

The Extent to Which Contracting Companies in Kuwait Comply with International Accounting Standards from the Point of View of the Internal Auditors

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Abstract

The study aims to demonstrate the degree to which contracting companies in Kuwait comply with the requirements of IAS 11 in terms of applying accounting disclosure requirements and applying the requirements for recognition of revenues and expenses of construction contracts. The study group consists of Kuwaiti contracting companies in the first category. The sample of the study consisted of accountants and internal auditors in contracting companies. The contracting companies in the State of Kuwait apply the requirements of accounting disclosure for construction contracts in accordance with the requirements of International Standard No. 11, and the contracting companies in the State of Kuwait apply the requirements for recognition of the revenues and expenses of construction contracts in accordance with the requirements of International Standard No. 11. The most recommendations: The necessity of contracting companies in the State of Kuwait to disclose the methods used to determine the level of completion of construction contracts under implementation, which helps in the application of full disclosure of construction contracts in addition to the possibility of integration of information elements of the financial statements. And the contracting companies to disclose the total amounts due to customers for the work of construction contracts as an asset within assets.

1. Introduction

The project of establishing a contracting company specialized in architectural construction is one of the projects that need sufficient capital to manage the project, organize suitable labor, and also need some equipment for it. A contracting company is a company specialized in construction, construction and finishing on demand through workers, civil engineers, management engineers, maintenance and other fields. It depends on the organization and implementation of various projects, from large contracting companies or small companies. It depends on the results of the market study, its requirements, the absorptive capacity of the company, as well as the knowledge of the market and the customers it targets. It also determines the size of the project production according to the forecast of the demand and special sales of the project.

The International Accounting Standards (IAS) were based on the study of construction contracts and the requirements of contracting contracts were determined in terms of contract costs, the recognition of the revenues and expenses of each contract and the determination of the requirements for disclosure of the costs of the contract in the sense that the international accounting standards set the full accounting framework for all the costs of contracting contracts. The State of Kuwait is one of the countries that carried out large-scale contracting and construction projects with the aim of developing infrastructure and providing public projects for various groups of society. This leads to the necessity of knowing the stakeholders to benefit from these projects and to ensure their social, financial and accounting accuracy. Therefore, this study aims at determining the degree of application of the accounting requirements according to international accounting standards in the contracting companies in terms of accounting disclosure requirements and in terms of recognition of the costs of construction contracts and revenues.

1.1 Problem of the Study

The problem of the study is to answer the following question: "Do Kuwaiti contracting companies apply the requirements of international accounting standards?"

1.2 Elements of Study Problem

1. Do Kuwaiti contracting companies apply accounting disclosure requirements for construction contract costs in accordance with the requirements of IAS 11?
2. Do Kuwaiti contracting companies apply the requirements for the recognition of the expenses of contracting contracts and their revenues in accordance with the requirements of IAS 11?

1.3 Hypotheses of the Study

Based on the study problem, the following hypotheses can be formulated:

1. Kuwaiti construction companies do not apply the accounting disclosure requirements for construction contract costs in accordance with the requirements of IAS 11.
2. Kuwaiti contracting companies do not apply the requirements for the recognition of the expenses of contracting contracts and their revenues in accordance with the requirements of IAS 11.

1.4 The Importance of Studying

The importance of the study stems from the following:

1. The contracting companies are considered one of the main pillars in the Kuwaiti economy because of the activities provided by these companies which achieve the public benefit and the private benefit, which means the need to pay attention to this sector.
2. International accounting standards have established an integrated accounting framework to identify the owners of contracting companies with the real profits of their activities, which means the existence of great concerns for this sector both in Kuwait and abroad.
3. Assisting accountants and analysts in the application of international accounting standards, especially with the presence of foreign companies inside Kuwait working in the field of contracting, which contributes to the integration of the ideas of international requirements with the accounting principles in the State of Kuwait.

1.5 Objectives of the Study

The study aims to achieve the following objectives:

1. To know the reality of the contracting companies in the State of Kuwait in terms of identifying the basis of the cost of contracts and the basis for recognition of expenses and revenues of contracts.
2. To achieve the degree of accounting integration in the application of accounting principles in the cost of contracts between the currently applied with what is required in accordance with international accounting standards.
3. Outcomes and recommendations to help determine or establish an appropriate accounting and financial framework for Kuwait's economic and financial environment.

1.6 Previous Studies

1. Study of Badawi 2007 entitled "Effect of the application of IAS 11 on financial statements in Sudan"

The study dealt with the accounting of construction contracts and is one of the types of accounting of companies with privacy due to the length of their implementation period, which may extend for more than a financial period and related to the problem of estimating revenue and cost of contracts during the accounting period. The problem of the study is the lack of commitment of contracting companies to implement accounting standards, especially the standard of accounting for international construction contracts No. (11), which leads to irregularity of accounts. To solve this problem, the researcher formulated a number of hypotheses, the most important of which are: 1. the application of the International Construction Contracts Accounting Standard No. (11) Leads to the presentation of the financial statements of Salam Housing Company in a fair and correct manner. 2. Failure to apply the requirements of the accounting standard for construction contracts in the company due to the lack of qualification and adequate training of human frameworks financial departments of contracting companies. The research aims at showing the effect of applying accounting standards on the financial statements of the contracting companies, especially the importance of showing the results of the performance of the company in a real, fair and consistent manner. The researcher used the analytical descriptive approach in addition to the deductive and inductive method in the collection and analysis of data from primary and secondary sources. The study found the following results: The application of accounting standards, especially the accounting standard for construction contracts, results in the presentation of the financial statements of Salam Housing Company and its counterparts in a true, fair and consistent manner. The method of proportion of completion of the entire

contract based on the field survey is the most appropriate method to calculate the revenues and costs of long-term construction contracts that are recognized during the financial year and the consequent determination of profits. 3. Method of percentage of completion based on the ratio of actual cost to total estimated total costs of construction contracts is not accurate in the unstable economic conditions. Among the recommendations of the study are the following: 1 - The necessity of applying construction companies to accounting standards, in particular the criterion of accounting of construction contracts and the use of the field survey method in evaluating the contracting activity correctly. 2. The necessity of training accountants of contracting companies in the application of accounting standards and training them to keep up with the professional developments in the field of accounting.

2. Study of Humaidan 2010 "The extent to which industrial cities companies comply with international accounting standards"

The study aimed to identify the concept of international accounting standards, the means of accounting disclosure and accounting measurement in accordance with international accounting standards, in addition to the extent to which the industrial cities in Jordan are committed to applying the means of disclosure and financial reports according to international accounting standards. The researcher relied on two sources: the primary sources represented by the questionnaire and the secondary sources of books and references related to the subject of the study. Standard deviation and sample testing were used. The most important results of the study: There is a commitment by the Industrial Estates Corporation to the requirements of accounting measurement and disclosure according to international accounting standards. Among the most important recommendations of the study: to guide the Industrial Estates Corporation with financial and administrative independence to raise awareness of the application of international accounting standards because of the benefit it achieves for stakeholders, especially ways to disclose financial reports.

3. Study of Abu Rumman 2014 "The impact of the criterion of recognition of revenue on accounting problems in the Jordanian contracting companies"

The study aimed to identify the problems of recognition of revenues in construction companies in Jordan and to know the role of international accounting standards to increase confidence in the financial statements. The questionnaire was based on its distribution to accountants and internal auditors in 50 companies in Jordan. The most important results of the study are the low rate of application of construction companies in the application of the requirements of International Accounting Standard 11 and 18, and the existence of problems facing the construction sector in Jordan is a weak stability on the methods of accounting measurement according to international accounting standards. The most important recommendations of the study: the need to clarify the mechanism of preparation of construction contracts and prepare details of the recognition of revenue in each contracting contract alone, and the need to document each contract of a unit of the contract separately from other contracts.

4. Study of Juma 2013 "The extent to which companies listed on the Kuwait Stock Exchange comply with international accounting standards relating to measurement and accounting instruments"

The objective of the study was to identify the degree of application of international accounting standards in Kuwait by focusing on the means of disclosure and accounting measurement of IAS 39. The questionnaire was used to obtain preliminary information through the distribution of a questionnaire to financial managers and accountants in companies traded on the Kuwait Stock Exchange. The most important results of the study: the existence of a medium application of the methods of accounting measurement according to International Standard No. 39. The most important recommendations of the study: the need to work conferences focused on the application of international accounting standards in various sectors in the State of Kuwait.

1.7 The Current Study Differs from Previous Studies

1. This study focuses on the international accounting standard in terms of recognition of the revenues and expenses of each article contract alone, which helps to show the success of each contract alone
2. This study focuses on the contracting companies in the State of Kuwait, which have a positive reflection on the state economy
3. This study focuses on the methods of accounting disclosure in accordance with the requirements of IAS 11 because of the benefits achieved by the accounting disclosure to increase the credibility of the financial statements

1.8 The Theoretical Framework of the Subject of the Study

The International Standards Committee defines accounting standards as: "Guidelines for professionals to support their judgment and wisdom, but they never eliminate wisdom or diligence, and are a high-level professional description of generally accepted professional practices aimed at reducing the degree of variation in expression or practice in similar circumstances , And is adopted as a general framework for evaluating the quality and efficiency of the technical work and to determine the nature and depth of professional responsibility. Accounting standards can also be defined as: "Standards, models, principles or general guidelines that guide and rationalize practice in accounting, (Yosefy, 2011, p. 46). Thus, they differ from procedures. The former have the status of general guidance or guidance, while the procedures address the operational formulation of these standards in particular cases of application. For example, an auditor may collect and evaluate evidence in preparation for expressing his opinion on the financial statements. The executive procedures of this standard include the sending of positive or negative approvals to debtors to assess debt collection.

1.9 Justifications for Attention to International Accounting Standards

The emergence of accounting standards emerged for the following reasons (Alexander, 1999, p. 68):

1. Financial transactions between international companies are doubled.
2. The diversity of the work carried out by the international companies.
3. The need for international accounting standards to be a reliable basis for the preparation of financial reports.
4. Increase foreign currency transactions among the countries of the world.

1.10 Concept of Construction Contracts

A contract entered into specifically for the creation of an asset or a group of assets that are interrelated or interdependent in terms of design, technology, functionality or purpose or the end use thereof. Costs directly related to the specific contract include: (International Accounting Standards 2014, p. 425)

- Cost of site staff including supervision costs.
- Cost of materials used in construction.
- Depreciation of fixed assets used in the contract.
- The cost of moving fixed assets and materials to and from the location of the contract.
- Rental cost of fixed assets.
- Cost of engineering designs and technical assistance directly related to the contract.
- Estimated cost of warranty works including expected maintenance costs during the warranty period
- Costs that are not related to contract activity or which cannot be charged to the contract are excluded from construction contract costs, which include the following:
 - a- General administrative costs which are not expressly provided for in the contract.
 - b- Selling costs.
 - c- Research and development costs which are not provided for in the contract;
 - d- Depreciation costs of idle machinery and equipment not used in a particular contract;

Contract revenue and expenses are recognized

Revenue concept Revenue is defined as the inflows to a particular entity resulting from prior transactions that help increase assets or settle liabilities during a particular accounting period. The profit is characterized by the following characteristics: (Kieso, 2014, p. 249)

1. It represents an internal flow of the entity either by increasing assets or reducing obligations or both.
2. It represents the positive side in increasing the profit of any establishment.
3. It is achieved through the exchange of goods and services with third parties from outside the company mostly.

1.11 Conditions for Recognition and Measurement of Income

Revenue is a component of the financial statements that must be measured to the extent that the following conditions must be met: Arab Society of Certified Public Accountants, 2006.

1. Definition of the concept of revenue by type.

2. Measurement so that the revenue can be measured in an objective, quantitative and quantifiable manner.
3. Appropriate: that the revenue has a positive impact on the decision-making investment in a particular establishment.
4. Confidence and reliability of this information in terms of the truth of representation and the possibility of verification and impartiality.

1.12 Accounting Problems Facing Revenue Recognition in Construction Contracts

There are some problems that can be encountered when measuring or recognizing revenue in construction contracts, which can be summarized as follows (Abu Rumman, 2014, p. 23)

1. The problem of evaluating the complete work at the end of the accounting period.
2. Measurement of profits relating to construction contracts under implementation at the end of the fiscal year.
3. The problem of allocation and allocation of the cost of construction contracts, whether direct or indirect costs.

1.13 Contract Revenue and Expenses Are Recognized

IAS 11 specifies the requirements for recognition of revenue and expenses of construction contracts as follows: (IASB, 2016, P 345)

1. When the final outcome of the construction contract is estimated reliably, contract revenue and related costs can be recognized as revenue and expense respectively in light of the level of completion of the contract activity at the balance sheet date. Any expected loss in the construction contract should be recognized as an expense.
2. In the case of contracts with a fixed price, the final output of the construction contract can be estimated reliably if all the following conditions are met:
 - a- Where the total revenue of the contract can be measured reliably.
 - b- When it is probable that the enterprise will realize the economic benefits expected from the execution of this contract.
 - c- When both the costs required for completion of the contract and the level of completion of the contract can be measured reliably at the balance sheet date.
 - d- When contract-related costs can be clearly identified and reliably measured so that the actual costs incurred can be compared with those previously estimated.
3. In the case of cost-plus-plus contracts, the final output of the contract can be estimated reliably when all the following conditions are met:
 - a. It is probable that the enterprise will realize the economic benefits associated with this contract.
 - b. Costs relating to the contract, whether recoverable or non-recoverable, can be determined and quantified in a manner Trusted.
4. The process of recognition of revenue and expense recognition by reference to the level of completion of the contract is called the percentage of completion method. Under this method, the contract revenue is offset by the costs incurred in reaching the current completion level, which results in the income, this method provides useful information on the extent of contract activity and the level of performance during the period.
5. Under the percentage of completion method, income is recognized and included in income in the statement of income for the period in which the business was performed. Contract costs are usually recognized as an expense in the income statement for the same accounting period during which the work was performed. Any anticipated increase in the total cost of the contract over its total revenue shall be recognized immediately as an expense as set out in paragraph 35 of this Standard.
6. Where it is not possible to estimate the final output of the construction contract at an acceptable level,
 - a. Non-recognition of revenues except within the cost of contract expended which is expected to be recovered.
 - b. Proof of all contract costs as expenses in the period in which they are incurred.
7. The costs of the contract those are not likely to be incurred as an expense should be borne immediately. Examples of cases where contract costs may not be probable and which must then be recognized as expenses are immediately recognized as those expenses that:
 - a. It has not yet become fully binding, i.e. a serious question arises as to its validity.

- b. Their completion shall depend on a judicial decision or a legal position.

1.14 Disclosing Contracting Contracts

Disclosures: The requirements to include information in the financial statements in accordance with generally accepted accounting principles require that the appropriate disclosure element be included in these statements on all material matters (materiality). The disclosure component herein is closely related to the content and terminology of the financial statements, As well as the notes attached thereto, and the extent to which the details that make these lists an informational value from the point of view of users of these lists (Eldon, 2002, p 32).

Disclosure means clarifying the matter in order to be interpreted to serve the customers in a particular entity. Hence, the disclosure of the information by the entity shall protect the ordinary investor and other parties from misleading, fraud or trading in internal information, in addition to reducing the risk of investment (Khalafawi, 2008, p. 9).

1.15 Disclosure and Transparency in Joint Stock Companies (Spivey, 2004, p. 310)

International accounting standards addressed the basic requirements for disclosure and transparency to be complied with or observed by the joint stock companies, which emphasized the importance of disclosure in the financial reports of companies, including joint stock companies, and committed them to:

1. Prepare the analytical statements accompanying the basic financial reports and highlight the importance of the annual report of the department and the information contained in it in addition to the information contained in the financial reports, including a brief description of the company and its main objectives and the nature of the activities accomplished by the company during the year, Management and executive bodies.
2. Emphasize the importance of the auditor's role in expressing his opinion on the fairness and validity of the financial reports of the companies in his report, which defined the contents of these instructions, as well as a sample of what this report should be, in order to emphasize the importance of disclosure, transparency and disclosure. Any information that would affect the business results and the financial position of the companies concerned

1.16 Accounting Disclosure Requirements for Construction Contracts (Abu Rumman, 2014, p. 43)

1-The entity shall disclose:

- a- the value of contract revenue that has been recognized as revenue for the period.
- b- Methods used to determine the revenue of contracts that have been included in the income for the period.
- c- Methods used to determine the level of completion of contracts under implementation.

2. The entity shall disclose the following in respect of the contracts under execution at the balance sheet date:

- a- Total costs incurred and realized profits (less realized losses) to date.
- b- The total of the advances made.
- c- The value of the amounts retained by the customer.

3. An enterprise shall offer the following:

- a- The total amount due to customers for the contract as an asset in assets;
- b- The total amounts due to customers for the contract as a liability.

4. An entity shall disclose any incidental gain or loss (contingency). Potential profits or losses may result from such items as the cost of the warranty, claims, fines or possible losses.

2. Methodology of the Study

In order to achieve the objectives of the study, the researcher followed the descriptive analytical method and using the appropriate statistical methods for the purpose of presenting and analyzing the data and testing the hypotheses. The researcher designed an appropriate questionnaire to measure the role of electronic auditing in developing the external auditor's performance and distributing it to the target sample of the study. .

2.1 Sources of Data Collection

For the purpose of achieving the objectives of the study and data collection, the researcher in collecting the data required for this study relied on two types of sources:

First: Secondary Sources: The books, periodicals, master's thesis and Arabic and foreign doctoral dissertations related to the subject of the study included the role of electronic auditing in developing the external auditor's

performance to cover the theoretical part of the study, which is an essential part of conducting the field study.

Second: Preliminary Sources: To achieve the objectives of the study, the researcher collected the initial data by designing a questionnaire form and its paragraphs were formulated from the theoretical side to cover the dimensions of the study variables. This is done through a questionnaire that was prepared in a way that helps to collect data and test hypotheses

2.2 Society and Sample of the Study

The study society is one of the licensed construction companies to practice the profession of construction sector in the first category in the State of Kuwait and the 37 contracting companies licensed in Kuwait according to the publications in the State of Kuwait for the year 2015 and 23 companies were chosen by targeting the accountants and internal auditors in those companies, The number of accountants was 52, and the internal auditors were 29 internal auditors. A total of 69 questionnaires were distributed, 59 were retrieved and 82% were recovered. The target sample method was used.

2.3 Definition of the Study Tool

The study tool (questionnaire) consists of two sections that illustrate the basic idea around which the questions of the questionnaire revolve. The following is a brief explanation of these sections:

The first section aims at identifying the demographic characteristics of the study sample members through (4) questions containing the demographic and basic data of the respondent.

Section 2: The purpose of the contract is to determine the extent to which contracting companies comply with international accounting standards in terms of accounting requirements for the costs and terms of construction contracts, the requirements for recognition of revenues related to construction contracts and determining their impact on the financial statements.

2.4 Mechanism and Procedures for Analysis and Processing of the Questionnaire Data

The Statistical Package for Social Science (SPSS) version 17 was used to facilitate statistical data analysis. A range of responses was identified. The 47 paragraphs of the questionnaire covered the variables and hypotheses of the study. The researchers gave five alternatives to answer each question (Very agreeable, ok, somewhat agreeable, disagreeable, strongly disagree) to see the opinion of the study sample members on the extent to which each variable was used and measured using the Likert scale

Five Point Likert Scale for the sample of the study, where the numbers were determined (1,2,3,4,5)

2.5 Statistical Methods Used in Data Processing

The Statistical Package for Social Sciences (SPSS) was used to use the data obtained to achieve the objectives of the study and to test its hypotheses. In light of the study variables, methods of measurement and analytical purposes, the following statistical methods were used:

First: Descriptive Analysis, including:

1. Arithmetic mean: to measure the level of the variable if low, medium or high.
2. Standard deviation: to know the level of dispersion of answers.
3. Percentages: To identify the characteristics of the sample of the study.

Second: One Sample T-Test

3. Characteristics of Study Sample Individuals

Table 1. Study Sample by Specialization

Title	Frequencies	Percentages
Accounting	38	64%
Management	12	20%
Economic and Finance	6	10%
Others	3	6%
Total	59	100%

It is noted from the table above that the vast majority of the study sample who carry accounting specialization

and this result may be normal because the sample targeted the accountants and internal auditors in construction companies, and this percentage is a positive indicator of the validity of the study tool and understand the paragraphs and variables.

Table 2. Sample of Study by Academic Qualification

Title	Frequencies	Percentages
College	7	12%
University	44	75%
Post graduates	8	13%
Total	59	100%

It is noted from the above table that the great majority of the sample of the study according to the scientific qualification who hold a bachelor's degree and this is a positive indication of the results and recommendations of the results of the study.

Table 3. Sample of Study by Years of Experience

Title	Frequencies	Percentages
Less 5 years	13	22%
5-less 10 years	15	25%
10-less 15 years	18	31%
15 years and more	13	22%
Total	59	100%

It is noted from the above table that the majority of the sample of the study is from 10 to 15 years. This may indicate that there is suitable experience for the sample of the study to deal with the accounting of construction contracts. It is also noted that the rest of the years of experience are similar.

Table 4. Study Sample by Job Status

Title	Frequencies	Percentages
Accountant	22	37%
Internal Auditor	5	8%
Head of accounting	18	30%
Head of Internal Auditor	14	25%
Total	59	100%

The table above shows the following

The number of internal audit managers is much higher than that of the internal auditors. This is because there are a large number of contracting companies with one internal auditor and the title of audit manager.

2. There are some construction companies do not have internal auditors, because it depends only the offices of external audit.

4. Discuss the Statistical Results with the Hypotheses of the Study

Table 5. The views of the study sample in the first hypotheses

Number	Paragraph	Average	Standard deviation	Rank
1	Contracting companies are required to disclose the value of the revenues of construction contracts that have been recognized as revenues for the accounting period	4.02	0.75	1
2	Contracting companies shall disclose the accounting methods used	3.45	0.49	3

	in determining the revenues of construction contracts that have been included in the revenues of the accounting period			
3	Contracting companies shall disclose the methods used to determine the level of completion of construction contracts under implementation	2.29	0.67	8
4	Contracting companies shall disclose the total costs expended and the profits realized from the contracts under execution in the balance sheet	3.76	0.92	2
5	Construction companies shall disclose the amounts collected in advance relating to the construction contracts under execution	3.34	0.68	5
6	Construction companies disclose the total amounts due to customers for the work of construction contracts as an asset within the assets	2.79	0.55	7
7	Contracting companies shall disclose the total amounts due to customers for the work of construction contracts as a liability within the obligations	3.58	0.83	4
8	Contracting companies shall disclose any accidental (accidental) profit or loss from construction contracts	3.09	0.47	6
Average			3.29	

It is noted from the above table that the first paragraph represents the highest degree of application at an average of 4.02. This average indicates that the approved and approved ratios are higher than the non-approved and non-approved ratios. This paragraph is that the contracting companies in Kuwait disclose the revenues of the articles contracts that were executed during Accounting period. This indicates that the income statement represents the true representation of the construction contracts executed during the fiscal year, which gives an indication to the stakeholders that the income statement accurately reflects the financial events that took place during the accounting period, which means that the financial statements have characteristics of type As stipulated in International Accounting Standards. It is also noted that the fourth paragraph represents the second degree of application with an average of 3.76, namely that the contracting companies in the State of Kuwait to disclose the costs or expenses related to the contracts under construction, in addition to the disclosure of revenues achieved for construction contracts under implementation, The State of Kuwait is based on the implementation of the principle of revenue matching expenses, which helps to show the real assets in the contracts of construction under implementation, which reflects positively on the validity and fairness of the representation of financial statements of economic events during the accounting period. It is also noted that the second paragraph represents the degree of implementation of the third obligation at an average of 3.45, namely that the contracting companies in the State of Kuwait to disclose the accounting methods used to determine the revenues of construction contracts that were included in the revenues of the accounting period, and this helps to determine the commitment of construction companies to implement the principle of stability Accounting and thus determining the validity and fairness of the financial statements. It is also noted that the third paragraph represents the lowest acceptance of an average of 2.29, namely that the contracting companies in the State of Kuwait to disclose the methods used to determine the degree of completion of construction contracts, The transparency in the disclosure of ways to determine the degree of completion of construction contracts in construction contracts, which may be reflected negatively on the figures for the revenues and expenses of construction contracts. It also notes that the average hypothesis 3.29 is higher than the mean 3, indicating that the construction companies in the State of Kuwait apply Accounting disclosure requirements in accordance with International Accounting Standards

Number	Paragraph	Average	Standard deviation	Rank
1	When the final outcome of the construction contract is estimated reliably, the contract revenue and related costs can be included in the order in light of the level of completion of the contract activity at the balance sheet date	4.25	0.48	2
2	When contract-related costs can be clearly determined, actual costs spent can be compared with those previously estimated.	3.08	0.73	5
3	Under the percentage of completion method, revenue is recognized in the statement of income for the period in which the business was	3.48	0.79	3

	performed. Contract costs are usually included as expenses for the same accounting period during which the work was performed			
4	Where it is not possible to estimate the final output of the construction contract at an acceptable level, revenue should be recognized only within the contract costs incurred and which are expected to be recovered.	3.26	0.59	4
5	Where it is not possible to estimate the final outcome of a construction contract at an acceptable level, all contract costs must be recognized as an expense in the period in which they are incurred	2.43	0.62	6
6	Contracting companies load contract costs that are unlikely to be covered immediately	4.68	0.84	1
Average		3.53		

Note from the above table that the sample of the study confirms the application of the sixth paragraph at an average of 4.68, which indicates that the ratios of the strongly approved and the corresponding ratios are much higher than the rates of non-approved and ratios are not strongly approved, this paragraph is that the Kuwaiti construction companies are to load the costs of construction contracts, It is not likely to be covered directly in the statement of income. This indicates that expenses are recognized directly as expenses on construction contracts in accordance with the precautionary principle, which means that the expenses of the construction contracts represent all expenses, whether they are actually paid or expected to be paid on contract contracts. It is also noted that the second paragraph represents the second highest level of application with an average of 4.25, namely that when the final output of the construction contract is estimated reliably, contract revenues and related costs can be included in the order In light of the level of completion of the contract activity at the balance sheet date. It is also noted that the third paragraph represents the third degree of application at an average of 3.48%. Under the percentage of completion method, income is recognized in the statement of income for the period in which the work was performed. The contract costs are usually included as expenses for the same accounting period during which they were completed The average assumption is 3.53, which is higher than the average of 3, indicating that the contracting companies in the State of Kuwait apply the requirements of revenues and expenses of each contracting contract in accordance with the requirements of international accounting standards.

5. Test the Hypotheses of the Study

The first hypothesis is that "Kuwaiti construction companies do not apply the requirements for accounting disclosure of the costs of construction contracts in accordance with the requirements of IAS 11.

A one sample T test was used to test the hypothesis and the results of the test were as follows

Table 7. Results of the first hypothesis test

Variable	T computed	T scheduled	Average	Result for null hypothesis
Disclosure	16.19	1.977	3.29	Rejected

Since the rule of decision depends on accepting the alternative hypothesis if the calculated value is greater than the tabular value, the alternative hypothesis is accepted and the null hypothesis is rejected. This means that the contracting companies in the State of Kuwait apply the accounting disclosure requirements in accordance with the requirements of ISPM No. 11

The second hypothesis that "Kuwaiti contracting companies do not apply the requirements for the recognition of the expenses of contracting contracts and their revenues in accordance with the requirements of International Accounting Standard No. 11

A one sample T test was used to test the hypothesis and the results of the test were as follows

Table 8. Results of the second hypothesis test

Variable	T computed	T scheduled	Average	Result for null hypothesis
Requirements for recognition of revenues and expenses of construction contracts	11.76	1.977	3.53	Rejected

Therefore, the construction companies in the State of Kuwait apply to the Kuwaiti contracting companies the requirements for the recognition of the expenses of contracting contracts and revenues by the requirements of IAS 11.

6. Conclusions and Recommendations

6.1 First, the Results of the Study

The researchers found the following results

1. The contracting companies in the State of Kuwait is based on the loading of the accounting period revenues and costs of construction contracts within the accounting period, and this shows that the income statement includes and honestly the costs and revenues of construction contracts for contracts that were completed during the accounting period
2. Contracting companies in the State of Kuwait to disclose the total costs of contracts under implementation and this helps in the integration of disclosure methods used in determining the degree of completion or accounting methods in the disclosure of contracts for construction
3. Contracting companies shall disclose the accounting methods used in determining the revenues of construction contracts that have been included in the revenues of the accounting period
4. The contracting companies shall disclose the total amounts due to customers for the work of construction contracts as a liability within the obligations
5. Contracting companies in the State of Kuwait will charge contract costs that are unlikely to be recognized as expenses immediately in the statement of income. This indicates that there is a prospective outlook for the future or future circumstances of the contract costs, which shows the real profits of the construction contracts in the financial statements.
6. When the final outcome of the construction contract is estimated reliably, the contract revenue and related costs can be included in the order in light of the level of completion of the contract activity at the balance sheet date
7. Under the percentage of completion method, revenue is recognized in the statement of income for the period in which the business was performed. Contract costs are usually included as expenses for the same accounting period during which the work was performed

6.2 Second: Recommendations

Based on the results of the study, the following recommendations can be formulated

1. The necessity of contracting companies in the State of Kuwait to disclose the methods used to determine the level of completion of construction contracts under implementation, which helps in the application of full disclosure of construction contracts in addition to the possibility of integration of information elements of the financial statements.
2. The contracting companies to disclose the total amounts due to customers for the work of construction contracts as an asset within assets
3. Where it is not possible to estimate the final outcome of a construction contract at an acceptable level, all contract costs shall be recognized as expenditure in the period in which they are incurred
4. The need to provide contracting contracts in the State of Kuwait with the new international accounting standards so that it can keep up with the development of disclosure requirements, especially for companies that have areas outside the State of Kuwait
5. The need to hold conferences and seminars specialized international accounting standards to be taken from them suited to the environment of those companies and comply with the legal requirements in the State of Kuwait

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