

The impact of the implementation of international financial reporting standards no.15 on improving the quality of accounting information

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ABSTRACT

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This study aims at investigating the impact of the IFRS (15) on the quality of accounting information in terms of relevance and faithful representation. To achieve the study objectives, a questionnaire is designed and distributed randomly on the study sample which includes (100) of external auditors of the Big Four audit companies in Jordan using the descriptive analytical approach. The study hypotheses are tested through the Simple Regression Test and the One Sample T- Test. The study results indicate a statistically significant impact of the implementation of the IFRS 15 on improving the quality of accounting information from the perspective of external auditors at the Big Four audit companies in Jordan. Moreover, the study finds that there is a statistically significant impact of the implementation of the IFRS 15 on improving the relevance and faithful representation of accounting information included in the reports. Moreover, the study findings also show that Jordanian companies face statistically significant difficulties for the implementation of standard 15 when preparing their financial statements. The researchers have also reached many recommendations; the most important of which suggest to inform investors and other decision makers of the results of the study to help them rationalize their investment decisions and raise their awareness about IFRS 15.

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1. Introduction

There is a growing need to find professional institutions that sponsor the business of companies in the financial and accounting fields, and this is due to the changes and developments in the economic environments. Hence, the International Accounting Standards Board – IASB, which has many other sub-boards such as Financial Accounting Standard Board-FASB has issued several scientific publications specialized in the financial and accounting fields. Moreover, the IASB, through its sub-boards including the FASB, has also drafted many International Financial Reporting Standards- IFRS in order to improve the quality of financial reports and the transparency of information that they contain in a globally applicable and acceptable manner. Such information would reflect the current status of economic enterprises in terms of performance and financial position (Saaydah, 2012). In response to the changes in economic environments and in order to meet business needs, the Board has issued IFRS 15, revenue from contracts with customers, on May 2014. Under this standard, two previous IFRS have been revoked, which are:

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IFRS 11, Construction Contracts; and IFRS 18, Revenue. The main reason for the issuance of IFRS 15 goes to the convergence efforts between IFRS and US GAAP by competent authorities. As well, the (FASB) has obliged economic enterprises to apply this standard as of January 2018, with earlier application permitted on January 2017 (Chartered Professional Accountants of Canada, 2015).

As a result, IFRS 15 is concerned with the determination of how to recognize revenue by identifying five key steps that help identify the real values to be recognized as a revenue for economic enterprises (Ernst & Young, 2017). The first step is associated with the identification of the contract; next is the identification of the performance obligations; then the determination of the transaction price; after that is the allocation of the transaction price; and finally, is the recognition of revenue. This framework will be applied consistently across transactions, industries, and capital markets to improve the comparability of financial statements between economic enterprises operating in the same sector globally, and within a comprehensive, unified, and stable framework (Oncioiu and Tanase, 2016). As for improving the quality of accounting information, one of the main functions of the IASB is to improve the quality of information in the financial reports as well as to provide relevant and useful information for users and decision makers through the convergence efforts between the IFRSs and US GAAP, especially with regards to the IFRS 15 (García Jara et al., 2011).

In terms of the relevance and faithful representation, the IAS enhances the benefits of the information in the financial reports for decision-maker by providing greater transparency and integrity. This contributes to reduce the gap in the financial statements between different economic enterprises, and thus making informed decisions (Byard et al., 2011). Relevance basically refers to the extent to which the information in the financial reports help decision makers make appropriate decisions; whereas, faithful representation indicates the validity and objectivity of such data and their representation of the current status of the enterprises they represent by honesty and fairness (Hamidi, 2009). Accordingly, the present study investigates the impact of applying the IFRS 15 on improving the quality of accounting information from the viewpoint of external auditors in the Big Four audit companies in Jordan. These auditors have high professional expertise in identifying the effects of the earlier application of IFRS 15 on improving the quality of accounting information and they are also the first to provide explanations on this standard, along with its method of measurement and disclosure.

1.1 The Study Problem and Questions

Many differences between IFRS and US GAAP have provoked several economic enterprises, leading to uncertainty about the comparability of financial reports amongst different economic enterprises. This may mislead users of financial statements, reduce the quality of information in the financial reports, and result in the inability to assess the performance between economic enterprises (Khalil & Ibrahim, 2017; Awad, 2016). However, IFRS 15 is intended to address part of these gaps that are based on previous international accounting standards (Ernst & Young, 2017.) Hence, the present study aims to answer the following main question:

- What is the impact of applying the IFRS 15 on improving the quality of accounting information from the viewpoint of external auditors working at the Big Four audit companies in Jordan?

There are two sub-questions derived from the previous main question as follows:

- What is the impact of applying the IFRS 15 on improving the relevance of accounting information from the viewpoint of external auditors at the Big Four audit companies in Jordan?
- What is the impact of applying the IFRS 15 on improving the faithful representation of accounting information from the viewpoint of external auditors at the Big Four audit companies in Jordan?

1.2 The Importance of the Study

The subject of accounting for revenue is of a great interest in local and international researches; that's why the importance of the present study stems from its subject which deals with the application of IFRS 15 in economic enterprises, in addition to the impact of applying this standard on improving the quality of accounting information from the viewpoint of external auditors at the Big Four audit companies in Jordan. Moreover, the present study also addresses the challenges facing external auditors in the application of the IFRS 15 by examining the basic characteristics of the quality of accounting information, which are the relevance and faithful representation. The importance of the study can be thus summarized as follows:

First: Theoretical Importance: The study investigates one of the important and new topics for the present time. Theoretically, the importance of the current study comes from the fact that it enriches the scientific aspect by subjects related to International Financial Reporting Standards (IFRS), particularly the IAS 15 and the effective role of its application in improving the quality of accounting information.

Second: Practical Importance: This study examines the impact of applying the IFRS 15 on improving the quality of accounting information from the viewpoint of external auditors at the Big Four audit companies in Jordan. This is due to the importance of external auditors, along with their role and expertise in the subject matter of the study from the practical aspect.

1.3 The Study Objectives

The present study aims at investigating the impact of applying the IFRS 15 on improving the quality of accounting information from the viewpoint of external auditors at the Big Four audit companies in Jordan. In this regard, the (IASB) has obliged economic enterprises to apply this standard as of January 2018, with earlier application permitted on January 2017 (Chartered Professional Accountants of Canada, 2015). Accordingly, the study objectives are represented as follows:

- 1- Examining the impact of applying the IFRS 15 on improving the relevance of accounting information from the viewpoint of external auditors at the Big Four audit companies in Jordan.
- 2- Identifying the impact of applying the IFRS 15 on improving the faithful representation of accounting information from the viewpoint of external auditors at the Big Four audit companies in Jordan.
- 3- Identifying challenges facing external auditors in the application of the IFRS 15.

1.4 The Study Hypotheses

Based on what was mentioned in the previous paragraphs and also what was discussed within the objectives of the study, and in accordance with its problem; the following hypotheses can be developed for the current study as follows:

H₀: There is statistically no significant impact of applying IFRS 15 on improving the quality of accounting information from the viewpoint of external auditors at the Big Four audit companies in Jordan.

There are two sub- hypotheses derived from the previous hypothesis as follows:

H₀₁: There is statistically no significant impact of applying IFRS 15 on improving the relevance of accounting information from the viewpoint of external auditors at the Big Four audit companies in Jordan.

H₀₂: There is statistically no significant impact of applying IFRS 15 on improving the faithful representation of accounting information from the viewpoint of external auditors at the Big Four audit companies in Jordan.

2. Theoretical Framework and Literature review

IFRS is considered as a key decision-making tool, particularly, for decisions related to capital markets. The IFRS basically provides timely, objective, and adequate information for investors and decision-makers; therefore, supporting the process of making right and timely decisions. Hence, abidance by IFRS is essential when preparing financial reports in order to enhance the level of credibility and transparency (Yahaya at al., 2015).

2.1 IFRS 15

The environmental changes surrounding the business environment of economic enterprises have led to the change of many international accounting standards by the International Accounting Standards Board (Khalil & Ibrahim, 2017). The IASB has also narrowed the gap between its accounting standards and US GAAP; this is a proactive step for developing international accounting standards governing the work of various economic enterprises, regardless of their location (Yahaya et al., 2015). One of the outcomes of these efforts is basically the issuance of IFRS 15, Revenue from Contracts with Customers.

IFRS 15 was issued on May 2014, where it has revoked two major standards: IAS 11, Construction Contracts; and IAS 18, Revenue. This standard was set to be implemented as of January 2017, with earlier application permitted. However, the IASB has agreed that the compulsory application of the standard should start on January 2018, with earlier application permitted (Oncioiu & Tanase, 2016). Nonetheless, the process of unifying professional practices for recognizing revenue in companies is one of the objectives of the IASB, despite the fact that the IFRS 15 does not cover all types of revenues which have been addressed in other separate standards such as revenue from leasing according to IAS 17, and revenue from insurance contracts according to IFRS 4 (CFA, 2017).

2.2 The Quality of Accounting Information

The quality of accounting information is based on the qualitative characteristics of the accounting information in the financial reports. These characteristics contribute to enriching the two main roles of accounting information; the first of which is related to the assessment by examining the results of these information for the purposes of evaluating performance and thus attempting to predict this performance. The second role is related to supervising the process of avoiding the risks to which a company or entity may be exposed (Cohen et al., 2008). The International Accounting Standards Board (IASB) has decided to identify two main types of the qualitative characteristics of the accounting information: relevance and faithful representation. The following sections provide a more detailed explanation of the main characteristics of the current study:

2.2.1 Relevance

The accounting information that companies or institutions provide to their users is considered relevant when such information is capable of making differences in the decisions made by these users even if they do not actually use such information when making decisions (IASB, 2013). Al Mobaideen (2009) points out that the company or institution is required to provide users and other related parties with relevant and accessible information by determining the purpose of those users for using such information (Al Qashi, 2003).

2.2.2. Faithful representation

Faithful representation of accounting information refers to the extent to which such information reflect the current status. The concept of faithful representation indicates the validity and objectivity of the content of the financial reports (Sabayhi, 2011). Moreover, the IASB emphasizes that faithful representation

of accounting information can be shown by matching the accounting figures with what actually exists. Besides, faithful representation can help users of accounting information to enhance levels of confidence when making decisions (IASB, 2013).

2.3 Literature review

There are several studies that deal with the IFRS as well as the quality of accounting information. For example, the study of Khalil and Ibrahim (2017) examines the effect of applying the IFRS 15, Revenue from Contracts with Customers, on the sustainability of accounting profits. The study uses the analytical descriptive approach based on a questionnaire prepared for collecting data. The study concludes that the application of this standard requires many efforts from institutions, for example, changing the information technology used therein and establishing internal controls to meet the new disclosure requirements. Furthermore, the study recommends encouraging professional organizations and bodies in Egypt to issue an Egyptian standard entitled “Revenue from Contracts with Customers” to be similar to the IFRS 15. Additionally, the study of Maroun (2017) examines the IFRS 15 which deals with subjects related to accounting for revenue by reviewing previous related literature. The study points out to the benefits that can be achieved from applying these accounting standards in companies, and it also indicates the role of applying the IFRS 15 in increasing the level of transparency and disclosure of business performance in companies as it provides a more transparent description of financial performance. The study finally recommends enhancing the application of IAS 15 in companies.

Furthermore, the study of Awad (2016) also investigates the role of these changes in the US, International, and Egyptian standards in improving the content of financial reports. The study is divided into three main parts; the first of which is related to finding justification for the development of revenue recognition in light of accounting standards, whether, the US, international, or Egyptian. The second part deals with analyzing the relationship between the IFRS 15, revenue from contracts with customers, and the US guidelines, as well as improving the content of financial reports (disclosures). The third part also assesses the effects of applying the IFRS 15, revenue from contracts with customers, on the content of financial reports in the Egyptian environment. Moreover, the study has used the analytical approach based on a questionnaire prepared for collecting data and distributed to a simple and random sample of 45 financial managers and financial statement writers in the Egyptian telecom companies (Vodafone Egypt, Mobinil, and Telecom Egypt), in addition to (5) auditors at the major audit firms in Egypt. The study finds that the development of US, International, and Egyptian accounting standards leads to improving the requirements of recognizing revenue from contracts with customers. There is also a positive relationship between the IFRS 15, revenue from contracts with customers and US guidelines, as well as the improvement of the content of financial reports (disclosures). Furthermore, IFRS 15 positively affects the content of financial reports in the Egyptian environment in light of the qualitative characteristics of information. The study recommends encouraging Egyptian institutions to keep abreast with those changes that comply with the requirements of accounting standards in order to recognize revenue.

The study of Kasztelnik (2015) examines the importance of the value of revenue recognition components since the adoption of IFRS 15 in the United States. The research problem addresses the lack of understanding regarding the importance of revenue recognition according to IFRS and the impact of its application on the telecommunications industry. Results show that revenue recognition of public companies in the United States is carried out in accordance with generally accepted accounting principles (US GAAP), whereas recognition of revenue according to IFRS plays a vital role in increasing disclosure, transparency, and value of such revenues. The study also recommends the establishment of sound mechanisms to ensure the application of the International Financial Reporting Standards (IFRS) in the telecommunications industry. Moreover, the study of Yip and Young (2012) explores the importance of commitment to adopt the IFRS in the EU (17 countries), specifically the role of these standards in improving the quality of accounting information in terms of comparability. The study has used the analytical

approach based on the information in the financial reports prior and after the commitment to these standards. The study concludes that the adoption of IFRS improves the comparability of information across countries, although improved comparability of accounting and financial information amongst countries is influenced by the corporate environment. The study finally recommends encouraging companies to abide by adopting the IFRS.

The study of Akman (2011) also examines the extent to which the IFRS contribute to the information disclosed. The study relies on the historical methodology for collecting key data to achieve the study objective. As well, the study has analyzed 498 financial observations obtained from the financial reports of companies during the period (2006-2006) in six countries (Australia, France, Italy, Germany, United Kingdom, and Netherlands). The study concludes that the adoption of IFRS contributes to enriching and improving the level of financial disclosure in companies. The study also recommends the adoption of IFRS in companies as a means of increasing disclosure levels.

The study of García Jara et al. (2011) also investigates those contributions brought by IFRS, specifically those related to the quality of financial information. It has used the analytical approach to describe the data of (111) companies listed on the Madrid Stock Exchange, in addition to (32) companies from the EURO STOXX 50 analyzed during the period (2005-2007). Moreover, the study concludes that there is an impact of IFRS on improving the quality of financial information in companies, and it also recommends that companies should abide by the International Reporting Standards (IFRS).

Al-Saeed and Al-Issa (2009) have studied the advantages of applying the IFRS in investment companies listed on Amman Stock Exchange, in addition to examining the relationship between this application and the quality of accounting information in financial statements. This study has adopted the descriptive approach through a questionnaire used for gathering preliminary data. 54 questionnaires were distributed on 54 investment companies which were under study; whereas the target group amongst these companies to answer the questionnaire questions consists of financial managers as well as internal and external auditors. Besides, 48 questionnaires were retrieved. The study used appropriate statistical tests through SPSS to analyze data and test the hypotheses of the study. Furthermore, the study finds that there is an essential positive correlation between both the application of IFRS and the quality of the accounting information in the financial statements, whether in terms of relevance, reliability, understandability, and comparability. The study also recommends encouraging companies to abide by all IFRS due to their role in enriching the accounting information in the financial reports.

Additionally, the study of Saleh (2009) aims at identifying the role of adopting the fair value in accounting standards in the companies listed on the financial and banking services sector in the Egyptian stock market, in addition to examining their impact on the qualitative characteristics of accounting information. The number of companies listed on the financial and banking services sector in the Egyptian stock market was 62 companies. As well, the study has used the analytical approach by distributing 75 questionnaires on financial managers as well as internal and external auditors. Besides, 48 questionnaires were retrieved. The study concludes that there is a positive role for the application of the fair value according to the accounting standards on the qualitative characteristics of the accounting information in terms of relevance, reliability, understandability, and comparability. The study also recommends the need for using fair value in Egyptian companies due to its role in enriching the characteristics of accounting information.

This study is characterized by the novelty of its subject as it investigates the application of the IFRS 15, along with its impact on improving the quality of accounting information from the viewpoint of external auditors at the Big Four audit companies in Jordan, which are (Deloitte, PwC, EY, and KPMG). Therefore, what characterizes this study is that it is an examination of the Jordanian environment; which has not been addressed by any of the previous studies. Moreover, the present study explores the impact of IFRS 15 application on improving the quality of accounting information from the viewpoint of external auditors at the Big Four audit companies in Jordan. There are many previous studies that have discussed

the improvement of the accounting information from the perspective of the users of such information, which include: (teaching staff, accountants, financial managers, and internal and external auditors). Examples of these studies include: the study of Al- Sha'rani (2016) – The impact of the compatibility between accounting standards of Islamic institutions and the IFRS on the quality of accounting information; the study of Awad (2016) – An assessment of the impact of developing the revenue accounting standards on improving the content of financial reports; and the study of the (Khalil & Ibrahim, 2017) – Measuring the impact of applying the IFRS 15, Revenue from contracts with customers, on the sustainability of accounting profits. In addition, most previous studies have discussed the qualitative characteristics of the accounting information and their relationship with the financial reports. These studies include the study of (Al Saeed & Al Eisa, 2009) – The impact of applying the IFRS on the quality of the accounting information provided by the financial statements of the investment companies listed on Amman Stock Exchange. The current study addresses the basic qualitative characteristics based on a list of concepts issued by the Board on September 2010, and which included some modifications to the qualitative characteristics of the accounting information, so that they are more useful to the decision makers. These characteristics are divided in two basic groups: relevance and faithful representation, and they are very important for measuring the dependent variable and contribute to improving the quality of accounting information and increasing their explanatory power.

3. The proposed study

The present study uses the analytical descriptive approach through the design of a questionnaire prepared for the purposes of the study according to the 5-point Likert scale. The analytical descriptive method describes the variables and the phenomena, the subject of the study, in a quantitative and objective manner in order to identify the relationships between these phenomena based on the concept of cause and effect.

The study population and sample consist of all external auditors at the Big Four audit companies in Jordan (Deloitte, PwC, EY, and KPMG), whether they are practitioners of the auditing profession or just have the authority. The study distributed 100 questionnaires on the target individuals by using the simple random method. Now, the objective is to present the results of the statistical analysis of the data selected by the study tool (questionnaire) which was designed in line with its objectives by analyzing the opinions of the external auditors working in the big audit companies in Jordan, whether they are practitioners of the auditing profession or just have the authority, regarding the impact of applying IFRS 15 on improving the quality of accounting information. To achieve this, statistical methods previously mentioned are used in this study.

3.1. Reliability and validity of the study

One of the most important elements that should be taken into account when preparing a questionnaire is that it should be tested and has elements of reliability and validity. The reliability coefficient refers to the reliability of the measurement and that it does not contradict itself; in other words, to give the same results if it was reapplied to the same sample. To achieve this objective, the Test-Retest Reliability method is used, where a preliminary test of the study tool was carried out on a sample, then it was reapplied after a period of time indicating that the matching in the responses by the sample members was 79%, revealing a high degree of reliability in the questionnaire.

In order to verify the accuracy of the previous ratio, the reliability of the study tool, the questionnaire, was tested by assigning its questions in the three sections to the Cronbach's Alpha test using the internal consistency equation method, which refers to determining the extent to which the measurement tool can be used to give the same or close results, in case the measurements were repeated in similar circumstances on the same sample or a similar one. The value of Cronbach's Alpha was as follows:

Table 1

The results of Cronbach alpha

Title	Cronbach's Alpha
IFRS 15 requirements	0.924
Relevance of the accounting information	0.760
Faithful representation of the accounting information	0.863
Difficulties of applying the IFRS 15, "Revenue from contracts with customers"	0.876
Total	0.961

Table 1 shows that Cronbach's Alpha coefficient ratios indicate a high degree of reliability for all the questionnaire questions. Cronbach's Alpha coefficient was statistically acceptable for all of the questionnaire elements because all variables were higher than 70% (Sekaran, 2014), as the overall reliability degree obtained for the questionnaire was (0.961).

3.2 Descriptive statistics

100 questionnaires were distributed on external auditors at the big audit companies and offices in Jordan. 74 questionnaires were retrieved, while 6 others were disregarded due to the lack of seriousness of the respondents when filling the questionnaire sections. Thereby, the final sample of the study consists of 68 questionnaires, i.e. 68 % of the study sample. To illustrate the response rates for the questionnaire questions, descriptive statistical methods were used by finding the arithmetic means and standard deviations of the responses to the questions as well as the over result for each part of the questionnaire. Respondents were asked to answer the questions proposed by using the 5-point Likert Scale. The following tables included the results of the descriptive analysis of the study aspects; through which the independent study variable and dependent variables were examined, in addition to an item on the difficulties of applying the IFRS 15, "Revenue from Contracts with Customers" as follows,

Table 2

Results of the descriptive analysis of the study independent variable (IFRS 15)

Title	Average	Std. Dev.	Degree of importance	Skewness	Kurtosis
The application of IFRS 15	3.93	0.38	High	-0.33	1.61
Relevance of the accounting information	4.13	0.41	High	-0.96	0.92
Faithful representation of the accounting information	4.11	0.37	High	-0.61	2.31
Difficulties of applying the IFRS 15, "Revenue from contracts with customers"	3.87	0.49	High	-0.22	1.20

Table 2 shows the descriptive analysis of the response rates to the sections related to the study variables, namely (IFRS 15 application requirements, relevance of accounting information, faithful representation of accounting information, and IFRS 15 application difficulties). Moreover, the table points out that the overall result for the application of the IFRS 15, which is at (3.93), indicates the availability of the requirements necessary for applying the IFRS 15, and it also reflects the efficiency of this standard in achieving what is expected, whether at the contract determination stage, determination of the performance obligations, determination of the transaction price, allocation of the transaction price, or recognition of revenue. As for the relevance of the accounting information, the decline of the standard deviation, which is at 0.41, shows that the results of the sections related to this variable are close. The overall result of this section was 4.13; thus, indicating the availability of relevance of the accounting information at Jordanian institutions. In terms of the faithful representation of accounting information, it is found that the arithmetic mean of 4.11 shows a high degree of significance, and this indicates the availability of faithful representation of accounting information at institutions according to the viewpoint of Jordanian auditors. In addition, the standard deviation of this section was 0.41, indicating that there is a little distribution for the responses of the study sample to the sections of this aspect. By examining the table, it is

noted that the relevance of the accounting information has a higher degree than faithful representation, where the arithmetic means were 4.13 and 4.11, respectively. With regards to the difficulties of applying the IFRS 15, the results presented in the above table indicate a decline of the standard deviation value at 0.49, which shows that the results of the sections related to this variable are close. Besides, the arithmetic mean for the difficulties of applying the standard was 3.87. In addition, Kurtosis and Skewness indicators should be also considered as they measure the extent to which data are relevant to the normal distribution conditions. According to Field (2013), the appropriate range for kurtosis is when its value comes between (-3) and (3); whereas the appropriate range for skewness is between (-1) and (+1). Besides, the table shows that the value of these two indicators lie in the appropriate range, which indicates that the data of all variables are relevant to the normal distribution condition.

3.3. Testing of the hypotheses

The first sub-hypothesis

The first hypothesis examines whether the application of the IFRS 15 has any effect on improving the relevance of accounting information in reports from the viewpoint of external auditors working at the Big Four audit companies in Jordan. Table 3 describes the results of testing this hypothesis.

Table 3

The results of testing the first sub-hypothesis

	Adjusted R ²	R ²	Beta	T- statistics	Reject H ₀
Sig = 0.000	0.453	0.461	0.679	7.516	
Constant (β) =		1.759		Model F test	
X ₁ Index (β) =		0.604		56.483	

Table 3 presents the results of the simple regression analysis of the independent variable (the application of IFRS 15) and its impact on the dependent variable (the quality of accounting information measured by the relevance of the accounting information). The results show that the absolute value of Beta coefficient was 0.679, indicating that the application of IFRS 15 affects the dependent variable (relevance of the accounting information). Moreover, Sig value was less than 5% as it reached 0.000. This shows that the application of the IFRS 15 has an impact on improving the relevance of the accounting information in reports from the viewpoint of external auditors working at the Big Four audit companies in Jordan. Furthermore, the results also reveal that the Adjusted R², which was 0.453 describes only about 45.3% of the fluctuations in the improvement of the relevance of accounting information in reports can be explained by the changes in the independent variable of the study, which is represented by the application of the IFRS 15. This is a good value and can be relied on, and it also complements the value of the coefficient of determination; thus indicating that there are other factors outside the interrelationship between these two variables that may have a reciprocal effect on each other.

The second sub-hypothesis

The second hypothesis of this survey examines whether or not the application of the IFRS 15 is the faithful representation of accounting information in reports from the viewpoint of external auditors working at the Big Four audit companies in Jordan. Table 4 shows the results of our survey.

Table 4

The results of examining the second sub-hypothesis

	Adjusted R ²	R ²	Beta	T- statistics	Reject H ₀
Sig = 0.000	0.516	0.523	0.723	8.504	
Constant (β) =		1.496		Model F test	
X ₁ Index (β) =		0.666		72.315	

Table 4 presents the results of the simple regression analysis of the independent variable (the application of IFRS 15) and its impact on the dependent variable (the quality of the accounting information measured by the faithful representation of the accounting information). The results show that the absolute value of Beta coefficient was 0.723, which indicates that the application of IFRS 15 affects the dependent variable (faithful representation of the accounting information). Moreover, Sig value was less than 5% as it reached 0.000. Therefore, the application of the IFRS 15 has an impact on improving the faithful representation of the accounting information from the perspective of external auditors working at the Big Four audit companies in Jordan. Furthermore, results also show that the Adjusted R², which was 0.453, indicates that only about 51.6% of the fluctuations in the improvement of the faithful representation of accounting information in reports can be explained by the changes in the independent variable of the study, which is represented by the application of the IFRS 15. This is considered a good value and can be relied on. It also complements the value of the coefficient of determination, and thus indicating that there are other factors outside the interrelationship between these two variables that may have a reciprocal effect on each other. In order to prove the results previously obtained, a simple regression test was conducted for all of the dependent variables of the study (improvement of the relevance of accounting information as well as faithful representation of accounting information) by finding the arithmetic mean of all dependent variables. This is done to obtain a new variable represented by the quality of accounting information in order to measure the impact of the independent variable (the application of the IFRS 15) on the quality of accounting information as one unit through the SPSS according to the following equation:

$$Y = \text{Mean} (\sum_{i=1}^2 x_i)$$

where:

Y= Accounting Information Quality

i: 1-2

x₁: Relevance

x₂: Faithful Representation

Accordingly, it is possible to determine whether or not the application of the IFRS 15 has any improving on the quality of the accounting information from the viewpoint of external auditors working at the Big Four audit companies in Jordan as in Table 5 as follows:

Table 5

The results of regression analysis

	Adjusted R ²	R ²	Beta	T- statistics	Reject H ₀
Sig = 0.000	0.509	0.516	0.719	8.396	
	Constant (β) =	1.627		Model F test	
	X ₁ Index (β) =	0.635		70.485	

Table 5 presents the results of the simple regression analysis of the independent variable (the application of IFRS 15) and its impact on the dependent variable (the improvement of the accounting information). The results show that the absolute value of Beta coefficient was 0.719, which indicates that the application of IFRS 15 affects the dependent variable (the improvement of the quality of the accounting information). Moreover, Sig value was less than 5% as it reached 0.000. Therefore, the application of the IFRS 15 has an impact on improving the quality of the accounting information from the perspective of external auditors working at the Big Four audit companies in Jordan. Furthermore, the results also show that the Adjusted R², which was 0.509, indicates that only about 50.9% of the fluctuations in the improvement of the quality of accounting information can be explained by the changes in the independent variable of the study, which is represented by the application of the IFRS 15. This is considered a good value and can be relied on. It also complements the value of the coefficient of determination, and thus indicating that there are other factors outside the interrelationship between these two variables that may have a reciprocal effect on each other.

Testing of the difficulties in the application of IFRS (15)

In order to verify the difficulties in the application of the IFRS 15, One Sample T- Test is used. The hypotheses of the study can be developed by the following (Oqdeh et. al, 2010):

$$H_0: \mu \leq 3$$

where (3) refers to the assumed arithmetic mean of the study tool based on 5-point Likert Scale; and (μ) indicates the arithmetic mean of the sections related to difficulties. Moreover, the present study relies on determining difficulties if (Sig. $t_{(n-1)} \mu \leq 0.05$), in addition to using T-value. If T-statistics is greater T-distribution table, this indicates that there are statistically significant difficulties; otherwise, there can be no statistically significant difficulties, as in the following table:

Table 6

The results of t-test regarding the difficulties in the application of IFRS 15

Reject	Mean	Std. Dev.	T - Distribution Table	T - Statistics	Df	Sig
<i>H₀</i>	3.87	0.87	1.668	8.306	67	0.000

Table 6 presents the results of the One Sample T-Test analysis with regards to the difficulties in applying the IFRS 15. Results show that the arithmetic mean is 3.87, which is greater than the assumed average of the scale (i.e. $\mu \geq 3$) determined by the study. Results of One Sample T-Test prove that there is a statistically significant difference at the level of significance ($\alpha \leq 0.05$) between the arithmetic mean (3.87) and the assumed average of the scale ($\mu=3$), as sig was (0.000), which is less than (0.05). In addition, T-statistics was 8.306, which is greater than its T- distribution table 1.668. Accordingly, it can be stated that Jordanian companies face difficulties in the application of the IFRS 15 when preparing financial statements from the viewpoint of external auditors working at the Big Four audit companies in Jordan.

4. Results, discussion and recommendations

4.1 Results

Based on the statistical tests, along with the study hypotheses tests, results can be summarized as follows:

- 1- The application of the IFRS 15 impacts on improving the quality of the accounting information from the viewpoint of external auditors working at the Big Four audit companies in Jordan. According to the researchers, the reason for this is that revenue from Contracts with Customers aims to eliminate the gaps in the previous standards no. (11 & 18). Based on the IFRS 15, detailed information about revenues should be disclosed in a more comprehensive and transparent manner such as disclosing details of contracts, provisions, and estimates in the revenue account. This result is consistent with some other studied in the literature (Maroun, 2017; Kasztelnik, 2015; Awad, 2016; Akman, 2011; García Jara et al., 2011; Al-Saeed & Al-Issa, 2009; Saleh, 2009).
- 2- There is a statistically significant impact for the application of the IFRS 15 on improving the relevance of the accounting information from the viewpoint of external auditors working at the Big Four audit companies in Jordan. According to the researchers, the reason for this is that the IFRS 15 consists of five key steps for recognizing revenues in order to increase the level of confidence. Therefore, the application of the standard has an important effect on improving the relevance of accounting information. This result is consistent with the studies of Yip and Youn (2012), Al-Saeed and Al-Issa (2009) and Saleh (2009).
- 3- There is a statistically significant impact for the application of the IFRS 15 on improving the faithful representation of the accounting information from the viewpoint of external auditors working at the Big Four audit companies in Jordan. According to the researchers, the reason for this is that the IFRS 15 aims to eliminate contradictions and limitations in standards no. (11 & 18) which lack of disclo-

tures on revenues and contains a lot of personal judgements and assumptions. Furthermore, the standard also addresses the problem regarding the absence of clear policies for recognizing revenues from contracts for periods exceeding a financial period, and this explains the significant impact of the application of IFRS 15 in improving the faithful representation of accounting information. This result is consistent with the studies of Al-Saeed and Al-Issa (2009) and Saleh (2009).

- 4- Jordanian companies face difficulties in the application of the IFRS 15 when preparing financial statements from the viewpoint of external auditors working at the Big Four audit companies in Jordan. According to the researchers, this is due to the fact that January 2018 was set as a starting point for the compulsory adoption of the standard, with earlier application permitted; this makes the application of this standard new for many companies. Besides, the application of the standard requires many efforts by institutions; this includes the change in the information technology used therein, the establishment of internal controls to meet the new disclosure requirements, and the availability of qualified human resources to meet the application requirements of the standard; thus, explaining the difficulties in applying the standard. This result is consistent with the study of Khalil & Saleh (2017).

4.2 Recommendations

Based on the results obtained, the study therefore recommends that auditors, managers, and employees concerned with financial reporting in Jordanian companies should be aware of the role played by the IFRS 15 in increasing the understanding of the nature, value, and timing of revenues and cash flows resulting from contracts with customers, in addition to informing investors and other decision makers of the study results in order to help them rationalize their investment decisions and raise their awareness about IFRS 15. Moreover, the study also recommends that corporate managements should develop clear accounting policies to calculate the cost of contracts and expenses that should be capitalized; this includes the allocation of certain costs such as management, supervision, sales commissions, insurance, and consumption of tools and equipment used to obtain the contract. Besides, important decisions should be made to determine other costs to be capitalized. The study recommends as well to set up training courses and seminars that would enable managers and employees concerned with financial reporting in Jordanian companies to be aware of the working mechanism of IFRS 15, along with its application and impact on the financial statements. Such training seminars should be similar to the one held at the Academy of Amman Chamber of Commerce on 2017. Finally, the study recommends that future studies should be conducted to examine the impact of applying IFRS 15 on other factors such as financial performance, revenue fluctuations during financial periods, and time value of money, in addition to ensuring customer loyalty in meeting performance obligations from the point of view of financial managers, auditors, and investors.

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