The Role Of Accounting Information In Enhancing The Financial Feasibility Of Economic Units

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Abstract:
The purpose of this research is to know the effect of the future accounting information and the predictability provided by that information in enhancing the financial viability of the economic units and identifying the financial feasibility and importance of the economic units in terms of guiding the owners of capital to take the right investment decision.
This research was conducted in one of the investment projects for the production of iron located in the city of Baghdad, the region of Awrig. The most important conclusion of this study is that for the financial feasibility study it is important to estimate the success of the project by determining the expected returns compared to the expected costs.
key words : Financial feasibility, future accounting information, economic units.

Introduction:
The diversity and multiplicity of investment projects in front of the owners of capital and different results of these projects and potential opportunities, Making the investment decision of the difficult decisions facing the decision makers, especially in light of the competition and rapid development that occurs in various fields Hence the importance of accurate and accurate future accounting information in the financial feasibility studies of economic units now such decisions cannot be taken without conducting feasibility studies.

The first topic is research methodology

A: Research problem

The lack of feasibility studies for financial units, Most investors are reluctant to conduct financial feasibility studies, As a result of the cost of conducting the study or the lack or lack of accurate accounting information, In the implementation of investment projects, so the problem of research is as follows:

1- What role accounting information in enhancing the financial of feasibility economic units through the provision of good information.

2-Does it affect the content of the reporting of future accounting information affect the financial feasibility studies of the economic units?

B - Objective of the research: The research aims to

1- Statement of the importance of future accounting information and the techniques used in the extraction of future accounting information.

2- To understand the concept of financial feasibility and its importance.
C - The importance of research

The importance of research derives from the importance of future accounting information, and its role in conducting financial feasibility studies. If they address one of the most important topics related to accounting information and to demonstrate the effectiveness of accurate accounting information in the rationalization of investment decisions, which leads to the detection of weaknesses in any investment decision taken by investors.

D - the hypothesis of the research

Future accounting information have an important role in making the investment decision correctly. By providing honest information when conducting any feasibility study for future economic units.

Second: SOURCES OF INFORMATION COLLECTION:

Depends on

1. Relevant Arabic books.
2. Research, reports and scientific journals of Arab and foreign.

Third: Practical side:

Depends on:

1. Information gathered through research.
2. Official data.
3. Personal interviews.

Fourth: Research Sample:

The research was conducted in one of the investment projects of iron production in the city of Baghdad Awrig area.

Fifth: Previous research:
A- Abdul Malik: 2013 (financial feasibility study of investment projects and their contribution to investment decision-making)

The aim of this research is to study the distinctive methods that make the project safer and easier And providing the investor with the study mechanisms and information requirements.

They arrive at the mechanism of this research, The feasibility study is an important tool for strategic planning and an important point in investment decision making The main purpose of the financial feasibility study is to find out the financial implications of the report through the exact size of the necessary funds.

B- Abdullah and Jassem: 2017 (real-time financial reporting and a session in enhancing my interests for the completeness and timeliness of my investment and distribution decisions)

The purpose of this research is to identify the needs of users and the usefulness of providing a real-time financial reporting system And to determine whether the type of reporting can provide information on the investment decision and the distribution of profits in real time to produce such information

The most important of the mechanism of this research The importance of accounting information has increased at the present time as a result of technological development which has accompanied the development of computers Saving time, effort and speed of information transfer.

What distinguishes research from previous research:

What distinguishes this research is that the previous research dealt with the financial feasibility study and its impact on decision making for investment his paper examines the impact of future accounting information in enhancing the financial feasibility of the economic units under development and comparing the opportunities available for investment decision makers

The second topic

Accounting information: The data processed to obtain meaningful indicators that are used as a basis for decision making, And this
information should be detailed and meaningful to the decision-maker (Hayat, 2011: 48)

Accounting information is the output and processing of raw data with a set of procedures and steps To convert input from data to output and information Data is the basic foundation of information and information is the dependent variable It is data that has been arranged in a meaningful and useful way that helps to increase the level of knowledge And reducing the degree of uncertainty for its users that change the behavior and thought of users in making their decisions. (Aljawi and Bkari, 2015: 11)

The accounting information is related to some of the related concepts: (Al-Dahrawi, 2005: 23)

1-Data: A set of unorganized facts that may be in the form of unrelated numbers, words or symbols, Which has no real meaning and does not affect the behavior of the recipient.

2-Information: is the sum of structured and related data that constitutes facts, concepts, opinions, conclusions, and beliefs Which constitute tangible experience and knowledge and have a perceived value in current or expected use We get it as a result of data processing through tabulations, classification, analysis, and organization in a customized way that serves a particular purpose.

Specific characteristics of accounting information:

The accounting information has primary and secondary characteristics as follows:

Main qualitative characteristics

A) Relevance: It means that information can make a difference in decision by helping users to create predictions for future results, enhance or correct previous predictions, and to accommodate three secondary properties:( FASB.SFAC.NO2)

1-Predictive power: Information is characterized by its ability to provide a basis for predicting future decision-making events.
2-The possibility of verifying expectations: the information is appropriate as it has the capacity to verify the correctness of the prior expectations for correction and this information is contained in the progress reports.

3-Timeliness: The information is useful when the decision maker has the time to do so before losing its ability to influence its decision.

B) Reliability: means that the information is reasonably free of errors and biases and honestly reflects the purpose you are targeting To be reliable, the information should have the following characteristics: (Hamidi, 2009: 42)

1-The information is correct in the representation of the phenomenon of the subject of the research: any match information established in the financial reports with the accounting event represented by fairness and honesty.

2-Verifiable: that if the accounting measurement of the event investigated by many accountants are returned to the same results independently.

3-neutrality: The absence of financial information from bias using the basis and methods of measurement measured without taking into account the interest of the beneficiary of the process of measurement and disclosure.

Secondary Qualitative Characteristics (Aljajawi et al., 2013: 49)

A) Comparability means that the benefit of accounting information in decision making will be improved if the information is comparable with information similar to other economic units or to the same unit for different periods.

B) Stability: Any use of the same principles, assumptions and accounting procedures by the Economic Unit from one year to another and not to change them unless necessary.

Second: Financial Feasibility Study:
A preliminary feasibility study should be carried out to determine whether the detailed feasibility study of environmental feasibility will be used to determine the impact of the project on the environment,
The legal feasibility of determining the relationship between the project and the laws and legislation affecting it, and the marketing feasibility of estimating demand for the project's products as well as analysis of data and information from sources. Determining the structure and type of market under which the project operates, and the technical feasibility of planning and preparing the production capacity through the results and estimates obtained from the marketing feasibility, and the social feasibility of assessing the impact of the project on the national economy (Andreas, 2006: 62).

The feasibility study in general means that it is a group of specialized studies conducted to evaluate the validity of a particular investment project to achieve many objectives, and is described as the bridge that must be crossed correctly so that the appropriate decision can be taken to achieve the desired goals. The financial feasibility study depends on the results of the other studies, mainly the marketing and technical studies, as it reflects the results and effects on cash outflows (costs) and cash inflows (income) during the project life of the project. This type of study includes the processing of data, tables and analyzes needed, identification of financial and economic benefits and costs incurred by project owners in exchange for such benefits (Zewail, 2007: 38).

Objectives of the financial feasibility study:
The financial feasibility study aims to determine the project's ability to meet its obligations, through the preparation of estimates of project revenues on the one hand and investment costs and operating costs on the other hand over the life of the productive project. It also aims to ensure the availability of financial resources to establish the project in a timely manner at reasonable cost through: (Al-Quraishi, 2009: 32)

1. Identify sources of project access to different financial resources and determine the cost of obtaining them.
2. Estimate the cost of each funding structure.
3. Choosing between different financing structures to better meet the project's objective in terms of determining the project's ability to meet its financial obligations, in order to achieve flexibility, which means the ability to adapt the financial structure of the project to its needs arising from changing circumstances. Flexibility is the ability of the project to provide the liquidity needed to operate the project and to meet all its obligations.

The financial feasibility study also aims to assist the investor in making the decision regarding investment in the proposed project. The financial feasibility study, through the preparation of the estimated financial
statements of the project, aims at achieving financial planning for the total costs of the investment project. And control the implementation of the investment project by comparing the expenditure of the investment expenditure and the estimated counterpart of that project. (Khin, 2013: 44).

The main objective of the financial feasibility study is to ascertain the availability of financial resources to establish a project at the appropriate time and at a reasonable cost and to determine the extent of its ability to meet its obligations. Therefore, it focuses on three points: (Zerar, 2013:5)

1. Analysis of the project's financing structure: It is intended to identify the sources and uses of the financial resources available to finance the project and specify the times of their flow through the productive life of the project to ensure the operation and operation of the project according to the plan without any delay, As well as the alignment of risk and return as the increased dependence on borrowing in financing increases the level of risk to the project while on the other hand to increase the expected rates of return on investment, Based on this, the optimal financing structure of the project should achieve a balance between return and risk in a way that maximizes the value of the company's share.

2. Determination of liquidity ratios: We find that financing institutions such as commercial banks and local and international development institutions are concerned with liquidity indicators because they are indicative of the ability of the project to meet its financial obligations and debts owed, The financial ratios are also used to estimate the additional cash flow that is included in the valuation process of capital expenditure projects using multiple methods, including the NPV method.

3. Determination of the cost of money: means the price that is paid to obtain the funds necessary to finance the project and this price varies from one source of funding to another, which is the most important factors that affect the structure of funding and affected by it (Alamawi, 2012: 20).

And the final objective of the financial feasibility study is to identify the financial implications resulting from the accurate estimate of the amount of funds necessary for the implementation and operation of the project, As well as identifying the different sources of funding with the costs involved, and finally making a trade-off between the proposed financing structures and selecting the most appropriate ones.

Upon completion of the preparation of the financial study, the financial analyst will have a set of information and data necessary for its classification and analysis in order to judge the profitability of the investment project by knowing the liquidity of the project and the
appropriateness of the internal cash structure and its external flows as well as the appropriateness of the capital structure. (Abdelmalek, Ghayat, 2013: 37).

**The application side Research**
The practical aspect of research in one of the investment projects in the city of Baghdad was conducted through the study of a financial feasibility study for this project The following are the costs, sales and expected profits of this project. This study was conducted through the preparation of a special program in Excel to show the expected costs of the depreciation and recovery period.

<table>
<thead>
<tr>
<th>Particulars of Land and Site Development Cost (currency - USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Particulars</strong></td>
</tr>
<tr>
<td>Land</td>
</tr>
<tr>
<td>Acquisition cost</td>
</tr>
<tr>
<td><strong>Site Development</strong></td>
</tr>
<tr>
<td>Cutting &amp; Leveling</td>
</tr>
<tr>
<td>Internal Roads</td>
</tr>
<tr>
<td>Legal Expenses</td>
</tr>
<tr>
<td><strong>Total cost of Land and Site Development</strong></td>
</tr>
</tbody>
</table>

The above table shows the initial costs of the project, namely the cost of land acquisition and land preparation costs $ 322900, and the legal expenses where the initial costs.

<table>
<thead>
<tr>
<th>Table(2)</th>
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</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
</tr>
<tr>
<td>Buildings</td>
</tr>
<tr>
<td>Others</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

The second table shows the cost of buildings and other related costs, and these data are actually taken from current prices.
The table above shows the cost of obtaining the machines and equipment for the project, which are iron production machines, shredding machines, production lines and other necessary equipment for this project. This is the first project of the kind in Baghdad, where this data was obtained from the prices of these machines in the international markets Where they will be imported from Ukraine This data was processed through the preparation of a special program for this purpose we left the routine in the preparation of financial feasibility studies.

Table (4)

<table>
<thead>
<tr>
<th>Item of Cost</th>
<th>Total (USD )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land &amp; Site Development</td>
<td>322900</td>
</tr>
<tr>
<td>Buildings</td>
<td>761800</td>
</tr>
<tr>
<td>Machines &amp; Equipment</td>
<td>2530000</td>
</tr>
</tbody>
</table>
The above table shows the total cost of the project, which is the cost of production lines, land and buildings, which amounted to $3617,900

<table>
<thead>
<tr>
<th>Table(5)</th>
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<tbody>
<tr>
<td><strong>Annex No</strong></td>
</tr>
<tr>
<td><strong>NET Revenues</strong></td>
</tr>
<tr>
<td>Prime Cost of scientific operations</td>
</tr>
<tr>
<td>Utilities</td>
</tr>
<tr>
<td>Direct Labourcost</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
</tr>
<tr>
<td>Otherscientific exp</td>
</tr>
<tr>
<td><strong>Total Cost of scientific operations</strong></td>
</tr>
<tr>
<td>A. Estimated cost of scientific operations</td>
</tr>
<tr>
<td>B. Admin Overheads</td>
</tr>
<tr>
<td>C. Total cost of scientific operations and Admin.</td>
</tr>
<tr>
<td>D. Earning Before Int., Tax &amp; Depreciation</td>
</tr>
<tr>
<td>Financial Expenses</td>
</tr>
<tr>
<td>Interest on term loan</td>
</tr>
<tr>
<td>Interest on borrowings on Working Capital</td>
</tr>
<tr>
<td>E. Total Financial Expenses</td>
</tr>
<tr>
<td>G. Income before depreciation</td>
</tr>
<tr>
<td>H. Depreciation</td>
</tr>
<tr>
<td>I. Preliminary expenses written off</td>
</tr>
<tr>
<td>J. Operating Profit</td>
</tr>
</tbody>
</table>
The above table shows the expected annual sales of the project over four years minus direct and indirect bank costs and operational banks of the project with an expected sales of $250.2 million. Taken from the market study.

<table>
<thead>
<tr>
<th>K. Provision for Taxation</th>
<th>1404123</th>
<th>1405661</th>
<th>1407098</th>
</tr>
</thead>
<tbody>
<tr>
<td>L. Profit After Tax (PAT)</td>
<td>798157.6</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>2394473</td>
<td>4212371</td>
<td>4216983</td>
</tr>
</tbody>
</table>

The above table shows the internal rate of return of the project with an internal rate of return of 112%. This is a good indication that such projects are considered successful and profitable projects. The project recovery period is approximately one year and nine months.
Conclusions and Recommendations:

Conclusions:
1 - The project achieves high profitability covering the investment cost of this project.
2 - The period of the project was good and this is a good indicator of the success of the project.
3- The financial feasibility study helps in making the right investment decision and directing the money towards the optimal investment.
4 - Feasibility study of financial importance by estimating the success of the project by estimating the expected returns compared to costs.
5- Accounting information must be taken from reliable sources in order to accurately reflect the reality of such projects.
6- There are legal obstacles facing some investment projects are ownership of the land as most industrial cities are located in rural areas and here face the obstacle to granting investment license.

Recommendations:
1- The necessity of carrying out the financial feasibility study for any project of any size and type so as to enable the investment decision to compare the opportunities available.
2 - The accounting information adopted must be a valid feasibility study and reflect the real reality.
3- The appropriate investment environment should be provided through the enactment of certain laws and regulations that will help.
4 - The need to encourage domestic investment and not rely solely on foreign investment because of its importance in economic and community development.

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