Impact Of Accounting Disclosures on Financial Statements Users' Confidence

By

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Summary

The objective of this research is to study the impact of accounting disclosures on the confidence of users of financial statements. This impact has been examined by examining the impact of disclosure of accounting and financial information disclosed in financial reports on the confidence of users of financial statements. The impact of the disclosed non-financial information on the confidence of the users of the financial statements was also examined.

Due to the multiplicity of financial list users and their differing priorities, it was expected that there would be significant variation in responses to questionnaire questions. This is why the investor segment was selected as a society to study the fact that this segment is one of the most sensitive and influenced by the disclosed information. A questionnaire was used to measure results using a Fifth Likert scale, and the data was analyzed using SPSS software.

The study concluded that disclosure of accounting and financial information fundamentally affects investor confidence, while disclosure of non-financial information does not materially affect investor confidence.

Keywords: Accounting Disclosure, Accounting Information, Non-Financial Information, Financial Statements Users

1- Introduction

Accounting Disclosure Is A Fundamental Pillar For All Users Of Financial Statements, Given The Information It Provides Affecting Their Economic Decisions. Accounting Disclosure Is Done Through the Preparation Of A Set Of Financial Reports In Accordance With Established Rules And Standards, In Order To Communicate The Data And Information That Users Seek To Help Them Make Their Economic Decisions. Non-Financial Information Must Also Be Disclosed Along with Financial Information. Disclosure Of Non-Financial Information Improves the Quality Of Information And Increases Users' Confidence In Disclosed Information.

Whenever Accounting Disclosures Are Sufficient, This Helps Reduce The Uncertainty Of The Financial Statements Users And Increases Their Confidence In The Information Disclosed By The Company's Management. The Adequacy Of Accounting Disclosures Also Helps To Narrow The Information Asymmetry Gap Of Financial Statement Users. It Is Expected That Users' Confidence In Companies Whose Disclosures Are Insufficient And Information Is Insufficiently Available Will Be Lower As The Uncertainty Of The Financial Statements Rises.

2- The Research Problem

The main research problem is identified in the answer to the following question: What is the impact of accounting disclosures on the confidence of financial statements users? This question will be answered by answering the following sub-questions:

- What is the impact of the disclosure of accounting information on the confidence of the users of the financial statements?
- What is the impact of disclosure of non-financial information on financial statements users' confidence?

3-Research Objectives

This research aims to study the impact of accounting disclosures on the confidence of users of financial statements, by examining the impact of disclosure of financial and non-financial information on the confidence of users of financial statements and guiding their investment decisions in the interests of the company.

4- The Importance of The Research

The importance of research stems from the importance of highlighting the role that accounting disclosures play in determining the extent to which financial statements users trust disclosed information and studying the impact of the degree of trust on these users' decisions.

5-Research Hypotheses

Main hypothesis: There is no statistically significant correlation between accounting disclosures and users' trust in financial statements. There are the following sub-hypotheses:

H1: There is no statistically significant relationship between the accounting information disclosed in the published annual financial reports and users' confidence.
H2: There is no statistically significant correlation between disclosed non-financial information and users' trust.
Society and Sample Research:

The search community consists of a segment of external users of the financial statements and are investors. The search sample was distributed to 40/investors. Investors have been selected as a study society because they are among the most influenced segments of financial statements users by the information disclosed, and are fully aware of the importance of disclosure and its impact on their investment decisions.

The limits of the study were limited to a segment of external users of the financial statements, which are investors, because of the differing preferences for each segment of users and therefore this can be reflected in the answers, and therefore on the results that can be achieved, and they were considered the study community and the sample was selected from this community

Research Curriculum

The researcher relied on the analytical descriptive curriculum by accessing references and studies that dealt with research aspects, as well as preparing a questionnaire and distributing it to a sample of investors and collecting and analyzing data based on the spss program.

Previous Studies

- Study (Boukandoura, 2017) entitled "Quality of accounting information and its impact on the decisions of the users of the financial statements". This study was aimed at knowing what the quality of accounting information and financial statements are and their impact on the decisions of the users of the financial statements. This study has yielded results, the most important of which are: Accounting information is considered to be more influential in good decision-making. Financial statements are used so that accounting information can be communicated in the best way. There is also a close relationship between financial statements and accounting information where accounting information is prepared and interpreted in financial statements and its quality is expressed in its appropriateness and reliability.
- Study (Noordin, Lubna, 2018): The role of accounting disclosure in improving accounting information for financial statements. The study aimed to study the subject of accounting disclosure and its impact on improving accounting information for financial statements. The study found that accounting disclosure would have a positive impact on accounting information, as it would provide qualitative characteristics of accounting information, the most important of which is appropriate and reliable, thereby stimulating the investor's confidence in it.
- Study: (2008, George Iatridis) The researcher analyzed the financial position of companies that disclose more information. The researcher found that the disclosure in general is related to the enterprise's desire for funding. The institutions that want to obtain financing from the financial market and borrowing are institutions that provide more information.
- Study (2014, jouirou et chenguel): This study attempted to determine the relationship between the level of optional disclosure in published financial reports and several factors such as the size of the company, the independence of the board of directors, the references. The results showed that there is a positive relationship between the size of the company and the independence of the board of directors and the size of the audit company at the level of optional disclosure.

Distinguishing between current and previous studies: The current study of previous studies is characterized by the fact that the disclosure of its two compulsory and optional parts was considered an independent variable affecting a variable of its own: the confidence of the users of the financial statements and tried to study this relationship and the extent to which the disclosure affects the dependent variable of trust.

Accounting Disclosure Concept

Disclosure is to provide data and information to users securely, correctly and appropriately to assist them in making decisions. It includes internal and external users. (Nooruddin, Lubna, 2018, 129), The importance of accounting disclosure has been enhanced due to its provision of useful and reliable information to users of financial reporting about the financial position of the company and the results of the business and helping them in making good decisions. The level of disclosure of information in financial reports therefore plays a vital role in reducing uncertainty and reducing the information asymmetry gap, which helps stakeholders to objectively assess the company's performance. (Logo and others 2015, p. 55). It should be noted that IPSAS 1 defines supplementary disclosures of financial statements as information that is difficult to include in major financial statements, but that their disclosure is important for the explanation and clarification of the items presented in the financial statements. Disclosures of supplementary disclosures of financial statements may shift from the selection phase to the mandatory phase of IAS. (Al-Shinawi, 2018, p. 5)

There are also optional disclosures of additional information that are not IAS requirements, and compulsory disclosure is the disclosure of information required under IAS.

The researcher believes that disclosure of financial and non-financial information must be permanent and continuous and achieve justice among users by providing it simultaneously to all users so that they can make their correct investment decisions. The availability of the previous features in the accounting disclosure will enhance the confidence of the users of the financial statements in the company and its performance. and reduce their concerns about possible misinformation in the financial statements.

The Importance Of Accounting Disclosure

When we talk about the importance of accounting disclosure, the importance of disclosure of financial and accounting information provided by financial statements and supplementary explanations must be clarified. The importance of disclosure of non-financial information is difficult to include in financial statements.

The importance of disclosure of financial and accounting information comes from the importance of the following points: (Mohammed, 2016, p. 41)

- Financial lists and reports are an important source for many users to obtain important information about the facility, so that financial lists are useful, have the trust of users and meet their needs must be prepared and presented in a manner acceptable to all parties involved with the facility.
- Increased confidence in financial statements through their review by a neutral external auditor.
- Accounting disclosure has increased in importance as joint stock companies need funding through financial institutions. Accounting disclosure has become a prerequisite and necessary to ensure the efficient financial performance of the enterprise.
- Reduce financial risks, detect errors and adhere to established procedures and methods

With regard to the disclosure of non-financial information, attention has increased in recent years to the subject of disclosure and transparency. Companies are revealing its composition more broadly than information other than information contained in financial lists and supplementary clarifications. This is in response to stakeholders' needs for more additional information that contributes to improving the quality of financial reports and makes financial reports broader and more comprehensive than financial statements and supplementary clarifications, including all financial and non-financial information of the enterprise.

In the researcher's view, the importance of accounting disclosure comes from the fact that there is information of great value for the users of the financial statements and may substantially affect their investment decisions in terms of both increased investment in the enterprise or conversion to other enterprises or means of investment. Therefore, unfair access to this information by some users of the financial statements may result in unfair gains or decisions affecting the rest of the users. It is therefore necessary to achieve fairness among the users of the financial statements in obtaining financial and non-financial information.

Users Of Financial Statements

Two main categories of users of financial statements can be distinguished (Osman, 2012, p. 46)

- Category 1: Direct stakeholders such as current and prospective owners, enterprise management, lenders, suppliers, IRS, workers and consumers.
- Category II: Includes indirect stakeholders such as financial analysts, securities exchanges, standard issuance bodies and institutions specializing in the dissemination of financial information and trade unions. The main users of the financial statements are the following categories:

-Investors: Current and prospective investors need continuous information to evaluate available investment opportunities, and trade-offs between investment alternatives.

Lenders: Lenders are interested in how to analyze the future potential of an enterprise by obtaining a guarantee of repayment of their loans with interest.

Management: The organization needs information to assess its financial situation, profitability, progress and development.

- Government agencies: The information contained in the financial lists is used to formulate policies and calculate taxes due.
- Auditors: Auditors need all information to express their opinion impartially on the credibility and objectivity of the information contained in the financial statements.
- Employees: Employees of the company need information regarding job security and expected career improvement in the future.
- Suppliers: Suppliers need information that helped estimate whether the company will be a good customer able to pay off its debts.
- Customers: Customers need information that helps to predict the company's future status and its ability to continue the production and sale of goods.

The researcher considers that each user of the financial statements is interested in accounting disclosure, in particular disclosure of information that relates to the nature of their interests associated with the company. Therefore, users' preferences for disclosed information vary from one segment to another.

Accounting Disclosure Measures

The quality of accounting disclosures can be measured in several ways: (International Conference of Accounting, Cairo University, 2017, p. 13):

- Method 1: Measure the quality of accounting disclosure depending on the needs of users of financial statements, but multiple users and different preferences make it difficult to judge the quality of disclosure, so there is difficulty applying this method.
- Method 2: Measure the quality of accounting disclosures depending on the disclosure of specific items in the financial reports. This method relied on measuring the quality of accounting disclosures by focusing on specific elements in financial reports and their impact on investor decisions, such as focusing on fair value accounting, on the auditor's report, on the company's adoption of corporate governance mechanisms, or by focusing on the effectiveness of the company's internal control system.

- Method 3: Measuring the quality of accounting disclosures based on the qualitative characteristics of accounting information: the qualitative characteristics of accounting information are measured based on the conceptual framework of the characteristics of basic and secondary accounting information, which are appropriate, genuine, verifiable, understandable, comparable and timely.

The researcher considers that each of the previous methods offers an important addition to the subject of measuring the quality of accounting disclosure but is insufficient alone to know and determine the quality of accounting disclosure.

Quality Of Financial Reports

The form that financial reports can take may be according to one of the following images: (Osman, 2012, p. 52)

- Internal reports prepared to meet the needs of the enterprise's management.
- Special use external reports are prepared to meet certain needs of certain external parties.
- External reports of general use prepared to meet the different needs of all parties with an economic interest related to the enterprise.

The Tang, et al., 2008, p3 study defined the quality of the financial report as "the extent to which financial statements provide real and fair information on the economic performance and financial position of the company". One of the most important qualitative characteristics of accounting information is appropriate and equitable representation. Information is considered appropriate if it can influence the decision through its predictive or assertive value. (FASB, 2010, and IASB, 2015). In order to achieve equitable representation, financial information must have three qualities: completeness, neutrality and error-free (FASB, 2010, and IASB, 2015).

In Al-Shantawi's view, the quality of financial reports is determined by the ability of financial reports to make a difference in the decisions of their users (Al-Shantawi, 2018, p. 131).

In the researcher's view, the quality of financial reports must be determined by their ability to meet the needs of the users of the financial statements whenever they are able to meet the need of a wider segment of users and achieve justice by providing the necessary information in which the main characteristics of good information and secondary characteristics are met the better the financial reports.

Reasons For Low Confidence in The Financial Statements:

One of the most important reasons for the decrease in confidence in the financial statements is: (Al-Shara 'a, 2008, p. 55)

- The preparation by management of misleading financial reports that are not in conformity with international accounting standards, or the choice of applying specific policies and methods to achieve specific objectives, as flexibility in choosing accounting policies and alternatives may allow management to manipulate financial reports.
- Weak internal audit management and its inability to assess and test the accuracy of accounting information and compliance with laws and regulations.
- Weak and inefficient internal control systems in the company.

- The financial and accounting scandals experienced by many of the world's major companies, as well as the discovery of the manipulation of companies in their financial lists all weakened the confidence of users of the financial statements.
- Corporate administrative and financial corruption and misuse of the powers granted can affect users' confidence in financial statements.

The preceding factors have led to the demand for a set of ethical and professional controls and principles to achieve confidence and credibility in the information contained in the users' financial lists and reports.

Reliability Of Financial Statements

Reliability expresses the authenticity of accounting information for its reasonableness, error-free and biased nature and safely presents the economic events it represents. The Financial Accounting Standards Board has identified reliability through Concept Statement No. 2 as: an information characteristic that confirms that information is reasonably free of error and bias and fairly presents what it claims to represent. (FASB,2008,P6). Those who use accounting information prefer this information to be of a high degree of honesty, as it is this characteristic that justifies their confidence in that information as a sincere expression of the financial position of the economic unit. (Abu Rakba, 2014, p.38)

Information reliability determinants:

According to the Financial Accounting Standards Board's Conceptual Statement No. 2, the determinants of the reliability of information are defined by three elements: authenticity in expression, verifiability, neutrality.

- Honesty in Expression: Accounting information is a sound, safe and free expression of events. The expression is genuinely representative of substance or substance and not merely of form.
- Verifiability: the ability to access the same results by more than one person if the same methods are used to measure accounting information. If external parties (external accountants or auditors) reach different results, this is evidence that the financial statements are not verifiable and therefore unreliable and do not have reliability. (Abu Rokba, 2014, p. 40).
- Impartiality: The neutral presentation of information is intended to be neutral and impartial, so that financial statements are not prepared and presented to a particular service or entity. Periodic availability of information in financial markets with a reasonable degree of confidence leads to equity among investors, which reduces the chances of trading in internal information. Equity is achieved by wasting the opportunity for investors with internal information to make profits at the expense of other investors.

Relationship between accounting disclosures and users' trust in financial statements

Accounting disclosure provides information that the Company wishes to disclose, to all its customers. Although there are standards issued by international competent bodies that specify the information to be disclosed and the characteristics of that information that must be available in order to be reliable by external parties. However, bankruptcies, especially from large companies that were presumably highly adequate and accurate disclosures, have undermined external parties' confidence in the information disclosed by management. Here comes the role of management in building trust with external parties and trying to gain their trust through flexibility in meeting those parties' information needs that does not affect the company.

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Each segment of the financial statements users has different interests. The investor is interested in the market value of his shares and dividends. While lenders are concerned about the company's ability to pay its debts on time and get interest due for their money, Suppliers are interested in determining whether the company is a good customer and will be able to pay its obligations. Customers are interested in the extent of the company's ability to produce and continue in the market. Hence the role of management in gaining the trust of all those parties by providing information that meets their different needs and reinforces their feeling that the company is a good choice for each of them.

Field study:

Data Collection Tool:

The basic data were compiled by means of a questionnaire designed to cover the variables of the independent study (disclosure of financial and accounting information, disclosure of non-financial information), and the subordinate variable (investor confidence in financial statements). The terms of the questionnaire were distributed to the themes as follows:

Table -1-

Variable	Number of phrases
5	Disclosure of accounting and financial information
5	Disclosure of non-financial information
6	Investors' confidence in financial statements

Prepared by the researcher

Authenticity Of Questionnaire

The questionnaire is genuinely intended to measure what was put in place to measure it. To ascertain the veracity of the questionnaire, the researcher presented the questionnaire to an arbitration panel. The researcher responded to the jury's observations on what to add or delete until the final terms of the questionnaire were reached.

Descriptive statistics:

The questionnaire is designed according to the Fifth Likert scale, so that (1) means strongly approved, (2) means approved, (3) means neutral, (4) means not approved, (5) means strongly disagreed. The computational average of the responses of the search sample individuals to the questionnaire items was also used for the purpose of knowing the opinions and trends of the search sample individuals. The length of the field is calculated and is the quotient of the number of distances (equal to 4) over the number of selections (equal to 5), hence the length of the field = 4/5 = 0.80.

Table -2-

Degree of approval	Strongly Agreed	OK	Neutral	Disagreed	Strongly disagreed
Field	**1.79 -1**	**2.59 – 1.80**	**3.39 – 2.60**	**4.19 – 3.40**	**5-4.20**

The overall average sample responses to the questionnaire's phrases were as shown:

Table 3

Phrase	General average response	Degree of approval
Disclosure of accounting information in a clear and understandable manner	1.4	Strongly Agreed
The income list genuinely reflects the company's income	1.35	Strongly Agreed
The list of flows genuinely reflects the company's cash flow	1.75	Strongly Agreed
Supplementary explanations of financial statements are sufficient	1.4	Strongly Agreed
Financial information disclosed is understood	1.525	Strongly Agreed
Non-financial information supplementary to financial information	2.15	OK
Non-financial information affects investors' decisions	2.025	OK
Non-financial information gives a clearer picture of the company	1.925	OK
Non-financial information increases investors' ability to predict the future performance of the company	2	OK
Non-financial information increases investors' ability to understand Easter financial information	1.975	OK
Financial reports presented are consistent with agreed accounting standards	1.425	Strongly Agreed
Adequate disclosure and equity among investors	1.625	Strongly Agreed
Adequate disclosure to prevent misleading financial statements	1.75	Strongly Agreed
The disclosure provided by the company is sufficient to ensure that the data is free of material errors	1.6	Strongly Agreed
Disclosed information is impartial and unbiased	1.775	Strongly Agreed
Easter information affects investors' decisions	1.225	Strongly Agreed

We note from Table 3 that shows the average response of the search sample to the search phrases, that there is a general trend among investors surveyed with a degree of (strongly agreed) on the impact of accounting and financial information disclosed in the financial statements on investor confidence, while this trend is reduced to a degree of (OK) on the impact of non-financial information on investor confidence.

Persistence Of Questionnaire

The stability and sincerity of the questionnaire is measured by calculating the Alfa Kronbach coefficient. This coefficient takes values ranging from zero to the correct one. The value of the Alfa Kronbach coefficient equal to 60% is acceptable to judge the stability of the resolution. The higher the value of the alpha-kronbach coefficient, the higher the degree of stability and honesty

Table 4: *Alpha Kronbach Factor for Questionnaire Themes*

Theme	Number of phrases	Constant coefficient
Disclosure of accounting and financial information	5	0.865
Disclosure of non-financial information	5	0.709
Investors' confidence in disclosed financial statements	6	0.691

Prepared by the researcher using the SPSS software

We note from Table 4 that the Alpha Kronbach coefficient of the questionnaire themes are all greater than 60%.

Internal Consistency Of Questionnaire

The internal consistency of the questionnaire is shown by calculating the Pearson correlation coefficient, and the correlation is classified based on the results of the Pearson correlation coefficient as follows:

Table -5-

RII	Importance Level	
0.8 ≤RII≤ 1	High	H
0.6 ≤RII≤ 0.8	High-medium	H-M
0.4 ≤RII≤ 0.6	Medium	M
0.2 ≤RII≤ 0.4	Medium- Low	M-L
0 ≤RII≤ 0.2	Low	L

We will measure the correlation of each of the questionnaire phrases with the theme to which they belong:

First Theme: Disclosure of Financial and Accounting Information:

Table 6

Phrase	Pearson correlation	Sig.(2-tailed)
Disclosure of accounting information in a clear and understandable manner	1	0.000
The income list genuinely reflects the company's income	1	0.986
The list of flows genuinely reflects the company's cash flow	1	0.019
Supplementary explanations of financial statements are sufficient	1	0.003
Financial information disclosed is understood	1	0.000

Prepared by the researcher using the SPSS software

By comparing the outcome of each of the first theme phrases with the total theme as a whole and comparing the results with the areas of importance in table (5), we note that the first theme phrases have strong internal consistency, and we note that the calculated indicator levels expressed in values (sig) calculated for each phrase with the theme that belongs to that indicates that there is a moral and statistically significant link between the theme and the phrases that belong to it.

Second Theme: Disclosure Of Non-Financial Information

Table 7

Phrase	Pearson correlation	Sig.(2-tailed)
Non-financial information supplementary to financial information	1	0.013
Non-financial information affects investors' decisions	1	0.05
Non-financial information gives a clearer picture of the company	1	0.048
Non-financial information increases investors' ability to predict the future performance of the company	1	0.008
Non-financial information increases investors' ability to understand Easter financial information	1	0.001

Prepared by the researcher using the SPSS software

By comparing the outcome of each of the second theme phrases with the total of the theme as a whole and comparing the results with the areas of importance in table (5), we note that the second theme phrases have strong internal consistency, and we note that the calculated indicator levels expressed by values (sig) calculated for each phrase with the theme that belongs to that indicates that there is a moral and statistically significant link between the theme and the phrases that belong to it.

Theme 3: Investors' confidence in disclosed data

Table 8

Phrase	Pearson correlation	Sig.(2-tailed
Financial reports presented are consistent with agreed accounting standards	1	0.000
Adequate disclosure and equity among investors	1	0.011
Adequate disclosure to prevent misleading financial statements	1	0.019
The disclosure provided by the company is sufficient to ensure that the data is free of material errors	1	0.617
Disclosed information is impartial and unbiased	1	0.029
Easter information affects investors' decisions	1	0.013

Prepared by the researcher using the SPSS software

By comparing the outcome of each of the third theme phrases with the total of the theme as a whole and comparing the results with the areas of importance in table (5), we note that the third theme phrases have strong internal consistency, and we note that the calculated indicator levels expressed in values (sig) calculated for each phrase with the theme that belongs to that indicates that there is a moral and statistically significant link between the theme and the phrases that belong to it.

Hypothesis Test

I. Test the first hypothesis: There is no statistically significant link between the disclosure of accounting and financial information and investors' confidence.

Hypotheses were tested using t-test tests, in order to find out what there was a statistically significant relationship between the dependent variable and the independent variable. After the data was entered into the statistical spss program, the following results were reached:

Table -9-

Model		Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	
1	(Constant)	1.559	.286		5.450
	Average first axis	.005	.191	.004	.027

Prepared by the researcher using the SPSS software

Note from Table 9 that t's calculated value (0.027) is lower than t's scheduled value (0.05), which means that there is a statistically significant relationship between accounting and financial information and investor confidence at an indicative level (0.05). We therefore reject the hypothesis of nowhere that there is no statistically significant correlation between the disclosure of accounting and financial information and investor confidence. We accept the alternative hypothesis that there is a statistically significant relationship between the disclosure of accounting and financial information and investor confidence.

Second hypothesis test: There is no statistically significant correlation between the disclosure of non-financial information and investors' confidence:

Table -10-

Model		Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	
1	(Constant)	1.542	.295		5.219
	Second theme	.002	.029	.014	.084

Prepared by the researcher using the SPSS software

Note from Table 10 that t's calculated value (0.084) is greater than t's scheduled value (0.05), which means that there is no statistically significant correlation between the disclosure of non-financial information and investor confidence at an indicative level (0.05). That is why we accept the hypothesis of nowhere that there is no statistically significant correlation between disclosure of non-financial information and investor confidence and rejection of the alternative hypothesis.

Search Results

Through the study, the researcher concluded that:

- The information contained in the income list affects the disclosure of financial and accounting information and thus the confidence of investors. According to the researcher, the importance of the income list information comes from the fact that it expresses the company's activity and as a result of its work whether it is profitable or lost, as well as whether there are emergency events affecting the financial position of the company and naturally this information is important to investors.

- The information contained in the cash flow list affects the disclosure of financial and accounting information and thus the confidence of investors. In the researcher's view, the importance of the information presented by the cash flow list comes from the fact that it gives a clear picture of the liquidity of the company and whether the liquidity of the company is good and capable of paying its obligations or whether there is a risk that the company will not pay its obligations, information that fundamentally affects investor confidence.
- The information presented by the financial position list was less important to investors and after inclusion in the questionnaire and when the questionnaire was tested was excluded which means that it does not materially affect investors' confidence according to the research sample. According to the researcher, this result is that the financial position list information depends partly on historical information. Thus, the clearer picture of the company's financial situation comes from the list of income and the list of cash flows.
- Information provided by supplementary financial statements affects the disclosure of accounting and financial information, thereby affecting investors' confidence. These clarifications were optional disclosures but because of their importance they were included with mandatory disclosures that are important to disclose and to be known by investors because they have an impact on their investment decisions.
- Through the study the researcher shows that non-financial information disclosed optionally does not materially affect investor confidence and disclosure of this information is often optional, i.e. the management of the company has the option to disclose this information or not. In the researcher's view, as long as there is no binding conceptual framework for companies to disclose non-financial information, their importance will remain limited and their impact on investor confidence is immaterial.
- Investor confidence in disclosure was examined by examining the impact of the compatibility of financial reports with agreed standards on such confidence, as well as the impact of providing qualitative characteristics of disclosed information on investor confidence. The result of the study was that all these factors fundamentally affect investors' confidence.
- Researcher's recommendations:
- After undertaking the study and testing the study assumptions, the researcher concluded a set of important recommendations that could enhance investors' confidence in the financial statements of companies. The most important of these are:
- The researcher recommends that investor confidence and enhancement of information disclosed by the company be considered as a moral asset of the company that should seek as much as possible to preserve and increase it by providing all disclosures that can increase such confidence.
- Considering the disclosure of non-financial information as optional disclosures and giving the management of the company great flexibility in disclosing them reduces the value of such information. It gives management the freedom to disclose information that serves the interests of the company only. Therefore, the researcher recommends that there be more controls that require management to disclose non-financial information that may be of great interest to investors.
- Giving non-financial information the status of optional disclosures reduces its relevance to investors. The researcher therefore recommends that non-financial information be given more attention and study and that efforts be made to develop a conceptual

framework that enhances its relevance and increases its ability to influence investors' confidence.

- The supplementary explanations of the financial statements were optional and subsequently made mandatory under IAS. Many optional disclosures may become mandatory. Therefore, in the researcher's view, non-financial information should have the same qualitative characteristics as financial information of relevance, equitable representation, impartiality, non-material misstatement, timing.
- The loss of investor confidence may result in significant losses. There are large global companies that have gone bankrupt as a result of investors' loss of confidence in their financial statements and hence their reluctance to invest in them. The researcher therefore considers that the subject of financial statements users' confidence in disclosed information is of great importance and needs to be extensively studied.

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