46%), as it illustrated in Table 4.

Table 4. Descriptive statistics and relative importance

Items	Mean	Std. Deviation	importance	Rank	Description
Q10	4.1389	1.2456	0.8278	1	High
Q11	3.9722	0.1667	0.7944	2	High
Q14	3.9722	0.1667	0.7944	2	High
Q8	3.9722	0.1667	0.7944	2	High
Q13	3.9444	1.4332	0.7889	3	High
Q7	3.9444	1.4332	0.7889	3	High
Q2	3.9444	0.3333	0.7889	3	High
Q5	3.9444	0.3333	0.7889	3	High
Q4	3.9167	1.4614	0.7833	4	High
Q16	3.8611	1.2684	0.7722	5	High
Q15	3.6944	0.7099	0.7389	6	High
Q1	3.6944	0.8886	0.7389	6	High
Q9	3.6389	0.8669	0.7278	7	High
Q6	3.5278	0.8779	0.7056	8	High
Q12	3.5000	0.9103	0.7000	9	High
Q3	3.5000	0.9103	0.7000	9	High
Total	**3.8230**	**0.5230**	**0.7646**		**High**

To ensure the validity of this result, One-Sample T-Test is used as shown in Table No. 5, the calculated (T) value = (9.440), is more than the tabulated (T) value = (3.031) , *P*. value = (0.000) is less than (5%), the decision rule is to accept the null hypothesis, if the calculated (T)value is less than the tabulated value, or the calculated significance level value is greater than (5%), it means that (Ha1) is accepted, when the calculated value of significance is less than significance level of (5%), based on the previous rule, (Ha1)should be accepted, it means that the holding companies in Jordan realize the degree of compliance with requirements of IAS for a business combination from the respondents' perspective.

Table 5. One sample T-Test of Hypothesis Ha1

T- Calculated	T- Tabulated	Sig.	Result of Ha1
9.440	3.031	0.000	Accepted

Ha2: Jordanian Holding Companies realize the degree of compliance with requirements of International Accounting Standards (IAS) for a disclosure. This hypothesis is being tested depending on the questions from (17) to (22), which can be summarized as in Table 6.

Table no.6 shows the analysis of participants' response about six questions were addressed in the questionnaire that are related to compliance degree with requirements of International Accounting Standards (IAS) for a disclosure, Answers for all the paragraphs (17) to (22) have a high rate of importance (realization) ranging between (66.67% - 74.44 %) as in Table 7, the mean falls between (3.607) to (3.722) for all questions, the highest percentage received within all questions is (74.44 %), returns to the question number (22), which relates to disclosure the method to be followed in accounting for investments in subsidiaries with

(80%), Followed by question number (18), which relates to the disclosure of the cause of non- consolidating financial statements for subsidiaries with (63.9%).This means that all these paragraphs have high importance. From the foregoing analysis, it can say that the holding companies in Jordan realize the degree of compliance with requirements of IAS for a disclosure from the respondents' perspective through Table no. 7.

Table 6. Realizing the compliance degree with requirements of international accounting standards (IAS) for a disclosure.

No.	Titles	Strongly disagree	Disagree	Medium	Agree	Strongly agree
		(1)	(2)	(3)	(4)	(5)
17	Consolidating the financial statements of the group even though differed activities exercised by each company	3 8.3%	0 0	7 19.4%	26 72.2%	0 0
18	Disclose the cause of non-consolidating subsidiaries' financial statements	2 5.6%	0 0	11 30.6%	19 52.8%	4 11.1%
19	Disclose the nature of the relationship whether direct or indirect with subsidiaries.	3 8.3%	0 0	6 16.7%	27 75%	0 0
20	Disclose the date of preparation of financial statements, as well as subsidiaries dates of the financial statements and the reasons for the differences, if any.	5 13.9%	0 0	5 13.9%	26 72.2%	0 0
21	Disclose the reasons for non-exchange of assets, loans and dividends with subsidiaries.	7 19.4%	0 0	10 27.8%	19 52.8%	0 0
22	Disclose the method used in accounting for investments in subsidiaries	4 11.1%	0 0	3 8.3%	28 77.8%	1 2.8%

Table 7. Descriptive statistics and relative importance

Items	Mean	Std. D	importance	Rank
Q22	3.7222	0.7015	74.44%	1
Q18	3.6944	0.7491	73.89%	2
Q19	3.6667	0.6325	73.33%	3
Q17	3.6389	0.6393	72.78%	4
Q20	3.5833	0.7319	71.67%	5
Q21	3.3333	0.7928	66.67%	6
Total	**3.6065**	**0.7078**	**72.13%**	

Table 8. Chi-Square test of hypothesis Ha2

Calculated Chi-Square	Tabulated Chi-Square	d.f	Asymp. Sig	Result of Ha2
30.000[a]	15.507	8	0.000	Accepted

9[a] cells (100.0%) have expected frequencies less than 5. The minimum expected cell frequency is 4.0.

Chi square Test has been used to test the second hypothesis (Ha2), it was found that the calculated chi square equals (30.00) , which is greater than tabulated (15.507) , with degree of freedom 8 and 0.05 as a significance level. Thus, we reject (H02) and accept (Ha2), which means that Jordanian Holding Companies realize the degree of compliance with requirements of IAS in disclosure, above Table no. 8 shows that.

Ha3: There are significant differences in realizing the degree of compliance with requirements of International Accounting Standards (IAS) for a business combination that might relate to some of the respondents' personal variables. One way ANOVA was used to test if there are differences in the variables according to (Specialization, Experience and professional certificate), the following results were arrived at Table 9.

Table 9. One Way ANOVA of hypothesis (Ha3)

Variables	Variance	Sum of Squares	d.f	Mean Squares	F	Sig.	Ha3
Specialization	Between Groups	.000	1	.000	.001	.972	Rejected
	Within Groups	9.574	34	.282			
	Total	**9.574**	**35**				
Experience	Between Groups	3.259	3	1.086	5.504	.004	Accepted
	Within Groups	6.315	32	.197			
	Total	**9.574**	**35**				
Professional Certificate	Between Groups	1.660	1	1.660	7.132	.012	Accepted
	Within Groups	7.914	34	.233			
	Total	**9.574**	**35**				

Data shows that calculated F value is not significant at 0.05, which means that there is no difference in the variable concerning the academic specialization. For experience, data shows that calculated F value is significant at 0.05, which means that there are statistical differences in the variable according to experience and by using Scheffe Test; it was found that these differences tend to increase toward the range (10-15 years). Professional Certificate test shows that calculated value (F) for the differences is significant, which means that there are differences related to the Professional certificate.

4. CONCLUSION AND RECOMMENDATIONS

After analyzing the personal variables, it was concluded that academic specialization variable has no any significant effect on the respondents' attitude towards the degree of compliance to the requirement of IAS in a business combination. It may be inferred from the analyses that the educational institutions in accounting specialization in Jordan , they do not give more attention on teaching IAS and IFRS , while experience and professional certificate variables have an effect , the reason for that , is coming from the fact that professional certificates' syllabuses give more interest on these standards , particularly the international ones. It may be observed from the analysis of the study hypotheses , that there was no consensus among the respondents for adoption IAS 27, 28 and IFRS 3, the main reason for that , it may come from the ignoring the importance coming from this adoption . Jordanian Holding Companies realize the degree of compliance to the requirements of IAS in business combinations with a percentage of (76.46%).Moreover; the study respondents realize the degree of compliance to the requirements of IAS in disclosures with a percentage of (72.13%). Professional qualifications like JCPA, CPA constitute the lowest part (5.56%) of the questionnaire respondents.

The study recommends that Training courses in IAS and IFRS are necessary for the accountants who are indulging in holding companies. Holding companies should seek additional input from experts armed with a strong knowledge of IAS techniques who have JCPA, CPA and CA, .etc. In addition, to urge holding companies to comply more accurately with IASs, particularly, standards nos. (27), (28) and IFRS no.(3), those are related with accounting in a business combination and disclosure .

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COMPETING INTERESTS

Authors have declared that no competing interests exist.

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