EVALUATING THE FINANCIAL PERFORMANCE OF OIL SERVICE CONTRACTS IN LIGHT OF THE REQUIREMENTS OF (IFRSS) AND THE IRAQI UNIFIED ACCOUNTING SYSTEM AN APPLIED STUDY IN THE IRAQI MIDLAND OIL COMPANY

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Article history:		Abstract:
		This article deals with the problem of weak accounting rules about oil service contracts for the Iraqi Midland Oil Company and inconsistency with the requirements of (IFRSs). The research aims to show the results of the comparative application according to (IFRSs) because of the importance of what those contracts constitute from an economic point of view and providing appropriate and honest information to the oil decision-maker. Additionally, its goal is to evaluate a unified accounting system for oil service contracts and their implications for Indicators of the company's financial performance (the research sample). To contribute to the development of the accounting dimension of the oil sector in light of its openness to joint work with international oil companies. The research point to several conclusions: The important one is the overall financial performance indicators of the research sample company indicate that the application of (IFRSs) was an indicator better than unified accounting system Indicators in a state of the company's accounting application. The research recommends the necessity to pay attention to the study and analysis of the performance of oil companies and their financial conditions on an ongoing basis. Furthermore, to support the requirements of continuous evaluation of their performance due to the discrepancy and conflicting performance indicators due to the overlap of financial and accounting work.

INTRODUCTION

The oil sector is one of the most important sources of financing state expenditures in Iraq. Additionally, it is the largest and most important sector compared to other economic sectors. Several international oil companies work in this sector with different private contracts, including (oil service contracts) that prevail in the Iraqi oil sector in its relationship with international oil companies.

Significant issues have occurred in the honest representation of the financial situation and the results of the financial performance of the local company. There are two reasons for these problems: Firstly, the lack of integration of the accounting concept of the economic entity in dealing with the activities of the oil service contracts. Second, the lack of compatibility with the accounting foundations adopted in accounting for the ongoing activities in the contract by the international company. Consequently, it negatively impacts the appropriateness of accounting information

in making operational, investment, and financing decisions for these companies and the general management of the oil sector. Therefore, this requires the evaluation of financial performance indicators to prove the impact of different applications and accounting foundations and their reflections on the results of financial performance evaluation.

THE METHODOLOGICAL FRAMEWORK FOR RESEARCH

Research Problem: Iraqi oil companies operate of the nature of oil activity and the specificity of oil service contracts under the requirements of the unified accounting system. However, at the same time, it does not meet all the requirements of this system in economic entity independence. The overlap of business with other local oil companies and issues of financing and revenue recognition made its actual accounting applications about the activities of service contracts do not comply with the requirements of this

system. Furthermore, their incompatibility with the accounting principles and standards was approved in the preparation of accounting reports sent by foreign companies (the operator) and approved by the local company in proving its operations. It reflects adversely in an honest representation of the financial position and results of its financial performance local. Consequently, it affected making operational, investment, and financing decisions for these companies and the general management of the oil sector.

According to the issues mentioned above, the research question is: Do the results of financial performance indicators differ under applying the unified accounting system than under the application of (IFRSs) for Midland Oil Company's oil service contracts?).

Research Importance: The main contributions of the research in the following fields:

1- Contribute to a statement the effect of the difference and variance of accounting treatments on the results Indicators of the real financial performance of the company.

2- The research is one of the rare studies that apply (IFRSs) in oil service contracts in Iraq and a statement of its effects on financial performance indicators.

Research Objectives: The research aims to achieve the following objectives:

1- Statement of the company's financial position and activity results, the sample of the research under (IFRSs) of the requirements of the unified accounting system for accounting for the activities of oil service contracts.

2- Evaluate, test and analyze the differences in the results of financial performance indicators in light of the application of the unified accounting system than under applying (IFRSs) for oil service contracts (for a company which is research sample).

Research Assumes: The search is conducted according to the following hypotheses:

There are significant differences in the results of financial performance evaluation between applying (IFRSs) and the Unified accounting system to the oil service contracts of the company (the research sample). The hypotheses are categorized as follows:

1. There are significant differences in the results of liquidity indicators between the applying (IFRSs) and the Unified accounting system to

the oil service contracts of the research sample company.

2. There are significant differences in the results of activity indicators between the applying (IFRSs) and the Unified accounting system to the oil service contracts of the research sample company.

3. There are significant differences in evaluating profitability indicators between the applying (IFRSs) and the Unified accounting system's standard to the oil service contracts of the research sample company.

4. There are significant differences in the results of the debt indicators between the applying (IFRSs) and the Unified of the standard accounting system to the oil service contracts of the research sample company.

5. There are significant differences in the evaluation results of financial risk indicators between the applying (IFRSs) and the Unified accounting system's standard to the oil service contracts of the research sample company.

THEORETICAL PART OF THE RESEARCH

Oil Service Contracts: An oil service contract is a contractual agreement between an oil-producing country and an international oil company to develop or explore oil and natural gas fields on behalf of the host government (Ghandi & Lin, 2014: 2). The state hires the contractor to perform exploration or production services within a specified area for a specified period. Contractor services are compensated for a fixed or variable fee. The country retains ownership of petroleum at all times (both on-site and in the product). The Contractor shall not acquire any ownership of the Petroleum Rights, except in cases where the contract provides for the contractor's right to pay his fees "cash" (oil/ gas) or the contractor grants a preferential right to purchase part of the production from the government (Tordo, 2009: 10). Service contracts are divided into types. Some important types are described below (Adebayo, 2018: 145) (Likosky, 2009: 14). (Edward, 2015: 19-20):

1. **No-Risk Service Contract:** It is a contract agreement whereby an oil company carries out exploration, development and production activities on behalf of and at the expense of the NOC. The company bears all risks and the exclusive right to all discovered resources (Hamid, 2014: 44). Therefore, the host country bears all the risks associated with exploration, which is preferable to foreign companies (Adebayo, 2018: 145).

2. **Risk Service Contract:** The risk service contract represents a situation in which the host country requires the foreign company to bear the risks associated with exploration activities (Adebayo, 2018: 145). The prospecting company provides the capital required for research and development operations. It is returned with interest during specific years after the production stage. The payment should be either in cash or by giving it the right to purchase part of the production for a specified period at a reduced price. When production begins, the government undertakes to pay all operating costs (Ali, 2016: 58). Under this type of contract, the contractor bears all costs and risks associated with exploration, evaluation and development work. The risks are the amount paid by the contractor for exploration, evaluation and development. These amounts are not recoverable unless the results are positive and sufficient commercial reserves have been obtained. (Stone, 2014: 175).

3. **Technical Service Contract:** Technical assistance agreement is an arrangement in which a contractor is contracted to redevelop or carry out a major rehabilitation or enhance the recovery of petroleum resources for a specified fee based on the production profile. For example, the surplus is attributed to the contractor's technical assistance when future production is enhanced beyond the normal range. This increase can be shared between the contractor and the host country and. On the other hand, if production falls below the agreed rate, the host country can take all products due to the contractor's failure to enhance production under the contract (Edward, 2015: 20). So it is to bring a company to perform a specific task for which you will get a fixed compensation where the host government is the stronger party (Likosky, 2009: 15).

Financial Performance Assessment for the Oil Industry

The use of high-quality unified standards increases the quality of financial reports. Thus, it reduces the levels of information asymmetry. It impacts negatively on the level of quality of financial reports; in consequence, it reflects negatively on the ability of financial analysts to evaluate, analyze and interpret the results of the company's performance and financial position (Al-Sayed, 2015: 48).

IFRSs are considered higher quality accounting standards that may lead to further honest financial reporting (Jiao et al., 2012: 57). It reflects the economic core of the economic unit (Miliji, 2014: 12). Furthermore, it makes accounting information more helpful to investors to anticipate and evaluate financial performance (Hamdawi, 2020: 126). The use of (IASB) for the concept of fair value in evaluating the assets and liabilities of the economic unit is considered as potential demand for current and expected investors of the economic unit to help them make decisions. The concept of fair value is based on the principle of primacy of the economic substance over the legal form (Sweed, 2012: 36).

In the oil and gas industry, the traditional view is that historical cost accounting may be inappropriate for accurately conveying the financial performance of oil and gas companies to the financial markets (Misund et al., 2015: 4). Therefore, the existence and application of (IFRS/IAS) boost the quality of accounting outputs. It provides helpful information in the process of evaluating financial performance. The objectivity of measurement required by accounting can only be achieved by an integrated theoretical framework governing the application process. Thus, it enhances the process of financial evaluation of the economic unit (PWC, 2017: 15).

Quality accounting information is considered the accounting indicators or metrics that represent reliable measures of the company's performance. Furthermore, it expresses the company's performance, economic reality, and business results (Meligy, 2014: 8).

Indicators for Evaluating the Financial Performance of Oil Service Contracts

Many studies consider that financial performance indicators are an important aspect demanded by the requirements of accurate financial planning because they enable management to judge past performance and accurately predict the future. Additionally, using ratios, financial analysis provides useful information to users of financial reports about the company's ability to pay debts and dividends and the risks associated with its future obligations (Al-Rubaie, 2020: 159). This method is regarded as one of the most common financial performance evaluation methods in the business world. It provides many financial indicators that can be used in the following. Firstly, evaluate the company's profitability, liquidity, efficiency, and asset and liability management (Al-Amri and Al-Rikabi, 2007: 113). Secondly, monitor the company's performance from time to time (Gitman & Zutter, 2015: 118). Thirdly, compare its performance with other competitors (Daryanto & Wibisono, 2019: 194).

Therefore, it is a useful way of expressing the relationships between financial accounts and the relationships expected from time to another (Daryanto & Wibisono, 2019, 195). There is a significant number of empirical studies on evaluating financial ratios in various industries around the world, including evaluating the financial performance of oil and gas companies (Daryanto & Nurfadilah, 2018: 12).

Evaluation of the Financial Performance of the Research Sample Company
This part evaluates, tests and analyze financial indicators for the fiscal year 2019, which are measured according to the followings:

1. Evaluation, testing and analysis of the financial performance indicators of the company of the research sample according to the actual financial statements with inserting the calculated financial statements resulting from applying the requirements of the unified accounting system for the activities of the oil service contracts for the period (2011-2019).

2. Evaluation, testing and analysis of the financial performance indicators of the company of the research sample according to the actual financial statements, with the addition of the calculated financial statements resulting from applying of the requirements of (IFRS) on the activities of oil service contracts for the period (2011-2019).

In the context of the studied relationships between the variables mentioned above, the research adopts statistical empirical tests. These tests are used to measure the statistical differences between the financial performance indicators of the research sample company under an application variable (IFRS) and the unified accounting system in accounting for oil service contracts.

The following research methods were adopted:

1. **Applied Method:** This method has been used in applying accounting requirements for oil service contracts company (sample search) under (IFRS) and the Iraqi Standard Accounting System. Additionally, it has been used in evaluating its financial performance.

2. **Deductive Experimental Approach:** This method has been adopted to test the relationships between the studied variables according toTest (t) for two interconnected samples. It is used to study the significance of each independent variable in its relationship to the dependent variables. The aim is to show the statistical differences in the degree of influence of each independent variable on the dependent variable. The approval of the company's financial reports (for the research sample) for the years (2011-2019) is regarded as an essential source for collecting data needed for analysis.

The Midland Oil Company has been selected as a sample for the applied study. It is one of the largest and well-established local extractive oil companies in the oil industry. Three service contracts have been chosen as a sample from the total service contracts of the company (which are five contracts).

Calculation and Analysis of Comparative Financial Performance Indicators
First: Liquidity (cash flow) Indicators:
A set of financial ratios aims to assess the company's ability to pay its short-term obligations on their due dates. They also refer to the company's ability to convert its current assets into cash. Table (1) shows the main calculation results and ratios:

Table (1): The results of liquidity indicators.

No.	The ration	The equation	The unified system	IFRS
1.	trade rate	Total current assets / total current liabilities	17.89	5.95
2.	Quick ratio	(Total Current Assets - Merchandise Inventory) / Total Current Liabilities	17.87	5.93
3.	Net worker capital ratio	(current assets - current liabilities) / net sales	1.50	0.95
4.	cash ratio	(Cash + Investments in Securities) / Current Liabilities	12.22	2.96
Average Liquidity Indicators			**12.37**	**3.95**

Source: Prepared by the researchers.

The following can be noted from the above results:

1− In all cases, that turnover ratio was high above the norm, indicating poor liquidity utilization.
2− The quick ratio calculated according to (IFRS) is the best compared to the standard accounting system. However, generally, it indicates high levels of untapped liquidity in all cases.
3− The net worker capital ratio to net sales was positive in all cases and very high in all cases. It represents a significant increase in the level of untapped net worker capital.
4− The ratio of available cash to short-term liabilities has been high under (IFRS) and the standard accounting system. However, the percentage under the standard accounting system was very high.

The average liquidity indicators (as all) to the high levels of the liquidity index in general, but it was the best in the case of application (IFRS). On the other hand, applying the standard accounting system indicates that the idle liquidity level is very bad.

Second: Activity Ratios:

They are a tool for measuring the efficiency of the company's management in exploiting its resources and managing its assets. Table (2) shows the main of these ratios with their results:

Table (2): The results of activity ratios.

No.	The ration	The equation	The unified system	IFRS
1.	Asset ration	Net sales / Average assets	0.38	0.38
2.	Fixed asset ration	Net sales / Average net fixed assets	1.10	0.64
3.	Current asset ration	Net sales / Average current assets	0.63	0.93
4.	Net worker capital ration	Net sales/ Average net worker capital	0.66	1.10
Average activity indicators			**0.70**	**0.77**

Source: Prepared by the researchers.

The following can be noted from the above results:

1− The turnover rate of total assets with applying (IFRS) and the standard accounting system is equal. The results also indicate that the company's sales contribute to (0.38) for every one dinar of assets value.
2− The turnover rate of fixed assets to the company is that its fixed assets rotate at a rate of (0.64) times during the year of applying (IFRS). It means that every dinar invested in fixed assets generates sales of (0.64) dinars. Consequently, it is less than what is generated under the application of the requirements of the unified accounting system.
3− The turnover rate of current assets was (0.93) times during the year of applying (IFRS). It means that every dinar invested in current assets generates sales of (0.93) dinars. It is higher than what is generated under the application of the requirements of the unified accounting system.
4− The company revolves its net worker capital at a rate of (1.10) times in applying (IFRS). It means that every dinar invested in the net working capital generates (1.10) dinars sales. Consequently, it is the best compared to the standard accounting system.

The overall results indicate that the average activity rates under (IFRS) were higher than under the standard accounting system. It indicates the ability of standards to show the reality of the company's actual activity.

Third: Debt Indicators:

Shows the company's ability to cover its long-term obligations. It also means the amount of borrowed funds on which it depends on the economic unit and its funds to finance its assets. Table (3) shows the main analysis results of these ratios:

Table (3): The results of debt indicators.

No.	The ration	The equation	The unified system	IFRS
1.	Debt ratio	Total debt (short-term and long-term) / net equity	0.03	0.12
2.	Total debt / Asset ratio	Total debt (short and long term) / assets	0.03	0.10
3.	Short debt/ equity ratio	short term debt / equity	0.03	0.08
4.	Long-term debt coverage ratio	Net fixed assets / total long-term debt	0	18.42
5.	Leverage ratio	Total Assets / Equity	1.04	1.11
Average activity indicators			**0.29**	**3.95**

Source: Prepared by the researchers.

The following can be noted from the above results:

1– The company has financed approximately (12%) of its assets with debt with applying (IFRS). Furthermore, the company's indebtedness degree decreased with applying the requirements of the unified accounting system.

2– The company has financed approximately (10%) of its assets with debt in applying (IFRS). When this ratio increases, the degree of indebtedness of the company increases. It reached (0.03) with applying the requirements of the standard accounting system, which is the lowest.

3– The company has financed approximately (0.08) of its assets with short-term debts in applying (IFRS). It reached (0.03) with applying the requirements of the standard accounting system, which is the lowest.

4– The company has financed approximately (18.42) of its assets with long-term debts in applying (IFRS). It reached (0) with applying the requirements of the standard accounting system, which is the lowest because the company did not recognize long-term debts for service contracts.

5– The financial leverage ratio is (1.11) in applying (IFRS). It reached (0.03) with applying the requirements of the standard accounting system, which is the lowest.

The overall results of the debt indicators indicate a rise in applying (IFRS) reported in applying the application of the unified accounting system. It indicates the ability of (IFRS) in showing the reality of the indebtedness levels of the research sample company.

Four Profitability Indicators:

The profitability ratios refer to the economic unit to generate profits from sales or available assets. Furthermore, it is one of the main indicators used by current and prospective investors to determine the path of their investments. This profitability is considered the most significant credible ratio in determining the company's ability to achieve profits from normal (operating) activities. Table (4) presents the main results of these ratios:

Table (4): The results of the profitability indicators.

No.	The ration	The equation	The unified system	IFRS
1.	Gross Profit Ratio	Gross profit / Net sales	0.54	0.63
2.	The net operating profit ratio	Net operating profit before interest, tax, and other income and expenses / Net sales	0.51	0.60
3.	Net profit ratio	Net profit after tax / Net sales	0.49	0.58
4.	Return on investment	Net profit after tax / Average money invested	0.18	0.22
5.	return on equity	Net profit after tax / Average equity	0.19	0.25
Average profitability Indicators			**0.29**	**3.95**

Source: Prepared by the researchers.

The following can be noted from the above results:

1– The company has achieved a profit margin of (0.63) from each dinar of sales after deducting production costs in applying (IFRS). On the other hand, according to the unified accounting system, it achieved (0.54) from every dinar of sales.

2– The company has achieved an operating profit of (0.60) from each dinar of sales after deducting production costs and operating expenses in applying (IFRS). While according to the unified accounting system, it achieved (0.51) from every dinar of sales.

3– The net profit ratio with applying (IFRS) is (0.58), meaning that the company achieved from every dinar invested a net profit margin of (0.58). Consequently, it is considered the best compared to the standard accounting system.

4– The return on investment in light of the application (IFRS) is (0.22), meaning that the company made a profit of (0.22) dinars for every dinar invested in assets. Consequently, it is considered the best compared to the standard accounting system.

5– The return on equity amounted to (0.25) for each dinar invested in the capital in light of (IFRS). Consequently, it is considered the best compared to the standard accounting system.

The results indicate that the average profitability ratios were the highest under applying of (IFRS) by (0.46), and the Standard Accounting System came by (0.38). Consequently, indicate the superiority of applying (IFRS) in displaying the company's actual results.

Five: Financial risks indicators:
The risks that may result in financial losses for the company and resulting from the financial and operational policies of the management and fluctuations and losses in the financial market. Table (5) lists the main results of these ratios:
Table (5): The results of financial risks indicators.

No.	The ration	The equation	The unified system	IFRS
1.	liquidity risk	Total cash / Total assets	0.42	0.22
2.	The ratio of internal financing of assets	Equity / Total Assets	0.97	0.90
3.	The ratio of external financing to assets	Total Debt / Total Assets	0.04	0.10
4.	Fixed Asset Financing Ratio	Equity and long-term debt / Net fixed assets	2.8	1.6
Average Financial Risks Indicators			**1.06**	**0.71**

Source: Prepared by the researchers.

The following can be noted from the above results:

1– According to the unified accounting system, the liquidity risks amounted to (0.42), which is the lowest risky. Furthermore, it also indicates that there is unused cash. Therefore, the liquidity risk according to (IFRS) is the best.

2– The ratio of internal financing to assets has reached (0.90) in applying (IFRS). On the other hand, it reached (0.97) according to the unified accounting system, indicating a significant increase in the internal financing of assets. It is due to the company's nature, and it is country-owned.

3– The percentage of external financing has reached (0.10) in applying (IFRS) and (0.04) when the unified accounting system is applied. In all cases, it indicates a decrease in the percentage of external financing of assets, which means a low degree of risk to the company.

4– The fixed assets financing ratio was (1.6) in applying (IFRS), whereas it was (2.8) in applying the unified accounting system. It means that the company financed its fixed assets from its funds in all cases. Consequently, it is a positive sign for the company.

Therefore, the results of the financial risk indicators show the highest total percentage reached (1.06) in applying the requirements of the unified accounting system. It is followed by the financial risk indicators of the company under (IFRS) with (0.71).

T-Test to evaluate the financial performance under (IFRS) and the unified accounting system
was used (Paired-Samples t-Test) to calculate the differences between applying (IFRS) and the unified

accounting system in accounting for service contracts for the sample research company (see Table (7)).

Table (7): test results of financial performance indicators under (IFRS) and the unified accounting system.

Indicator	Application type	Sample volume	Arithmetic mean	Standard deviation	Connection	Level of correlation significance	Calculated t	Significance level t
Liquidity ratios	IFRS	4	3.947	2.442	0.966	0.034	3.120	0.052
	common system	4	12.370	7.222				
Activity ratios	IFRS	4	0.762	0.318	0.169	0.831	0.352	0.748
	common system	4	0.692	0.299				
Profitability ratios	IFRS	5	0.456	0.203	0.999	0.000	7.188	0.002
	common system	5	0.382	0.180				
Debt ratios	IFRS	5	0.326	0.436	0.995	0.000	4.880	0.008
	common system	5	0.226	0.455				
Financial risk ratios	IFRS	4	0.705	0.692	0.971	0.029	1.226	0.308
	common system	4	1.057	1.222				
overall financial performance	IFRS	22	1.162	1.677	0.978	0.000	1.852	0.078
	common system	22	2.705	5.533				

Source: Prepared by the researchers according to the statistical analysis results.

Table (7) shows that the values of the arithmetic means and their standard deviations of the results of the liquidity indicators reflect significant differences between the indicators in applying (IFRS) and the unified accounting system in accounting for oil service contracts. Furthermore, correlation results indicate that it has reached (0.966), which is a very high correlation level with a level of significance (0.034) and which is smaller than the approved significance level of (0.05). It indicates a significant correlation between the values of indicators under the two systems. Moreover, the (t) value reached (3.120), which is greater than the tabular (t) value of (2.132) and with a significance level (0.052). Accordingly, it is greater than the approved significance level of (0.05), indicating differences between them. However, it is not significant between the results of the calculated financial performance indicators, which confirms the rejection of the research sub-hypothesis (1).

In activity indicators, the values of the arithmetic means and their standard deviations of the results refer to slight differences between the two systems. The correlation results, which amounted to (0.169), indicate a very low level. The level of significance (0.831) is greater than the approved significance level of (0.05) (i.e., a relationship between the values of indicators is not significant). The t-value is (0.352), which is smaller than the tabular value (t), which is (2.132) with a significance level of (0.748). It is greater than the approved significance level of (0.05), indicating no significant differences between the two applications. Consequently, it confirms the rejection of the research sub-hypothesis (2).

In profitability indicators, the arithmetic circles' values and standard deviations do not show significant differences between the indicators under the two systems. Whereas the correlation, which amounted to (0.999), showed a very high level, and with a level of significance (0.000), which is greater than the approved significance level of (0.05). It indicates a highly significant correlation between the values of indicators in light of applying international standards and the unified accounting system. In contrast, the t-value is reached (7.188), which is greater than the tabular t-value of (2.015) with a significance level of (0.002) which is greater than the approved significance level of (0.05). It indicates the existence of significant differences between profitability indicators under (IFRS) than applying the unified accounting system of the study sample company. Consequently, it confirms the acceptance of the research sub-hypothesis (3).

The debt indicators values of arithmetic means and standard deviations showed slight differences between the debt indicators. The results of the correlation indicate that it reached (0.995), which is a very high correlation level, while the significance level reached (0.000), which is smaller than the approved significance level of (0.05). It indicates a highly significant correlation relationship between the indicators' values in applying international standards and the unified accounting system. The t-value is (4.880), which is greater than the tabular value (t), which is (2.015) and with a significance level of (0.008), which is smaller than the approved significance level of (0.05). It indicates significant differences between the indicators under (IFRS) and the unified accounting system of the sample study company. Therefore, it confirms the acceptance of the research sub-hypothesis (4).

The results of the calculated financial risk indicators indicate significant differences between the values of the arithmetic means and their standard deviations under (IFRS) and the revised Standard Accounting System in accounting for oil service contracts. Additionally, the correlation results indicate that it reached (0.971), which is a very high correlation level. Furthermore, the calculated significance level reached (0.029), smaller than the approved significance level of (0.05). It indicates a highly significant correlation between the indicators' values. Furthermore, the t-value amounted to (1.226), which is smaller than the tabular (t) value of (1.717) with a level of significance (0.308), which is greater than the approved significance level of (0.05). It indicates no significant differences between the results of risk indicators under

the two systems of the company's research sample. Consequently, it confirms the rejection of the research sub-hypothesis (5).

The overall level of the studied financial performance indicators turns out that the arithmetic means standard deviations values show significant differences between the financial performance indicators of the research sample company. Additionally, the results of the correlation indicate that it reached (0.978), which is a very high correlation level, while the significance level reached (0.000), which is smaller than the approved significance level of (0.05). It indicates a highly significant correlation relationship between the values of the indicators. The t-value is (1.852), which is greater than the tabular t-value of (1.717) with a significance level (0.078), which is greater than the approved significance level of (0.05). It indicates that there are differences, but not significant, between the results of the financial performance indicators of a sample research company. Finally, it confirms the rejection of the main research hypothesis.

CONCLUSIONS
From the above result, we can conclude:
1. The value of performance indicators is affected by the characteristics of the oil and gas industry. One of the important examples is the choice of accounting method for oil and gas exploration activities (i.e., the choice between total cost or successful efforts).
2. IFRSs impacts positively on financial profitability in particular and financial performance in general.
3. Generally, increasing levels of the liquidity index, which showed a significant liquidity ratio.
4. Activity indicators increased under (IFRSs) than under the unified accounting system.
5. Indebtedness indicators increased under (IFRSs) larger than under the unified accounting system. It indicates the ability of international standards to show the reality of the indebtedness levels of the research sample company.
6. Increase in profitability indicators under (IFRSs) than in the unified accounting system. It indicates the advantage of applying international standards in presenting the company's actual results.
7. For the company, reduction in financial risk indicators under (IFRSs) than applying of the requirements of the unified accounting system.
8. The results of testing the relationship and effect of the type of accounting application based on (IFRSs) or the standard accounting system in the

results of the financial indicators of the sample research company to the following:

A. There is convergence in the liquidity indicators between the two systems demonstrating a high correlation between them. Also, there is no significant impact of the different system types on the liquidity indicator value of the company.

B. There is no relationship between the two systems in the activity indicators. Additionally, there was no significant and influential difference for any indicator system.

C. There is convergence in the relationship between the two systems in profitability and indebtedness indicators. However, international standards significantly impact each indicator of profitability and indebtedness than under the unified accounting system.

D. There is a significant relationship between the two systems in the company's financial risk indicators. However, there was no significant difference for any system over those indicators.

E. For the general financial performance of the company, there was a significant convergence between the financial indicators findings over the two systems. Nevertheless, international standards have a more significant impact than the unified accounting system, but not to a high degree.

RECOMMENDATIONS

Along with consequences, we recommend the following points:

1- Supporting the administrative and financial requirements for the oil and gas sector because of its significant connection with the requirements of serving the public interest. Additionally, setting sufficient rules to ensure them and activating the accounting and oversight role in achieving public accountability.

2- It is important to pay attention to the study and analysis of the performance of oil companies and their financial conditions on an ongoing basis. Also, support the requirements of continuous performance evaluation due to the discrepancy and conflicting performance indicators due to the overlapping of financial and accounting work in a striking manner.

3- The necessity of presenting the accounts of the oil service contracts of the Midland Oil Company independently from the financial statement. The reason is the relative importance of these contracts.

4- Putting standard accounting procedures between foreign oil companies and the Midland Oil Company to reduce the difference in measurement and accounting disclosure.

5- The need for the company to invest the unused cash. It has a significant income to achieve returns that support its financial results and to develop its performance in its various investment joints.

6- The company must to pay attention to its financial risk ratios, which are revealed by the company's financial risk indicators (which were relatively high).

7- The importance of the company's continuous evaluation of its financial performance because its importance to the local economy on the one side. Furthermore, develop of its various financial indicators in a way that supports improving its financial capabilities. Moreover, overcoming possible obstacles under the local and international economic conditions that face recurring risks and crises due to global political and health crises.

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Appendix (1): Statement of the financial position of the research sample company for the fiscal year 2019

The details	Income statement amended by service contracts according to (IFRS)	Income statement amended by service contracts according to the unified accounting system
fixed assets (Clear)	7,421,992,944,391	4,298,977,843,260
deferred revenue expenditures	20,147,909,029	667,969,622,641
Projects under implementation	22,296,151,710	22,296,151,710
Total fixed assets	**7,464,437,005,130**	**4,989,243,617,611**
Inventory	8,651,825,966	8,651,825,966
Debtors	2,379,669,407,023	2,379,669,407,023
cash	2,668,099,554,177	5,143,292,941,696
Total current assets	5,056,420,787,166	7,531,614,174,685
total assets	**12,520,857,792,296**	**12,520,857,792,296**

capital (paid up and nominal)	90,000,000,000,000	90,000,000,000,000
Reserves	11,127,435,260,602	12,009,973,841,591
Property rights	11,217,435,260,602	12,099,973,841,591
Creditors	403,082,476,498	-
The sum of the long-term financing sources	**11,620,517,737,100**	**12,099,973,841,591**
Creditors	900,340,055,196	420,883,950,705
The sum of the short-term financing sources	**900,340,055,196**	**420,883,950,705**
Total funding sources	**12,520,857,792,296**	**12,520,857,792,296**

Source: Prepared by the researcher based on lists of contracts and financial statements for company.

Appendix (2): Income statement for the research sample company for the fiscal year 2019.

The details	Income statement amended by service contracts according to (IFRS)	Income statement amended by service contracts according to the unified accounting system
current activity revenue	4,723,407,081,892	4,723,407,081,892
production cost	1,603,394,962,741	2,015,720,191,503
cost of production services	162,168,175,217	162,168,175,217
net cost of production	1,765,563,137,958	2,177,888,366,720
Change in finished stock	(454,554,145)	(454,554,145)
net cost of running activity	**1,765,108,583,813**	**2,177,433,812,575**
total surplus (deficit)	2,958,298,498,079	2,545,973,269,317
Decreases the cost of administrative and financial services	(151,620,990,740)	(151,620,990,740)
Surplus of current operations	**2,806,677,507,339**	**2,394,352,278,577**
Transferable revenue	113,072,739	113,072,739
Other income	991,956,649	991,956,649
Total transfer and other revenues	**1,105,029,388**	**1,105,029,388**
Transfer Expenses	23,294,789,295	23,294,789,295
Other expenses	65,940,458,178	65,940,458,178
Total transfer and other expenses	**89,235,247,473**	**89,235,247,473**
Net distributable surplus (deficit)	**2,718,547,289,254**	**2,306,222,060,492**

Source: Prepared by the researcher based on the lists of contracts and financial statements for company.