LEBANESE AMERICAN UNIVERSITY

ACCOUNTING, AUDITING and TAXATION PROCEDURES and STANDARDS For COMPANIES in LEBANON *With a* SURVEY of COMPANIES ATTITUDES Towards INTERNATIONAL ACCOUNTING STANDARDS

SAID W. SOUKI

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Graduate Studies

We hereby approve the Research of,

SAID W. SOUKI

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Approvals:

[redacted]

Mrs. Janine Zakka, MBA, CPA.
Director of the Guidance Office,
Coordinator of Accounting Courses in the MBA program.

[redacted]

Coordinator of Accounting Courses in the BS program.
*Mrs Gattas is currently finalizing her Thesis in the Phd program at Leicester University.

To my Parents

Accounting, Auditing and Taxation Procedures and Standards for Companies in Lebanon

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Survey of Companies Attitudes *Towards* International Accounting Standards

Introduction

Lebanon is going through a process of transforming it's Accounting, Auditing, and taxation standards into International Standards. In the beginning of the Nineteenth Century Lebanon adopted Turkish rules. However, in the mid of the century Lebanon transformed to adopt French Standards till the end of the century where it began restructuring its standards inorder to follow international Accounting, Auditing, and taxation standards.

Lately, International Auditing Firms started its operations in Lebanon by applying International Auditing procedures. Besides, the Ministry of Finance started to follow International Taxation procedures; for example, applying the Value Added Tax in the beginning of February 2002. Concerning accounting issues the Ministry of Finance asked all companies to follow the International Accounting Standards.

In this research we would talk about Accounting, Auditing, and taxation standards and procedures for companies in Lebanon, and how to establish a company in Lebanon taking into consideration the procedures required from Code of Commerce including tax returns. Then we would talk about establishing a foreign corporation in Lebanon with types of companies. Afterthat, we would explain in detail the standards and procedures to be followed by Lebanese companies, with a sample report of a Joint Stock company according to the International Accounting Standards.

Finally a survey is made concerning knowledge of employees towards International Accounting Standards.

ESTABLISHMENT OF A LEBANESE COMPANY

For a company to be established the following procedures are needed:

REGISTRATION AT THE MINISTRY OF FINANCE

A Company should be registered with the Ministry of Finance within two months from the date of starting operations in Lebanon.

The legal documents to be presented to the Ministry of Finance are:

a) Certificate of registration of the company or the branch at the Commercial Court;

b) Copy of the by-laws;

c) Copy of the power of attorney of the manager;

d) Photocopy of the rent agreement;

e) Photocopy of an electricity invoice.

PROCEDURES REQUIRED BY CODE OF COMMERCE.

A. Books of Accounts (Article 16 of Code of Commerce)

a) Proper Accounting Records

The legal accounting records required are:

i. general journal;
ii. inventory book (details of all balance sheet items);
iii. register of commitments (details of contracts and contingent liabilities).

Above records should be stamped by the Commercial Court.

b) Cash Basis Accounting Records

Public work contractors are required to maintain accounting records on each basis which are:

i. a daily journal where all revenues and expenditures are recorded;
ii. a fixed asset register.

The cash accounting records should also be stamped by the Commercial Court.

c) Currency

The accounting records must be kept in Lebanese Pounds. Transactions in foreign currencies are translated to the Lebanese Pounds at the daily closing rate published by the Central Bank of Lebanon.

d) Language

The Language of the books of accounts is not officially set.

In practice the Arabic, English and French languages are acceptable.

All correspondence with government departments, including tax return should be done in Arabic.

e) Chart of Accounts

All entities which are required to maintain accounting records are also required to comply with the requirements of the Lebanese General Accounting Plan in accordance with decree number 4665 dated December 26, 1981 and decision number 1/111 dated February 22, 1982.

B. Personnel Register (Income Tax Law ("ITL"), *article 51*)

Taxpayers are required to keep a register of employees. Failure to keep a register would allow a fine of LBP 50,000 per each name omitted.

C. Employees declaration (ITL *articles 52, 53and 54*)

Article 52
Every employer must submit before the first of April of each year, (income chargeable for real profits), and before the 1st of June each year, (a joint-stock company), a declaration showing:

1) the full name and nature of work of the persons employed by him during the year;

2) the amount of salaries, wages, allowances, premiums and gratuities of all kinds, and the benefits in cash or in kind granted during the year;

3) the amounts to be deducted from the gross income of each employee as per article 50;

The same obligation applies to private individuals, institutions, companies and associations which offer retirement pensions or life annuities.

If the employer is exempted from taxation or if he is taxable on lump sum or estimated profits basis, he must submit the above declaration before the first of February for those employees whose yearly salaries or wage exceed a certain amount set in article 56 and 59. He need not submit any declaration in respect of others.

Failing to present the tax declaration, the employer shall be penalized by a fine ranging from LBP 200,000 to 500,000.

Article 53

Apart from the declaration which the employer is bound to submit in accordance with the provision of the previous article, each employee or salaried person who works in more than one establishment or institution, must himself submit to the finance department, before the first of June of each year, a declaration showing the name and addresses of his various employers during the past year and the amounts received from each of them during that year.

The same obligation applies to each employee or worker who exercises a profession taxable under section one of this legislative decree or who receives a retirement pension or a life annuity.

Article 54

If the employer fails to submit the declaration, during the prescribed period, the Finance Authorities shall automatically charge him with tax and impose on him a fine equal to 10% of the amount of tax for each month delay, the part of a month being deemed to be a whole month, provided that the fine shall not exceed 50% of the tax.

The same provisions shall apply to employees referred to in the preceding article, provided that the fine shall not exceed LBP 50,000.

In case an employer referred to in article 51 fails to keep the register called for in the said article, or refuses to produce that register or any other documents necessary for determination of the taxable income, or refuses to produce them for inspection by the officers concerned, he shall be taxable automatically and fined on the basis of the income determined by the Finance Department.

The fine chargeable to the employer referred to in the present article can not be less than LBP 100,000 and upon recurrence of the offence within 3 consecutive years the fine shall be doubled without possibility of a compromise.

Objection to the above direct taxation may be submitted within a certain period, subject to production of all necessary documents proving the correct chargeable income.

D. Tax on salaries – Settlement to the Treasury (ITL *article 63*)

Employer should deduct tax from salaries and wages paid to employees and the amount so deducted should be settled to the Treasury every six months within fifteen days from the end of six months in question.

This requirement applies to all individuals, enterprises, companies and societies paying pension salaries or allowances for life assurance. Those not settling the amount of which they are responsible or if they settle short to the Treasury within the period specified above shall be held personally liable for the amounts not settled plus a fine of (3%) for each month of delay, fractions of a month being considered a full month.

Establishment of a Branch of a Foreign Corporation in Lebanon:

Subject to their complying with the statutory requirements foreign companies are permitted to establish Branches in Lebanon. The first step in the establishment of a branch is the passing of a resolution by the board in accordance with the company's Articles, and naming the manager or managers who will be in charge of the branch. These managers may be members of the board or otherwise, and the board must confine to them, jointly or severally, the company's signature, in accordance with the provisions of the Articles. Power of substitution may however be granted in order that the managers may delegate their powers in full or in part to other persons who may be taking part in the business.

From the legal aspect the registration of a branch of a foreign company present little difficulty, and in general the company will remain governed by its own article where these are not in conflict with the laws of the country. The provisions of the Lebanese law are, however, binding upon these branches:

The initial formalities in Lebanon are as follows:

a. The registration of the branch at:
   - the "Register of Commerce" of the district where the branch will be situated.
   - the "Department of Commerce and Industrial Protection of Properties".
   - the "Chamber of Commerce"

b. The company should declare the following information:
   - the name or style of the company;
   - the object of the company;
   - the nationality of the company;
   - place where the company carried on business (including branches or agencies);
   - the names of partners or persons authorized to manager or sign on behalf of the company;
   - capital authorized and capital paid up;
   - the date upon which the company has started business, and the date of expiry of the company;
   - patents and trade marks exploited by the company.

c. The filing with the registrar of the "Tribunal de Commerce" of the company's article of Association and the Registration Certificate, and a copy of the Board Minute authorized the establishment of a branch in Lebanon. These documents must be attested by the Court General in Lebanon of the country where the company is registered.

d. The addressing of a circular letter to the Chamber of Commerce, all public and private administrations, banks, and other interest parties, giving the company's name and objects, and the names and specimen signatures of the person(s) authorized to sign on behalf of the branch.

TYPES OF COMPANIES

A. SOCIETE ANONYMES LIBANAISES (S.A.L.)

ARTICLE 104
Share may be nominative, transferable by endorsement or to bearer.

Note: In the case of a company owning real estate, 1/3 of the share capital should be nominative and owned by Lebanese shareholders.

ARTICLE 144
A "Societe Anonyme" is administered by a board of directors composed of at least three members and not more than twelve. At least half of the members of the board must be of Lebanese nationality. The board should elect a president from amongst its members.

ARTICLE 149
The directors appointed by the statutes hold office for a maximum of 5 years; those who are elected by the shareholders hold office for a maximum of 3 years. They may be re-elected. The statutes can arrange for the method of renewal of the board of directors, i.e. retirement by rotation.

ARTICLE 172
The shareholders in general meeting must appoint an auditor(s).

ARTICLE 173
The court appoints an auditor in addition from amongst those registered at the courts.

ARTICLE 205
Capital may be increased only if the initial capital has been fully paid.

Note: Tax on capital of limited companies is fixed at 3‰ (per 1000) and is payable once within three months from the date of formation of the company.

Statutory reports are field annually by S.A.L. companies, both listed and non-listed, including subsidiaries and branches of foreign companies. An audit of the financial statements included in the report is required for all S.A.L. companies. A supplementary auditor is appointed by the Commercial Court and has the same duties and responsibilities as the independent auditors appointed by the shareholders. The reports must be available in the company's headquarters at least fifteen days before the annual shareholders' meeting. The reports contain financial statements of two years, including balance sheets, profit and loss accounts, statement of sources and application of funds, and notes to the financial statements. A directors' report to the shareholders must also be included, and the financial information it contains must be audited. Loans granted to any board members are disclosed by the auditors in a special report. Consolidated financial statements are required. Specific charts of accounts are mandated for companies in general. The balance sheet and a list of the board of directors and the auditors must be published in the Official Gazette and in two local newspapers.

B. SOCIETES ANONYMES A RESPONSABILITE LIMITEE (S.A.R.L.)

Statutory reports and an audit of the financial statements included in the reports is required only for S.A.R.L. companies with capital in excess of LL. 5,000,000. Other requirements are the same as for S.A.L. companies, except that S.A.R.L. companies are not required a supplementary court-appointed auditor.

C. HOLDING COMPANIES

Statutory reports should be filed annually with the secretary of the Commercial Court. The requirements are the same as those for S.A.L. companies with the following exceptions:

a) there are no language requirements.
b) the accounts may be kept in the foreign currencies.
c) reports are not available to the public and need not be published.
d) the auditor should be residing in Lebanon and have Lebanese nationality.

D. OFFSHORE COMPANIES

Statutory report requirements are the same as those for S.A.L. companies with the following exceptions:

a) there are no language requirements.
b) the accounts may be kept in the foreign currency.
c) the company does not have to have a supplementary court-appointed auditor.
d) the auditor should be residing in Lebanon and have Lebanese nationality.

Note: Appendix C shows comparison between companies.

TAX RETURNS REQUIRMENTS

Tax returns must be filed annually with the Income Tax Department at the Ministry of Finance within five months of the year-end. Extensions are available at the discretion of the tax authorities. Tax returns must be prepared in Arabic on preprinted tax declaration forms. In addition to the financial statement requirements for statutory report, tax returns must include the auditors' report and supplementary schedules on the following:

a) valuation bases used,
b) employees,
c) distribution of capital,
d) branches and affiliates,
e) activities,
f) production of goods and services,
g) fiscal assets,
h) depreciation,
i) provision,
j) commitments (off balance sheet), and
k) distribution of results.

Tax returns for all companies are the same except that Holding companies are taxed on the total of their capital and reserve, and offshore companies are exempted from taxes on profits but pays an annual tax of LL. 1,000,000.

ACCOUNTING RULES AND REGULATIONS FOLLOWED BY ALL INSTITUTIONS IN LEBANON.

The ministry of finance requires all companies to abide by the International Accounting Standards which are listed as follows:
Note: IAS numbers that are not listed were deleted in the year 2001.

IAS1 Presentation of Financial Statements
IAS2 Inventories
IAS7 Cash Flow Statements
IAS8 Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies
IAS10 Events After the Balance Sheet Date
IAS11 Construction Contracts
IAS12 Income Taxes
IAS14 Segment Reporting
IAS15 Information Reflecting the Effects of Changing Prices
IAS16 Property, Plant and Equipment
IAS17 Leases
IAS18 Revenue
IAS19 Employee Benefits
IAS20 Accounting for Government Grants and Disclosure of Government Assistance
IAS21 The Effects of Changes in Foreign Exchange Rates
IAS22 Business Combinations
IAS23 Borrowing Costs
IAS24 Related Party Disclosures
IAS25 Accountingfor Investments
IAS27 Consolidated Financial Statements and Accounting for Investments in Subsidiaries
IAS28 Accounting for Investments in Associates
IAS29 Financial Reporting in Hyperinflationary Economies
IAS31 Financial Reporting of Interests in Joint Ventures
IAS32 Financial Instruments: Disclosure and Presentation
IAS33 Earnings Per Share
IAS34 Interim Financial Reporting
IAS35 Discontinuing Operations
IAS36 Impairment of Assets
IAS37 Provisions, Contingent Liabilities and Contingent Assets
IAS38 Intangible Assets
IAS39 Financial Instruments: Recognition and Measurement
IAS40 Investment Property
IAS41 Agriculture (effective in January 1,2003)

For details refer to Appendix H.

SOCIAL SECURITY

Each company or institution in Lebanon should abide by the national social security rules and regulations.

Registration and Allowances

All employees are required to be registered with the National Social Security Fund. Contributions are made by both the employer and the employee to this Fund on the basis of income.

Contributions are divided into three sections: End of Service Indemnity, Family Allowances and Medical Scheme. Although in respect of foreign nationals the company makes family and medical insurance contributions, the employees do not benefit from them, except in the case of the following nationalities: British, French, Belgian and Italian.

The registration of the company with NSSF should be made one month from beginning of operations and employees should be registered 15 days from the date of employment.

In practice companies that are late in registering with the Social Security, because of registration requirement delays, are registered with retroactive effect and without being subjected to fines.

Social Security Contributions (calculation) – Payable by the employer

I. Social security contributions for local personnel are payable as follows:

a. End of Service Indemnity: 8.5% on total monthly salaries
b. Family Allowances: 6% on monthly salary up to five times the minimum salary i.e. LBP 300,000 x 5 = LBP 1,500,000 only.
c. Medical Scheme: 9% on monthly salary up to five times the minimum salary, i.e. LBP 300,000 x 5 = LBP 1,500,000 (7% as company's share & 2% as employee's share)

II. As for expatriates no end of service indemnity contribution is to be paid, but the family allowances and medical scheme are to be paid.

Social Security contributions are payable by the company as follows:

d. Quarterly basis, if the number of employees is less than 10;
e. On monthly basis if the number of employees exceeds 10.

The schedules are sent to the company by NSSF administrations.

Family Allowances Payable by the Employer to the Employee and Deductible from the above contributions:

- Wife 20% on the minimum salary 300,000 = LBP 60,000
- On each child 11% up to a maximum of 5 children = 33,000

EXCERPTS OF ANNUAL DEPRECIATION RATES
Ministry of Finance Decision No. 422 dated 31/12/1981
Companies should abide by the minimum and maximum depreciation rates. Using the maximum rate the ministry of finance should be informed and agrees on it.

Minimum and maximum depreciation rates are as follows:

Offices and Shops

	Minimum %	Maximum %
Furniture and Fixture	7.5	9
Equipment	10	13
Computers (owned)	15	20
Computers (rented)	20	25
Cars	12	15

Factories and Workshops

Dams, sources of water supply, Reservoirs and tunnels	2	3
Pressure pipes	2	3
Thermal sets (diesel)	6	10
Thermal steam sets	6	10
Boilers	6	10
Water turbines	4	6
Electric transformers	4	6
Electric plants, high and low tension electric boards and meters	5	7
Overhead electric lines on metal poles	2	3
Overhead electric lines on wooden poles	4	6
Machine tools	8	11
Electric machine (dynamos, generators and motors)	7	9
Fixed water implements	2	3
Underground electric cables	3	5
Pumps driven by electric motors	5	7
Supporting bridges	2	3

STAMP DUTY (Official No. 50, dated 16/12/1993)

A. Fixed Stamp Duty

Documents and deeds issued by or submitted to the state, municipalities and public institutions are subject to a FIXED stamp duty, as follows:

	Reference		Amount LBP
Constitution permit for a joint – stock company	3		1,000,000
Constitution permit for a factory or any industry or a commercial business	6		750,000
All statements relating to purchase or sale of foreign currency	70		1,000
All banks guaranteed or letters of guarantee for subscription in any deal	71		10,000
Undertaking letter given by the guaranteed to the bank	72		10,000
Personal guarantees, regardless of the number of guarantors, or any real guarantee except land	76		10,000
Bills of lading or any receipt order from customs	89		5,000
All approval copies of the manifest presented to customs	90		5,000
Certificate of origin of goods	23		20,000
All copies of agreements for cashing an amount of money	57	(specific)	5,000
All copies of agreements for cashing an amount of money		(general)	10,000
All registration or title deeds on real estate property	30		10,000
All receipts for money cashed	46		100
All bank statements	68		100
All receipts pertaining to renunciation or receipt of goods on arrival or deposits	94		100
All receipts for cash deposits or bills or shares	94		100
All invoices including unpaid invoices	95		100
All quittus or releases, even if they include amount of money	94		10,000
General power of attorney, including those stating monetary values	102		10,000
Specific power of attorney	102		5,000
All certificates of true copy signature	68		100

B. Proportional Stamp Duty

All deeds and written materials which mention a specific sum of money are subject to proportional stamp duty of 3%o (per mil).

AUDITING PROCEDURES AND STANDARDS

Each section of the balance sheet requires specific objectives and procedures which are summarized as follows:

A. Share capital and reserves

Audit Objectives:

1. All capital transactions, including dividends, are recognized and are those of the entity. (*Existence, Accuracy and Ownership*)
2. Equity accounts reflect all stock outstanding. Retained earnings is reduced by all dividends declared. Stock repurchases are recorded.
3. Transactions are recorded in the proper period. (*Completeness*)
4. Accounting principles applied to capital transactions and the disclosures relative to the capital structure are appropriate and consistent. (*Valuation, Presentation and Disclosures*)
5. Compliance with local regulations. (*Presentation and disclosure)*

Audit procedures and steps:

a) Obtain schedule showing roll forward of all equity accounts.
b) Test any issuance of stock and/or dividend payments and withholding taxes thereon to supporting documentation.
c) Examine minutes, bylaws, and articles of incorporation for support for all changes in the accounts such as changes in capital structure, declaration of dividends, income allocation, etc.
d) Ascertain compliance with local laws concerning capital, allocation to reserves and losses coverage.

B. Cash and cash equivalents receipts and payments

Audit objectives

1. Cash and cash equivalents exists and is owned by the client (Existence ,Ownership)
2. Cash and cash equivalents receipts and payments are all accurately reported, including cut-off (Completeness , Accuracy, Existence)
3. Cash and cash equivalents is properly presented and computed (Presentation and disclosure)
4. Cash and cash equivalents at banks is properly valued (Valuation)
5. All interest expense/revenue has been accurately recorded (Completeness, Accuracy ,Existence)

Audit procedures:

a) Obtain bank confirmation letter and reconcile to book balance.

  i. obtain details of all bank accounts during the year and send confirmation letters even if balances at year end are nil

  ii. agree replies to the bank account reconciliation performed by the client

  iii. review the reconciling items by assessing the appropriateness of large/unusual/old reconciling items and review clearance in the subsequent period by reviewing the post year end bank statements

  iv. review all other items (especially off balance sheet and pledged accounts maturity, terms, interest rate terms, covenants of bank loan agreements) on the bank confirmation letter,

b) Review the collectibility of bank balances and the cash insurance coverage

c) Count / obtain a cash certification signed from a person other than the cash custodian for material year end Cash and cash equivalents balances and agree to the books

d) Review proper cut-off by ascertaining that all last days Cash and cash equivalents receipts and payments have been recorded in the appropriate fiscal period;

  i. ascertain from cheque books that last cheque issued and delivered (those undelivered at year end should be added back to Cash and cash equivalents and payables) was recorded;

  ii. ascertain by comparing dates on cheques issued for several days before and after year end the recording dates of the cheques to determine proper cut-off,

  ~~iii. ascertain from bank reconciliations that proper cut-off was made,~~

e) Cash and cash equivalents are properly defined in the notes and properly computed, 90 days rule (Obj.3)

C. Subject :Tangible and intangible assets

Audit objectives

1. Items required to be capitalized (consumed advertising and promotion expenditures are to be expensed)are recorded, all sale, abandonment, and other dispositions, and related gains and losses are recorded including items under capital leases (*Completeness*)
2. Fixed assets exist, are owned by the entity, used in operations and all liens are disclosed (*Existence, Ownership and Presentation*)

3. Amounts capitalized including capital leases are appropriate, and do not include amounts required to be expensed *(Existence)*
4. Valuation is appropriate and accounting principles are consistently applied (recorded at cost; items abandoned, held for sale, or impaired are properly valued; depreciation is reasonable and based on appropriate estimated useful lives and methods of depreciation (*Valuation, Existence , Accuracy, Presentation and Disclosures*)
5. Liabilities relating to purchases are properly recorded *(Completeness, Accuracy, Existence)*
6. Consider deferred tax implications in case the accounting basis is different from the tax basis of the asset (example differences in the depreciation rates allowed by the tax authorities and those followed by the entity)- (*Completeness, Existence , Accuracy, Presentation*)

Audit procedures and steps

a) Agree beginning balances with previous year ending balances per class for both cost and accumulated depreciation and amortization (Obj.1,2,3)

b) Vouch significant disposals to supporting documents and re-compute gain or loss on disposal (Obj. 1,2)

c) Examine documents of title for major assets acquired during the year (Obj. 1,2,3,5)

d) Depreciation and amortization charge in the reconciliation tables should agree with the depreciation/amortization charge in both the income statement and the cash flow (Obj. 4)

e) Ascertain that ending balances as per reconciliation tables agree with the net carrying value in the balance sheet (Obj. 2)

f) Review appropriateness of depreciation period for each class and agree to allowed depreciation rates as per tax requirements, if there is a difference then consider accounting treatment and disclosures for deferred tax and impact on taxable income (Obj. 4,6)

g) Review accounting principles for appropriateness and consistency (e.g., depreciation method, useful lives, etc.) and inquire as to existence of liens (Obj. 2,4)

h) Review contracts for long term lease of equipment to assess the appropriateness of recording under capital/operational leases (Obj. 2,3)

i) Perform cut-off and post balance sheet events to obtain evidence as to the proper application of accrual accounting especially for partial/ purchases/ sales (Obj. 1,2,5)

j) Ensure that the estimated useful life of the Intangible Asset must not exceed 20 years (Obj. 4)

k) If an intangible asset life is more than 20 years, Intangible Asset should be estimated for impairment testing at least at end of each financial year end , and that it is disclosed separately in the notes to the Financial Statements . (Obj. 4)

l) If an Intangible asset is re-valued, disclose the date of revaluation and the carrying amount of the re-valued item. (Obj. 4)

m) Ensure that research, start up, establishment expenses, training, advertising, relocating, reorganising, internally generated brands are expensed and not capitalized unless third party has not yet performed the service. (Obj. 4)

n) Assess at the end of Balance Sheet date whether there is an indication that an asset's value may be impaired (carrying amount > recoverable amount which is the higher of net selling price and value in use) (Obj. 4)

o) Consider, as a minimum, the following indications:
External sources of information
   i. Significant decline in market value
   ii. Technological, market, economic, legal environment
   iii. Changes in interest rates or rates of return
Internal sources of information
   i. Evidence of obsolescence, of physical damage
   ii. Discontinuance, disposal, restructuring plans
   iii. Asset performance declining or expected to decline
   iv. Enquire about the possibility of existence of some assets, equipments which are being held as idle assets

D. Subject: Stock

Audit objectives

1. To determine that the inventories exist, are accurate in respect with the cost flow assumption (FIFO/Average) that the client has taken reasonable care in determining the physical quantities of its inventory, and to determine that inventories are properly related to sales and purchase cut-off. (*Existence, Completeness, Accuracy*)

2. To determine that the inventories have been counted and reflected in the proper period, and that inventory listings are accurately compiled, priced with clerical accuracy, extended, footed and summarized, and totals are properly reflected in the general ledger accounts. (*Completeness*)

3. To determine that inventories are the client's property, and have not been restricted as to use or availability or subjected to impairment of value through commitments or contingencies. (*Ownership, Presentation*)

4. To determine that inventories are valued in accordance with generally accepted accounting principles disclosed and are consistently applied, at the lower of cost or market, and that excess, slow-moving, obsolete, and defective inventory is reduced to net realizable value. (*Valuation,Presentation*)

Audit procedures and steps

INVENTORY PHYSICAL COUNT

a) Determine the anticipated value of the inventories at each location and determine at which location(s) inventories will be observed.

b) Complete physical count form, obtain a copy of the full count made by the client including physical stock and record differences and document your conclusion

c) Send confirmations to selected locations for inventory held by custodians, such as public warehouses and consignees, or other off-premise inventory. Examine selected receiving records for several days before and after the inventory date (including, if applicable, cut-off information obtained during the inventory observation) to determine that proper cut-off was made and that inclusion or exclusion from payables will be consistent with treatment in inventory.

d) Examine selected shipping records for several days before and after the inventory date (including, if applicable, cut-off information obtained during the inventory observation) to determine that proper cut-off was made and that inclusion or exclusion from sales will be consistent with treatment in inventory.

e) From a review of bank confirmations, debt confirmations, director's minutes and inquiry of management, determine whether any inventory has been pledged or assigned to others to secure debt. Summarize any such situations for disclosure.

f) Through other audit procedures (such as tracing of inventory items to invoice during price testing) the auditor should determine whether the company owns recorded inventory. If additional procedures are necessary, note the workpaper reference that documents additional procedures performed.

g) Inspect open purchase order file at the balance sheet date for significant commitments that should be disclosed.

h) Ascertain the inventory pricing procedures (FIFO/Average) and policies followed during the current year, and determine that they are in accordance with IAS and consistent with the preceding year or period.

i) If applicable, ascertain that perpetual inventories or job or process cost cards are accurately maintained by tracing posting from prior sources to subsequent postings (i.e., materials to labor to jobs-in-process to finished goods to cost of sales).

For manufacturing businesses

a) Determine that various components of the inventory have been priced properly. This would include determining, where applicable, that:

b) Raw materials or purchased parts have invoices supporting the quantity on hand at their respective prices.

c) Determine that materials include freight and related costs but are net of trade discounts, rebates, and price concessions.

d) If used, ascertain that standard costs approximate FIFO or are adjusted thereto.

e) Determine that labor is applied or allocated reasonably to jobs or products and is supported by time and wage records.

f) Overhead is applied or allocated to jobs or products in a reasonable manner, is supported by underlying records, and does add value to inventory.

g) Compare current year item cost to prior year item cost.

h) Determine inventory mix (materials, in-process, finished) and composition (materials, labor, overhead). Investigate fluctuations and assess their impact.

i) Investigate and test to see that market value is not below cost. (Market may be applied to individual items, inventory categories, or the inventory as a whole. Market is usually the replacement cost, except that market should not exceed net realizable value and should not be less than NRV reduced by a normal margin. Test market value information used, coordinating with cost testing where applicable. To test for replacement costs of purchased items, compare inventory unit prices to subsequent purchases, vendor price list, etc. To test for net realizable value for finished goods and work-in-process, compare inventory carrying amounts plus disposal costs (i.e. selling and shipping costs) and normal gross profit and where applicable, cost to complete, with recent effective net sale or contract prices, including customer purchase orders.

j) Review the criteria for determining whether scrap, obsolete,slow-moving, or overstocked items exist and whether allowances for such have been made. Consider the following procedures:

k) Determine the client's criteria for considering items as slow moving or obsolete including a stock age analysis or stock movement documents and evaluate whether the criteria appear to be reasonable for identifying potential problems.

l) Trace information obtained at the observation of physical inventory count for slow moving, obsolete, or damaged items to the final inventory listing.

m) If applicable, review perpetual records, sales analyses, and other information (example: sales prices) including post balance sheet events to determine whether items may be on hand in excess quantities or in excess of the client's requirements.

n) Review and trace to the expense and provision accounts the stock provision taken at year end to assess valuation

o) Compare the prior year listing of obsolete items to the final inventory listing of the current year to determine that prior year valuations have not been increased.

p) Investigate and explain any unusual exceptions to these steps.

ANALYTICAL PROCEDURES

Compare inventory balances at the end of the year (period) with balances at the beginning of the year (period) and with earlier periods and obtain explanations for significant and unusual fluctuations.

Assess the reasonableness of stock-days and inventory turnover by comparing to last year and budgeted figures based on our understanding of the business

Inventory turnover = Cost of goods sold / Average inventory

Average day's inventory = 365 / inventory turnover

E. Subject: Profit and loss accounts except sales and Cost of Goods Sold and payroll

Audit objectives

1. Income and expense accounts reflect activity of the company for the period. (*Existence, Accuracy*)
2. Income and expense accounts and related receivables/prepayments and payables/accruals involving the company are included in the proper period – cut-off (*Completeness, Existence)*
3. Income and expense accounts are properly valued. (*Valuation*)
4. Income and expense accounts are properly presented in the financial statements and needed disclosures are made. (*Presentation and disclosure*)

Audit procedures and steps

a) For accounts labeled miscellaneous or other, review balances or activity for unusual items, if material. (obj.,1,2)

b) Review activity in legal expense account to determine attorneys handling significant services for which attorney confirmation requests should be mailed (obj.,1,2)

c) Perform cut-off testing on selected income and expense account for inclusion in proper period (obj.,1,2)

d) Review classification of income and expense accounts into the financial statement groupings for IAS presentation (obj.,4)

e) Vouch unusual/extraordinary items (obj.,1,2,3,4)

f) Ascertain that taxes were withheld/paid on payments to non-residents in accordance with tax rules (obj.,1,2)

g) Ascertain from minutes of meeting, lawyers letter, scanning of post balance sheet of unrecorded/undisclosed liabilities/contingencies (obj.,2)

h) Vouch corporate income tax payable paying attention to reconciling items between accounting income and taxable income as well as applicability of tax losses carried forward (obj.,1,2)

F. Subject: Payroll and related costs

Audit objectives

1. All payroll and related costs amounts are accurately recorded. (*Completeness, Accuracy*)
2. Recorded amounts are accurate, for services received by entity, expense, and other accounts are correctly calculated. (*Existence and Accuracy*)
3. All End of service indemnity reconciliation is properly presented and is accurate (*Accuracy,Completeness*)
4. Payroll withholding taxes and social security contributions are properly computed (*Accuracy,Completeness*)

Audit procedures and steps

a) One month salary with last year's December payroll. Vouch significant changes in salary to individual employees (proper approval). Extrapolate the one month payroll to the number of months paid during the year and assess the reasonableness of recorded year totals with expected figures obtained from the extrapolation. Assess critically the observed difference for reasonableness (Obj.1,2,3)

b) Perform Compare trend analysis: compare monthly payroll expenses and investigate significant and/or unusual changes if need be. (Obj.1,2,3)

c) For related payroll costs such as NSSF perform proof in totals test by comparing recorded amounts with expected as per local regulations summarized by the following: (Obj.1,2,3)

d) Multiply the # of employees with the maximum NSSF contribution rates of 15 % and 12 % to get the expected total contributions and compare with recorded amounts , investigate significant variances Apply the 12% & 15% of medical and family allowance respectively.

e) Compare the balance calculated against the actual payments and accruals made

f) For related end of service indemnity contributions consider the total earnings multiplied by 8.5% rate.

g) Review the reasonableness of tax withholdings as compared to prior periods taking into consideration changes during the current period

h) For a sample of 5 employees re-compute tax withholdings paying special attention to fringe benefits (insurance, rent, transportation allowances) (Obj.4)

i) Review the EOSI reconciliation to Ascertain that beginning balance agrees with prior period ending balance and review movement of the current period for reasonableness, trace movement to P&L and agree final balance to books (Obj.3)

G. Subject: End of Service Indemnity and other provisions on litigation, warranties, onerous contracts

Audit objectives

1. All provisions are properly recorded (*Completeness,Accuracy, Existence*) and derecognition rules are applied for use/reversal of provisions
2. Other provision are accurately recorded and reported by category (*Completeness,Accuracy,Presentation and Disclosure)* stemming from:
   - Present obligations legal/constructive as a result of a past event
   - Probable outflow of resources
   - Reliable estimate
3. Provisions are properly valued and reviewed at balance sheet date and adjusted to reflect the current best estimate (*Valuation,Accuracy)*

Audit procedures and steps

a) Compare balances with prior year investigate unusual or large changes for employees EOSI and other provisions (Obj. 1,2, 3, 4)

b) Request a comfort letter from lawyer and assess the need for adjusting the books - Provisions or reporting in the notes – Contingent liabilities (Obj 1,3,4)

c) Review reconciliation of provisions by category and vouch significant items for recognition, measurement, derecognition (use/reversal) and review of balances at year-end (Obj. 1,3,4)

d) Inquire from management of (litigation/warranties/onerous contracts/restructuring costs) and scan trial balance for changes in provisions and P&L effect. Vouch changes. (Obj. 1,3,4)

e) From reading minutes of meetings/contracts and post balance sheet procedures identify provisions that need to be recognized/ derecognized and contingent liabilities that need to be disclosed. (Obj.3)

f) Review correspondence file with lawyers to ascertain that all provisions have been identified and properly disclosed/recognized (Obj.3)

H. Subject :Audit Program for purchases/payments/trade creditors/Cost of Goods Sold

Audit objectives

1. All purchases (for stock items) are valid and properly recorded. (Completeness, Existence, Accuracy and Ownership)
2. All purchases (for non-stock items) are valid and properly recorded. (Completeness, Existence ,Accuracy and Ownership)
3. All cash payments are accurately recorded. (Completeness, Accuracy)
4. Cost of Goods Sold is accurately reported (Accuracy)

Audit procedures:

a) For a sample of disbursements, test the information recorded in the cash disbursements register as follows. Select items in the disbursement register and obtain supporting information, typically a vendor invoice. Agree the payment document and invoice to the register for payee and amount, and determine the reasonableness of the account distribution (inventory, expense, etc.) if shown on the disbursement register. (Obj1,2,3)

b) Test the voucher register by agreeing to the vendor invoice for payee, amount, and account distribution. (Obj1,2,3,4)

c) Trace a sample of stock receiving reports to the purchases account (Obj1,4)

d) Vouch a sample of two addition to purchases to supporting stock receiving reports (Obj1,4)

e) Perform cut-off procedures on purchases using suppliers' reconciliation sheets (Obj1,2,3)

f) Review the cash disbursements register for payments after the balance sheet date through the last day of field work, and examine support for the disbursements. (Obj3)

g) Review the voucher register for invoices added after the balance sheet date and review supporting invoices to determine proper exclusion from payables. (Obj1,2)

h) Inquire of client personnel as to additional unrecorded items. (Obj1,2)

i) Ascertain that beginning and ending stock figures reconcile with last year's ending stock and this year's physical stock count then compute CGS formula=Beginning stock + net purchases-ending stock (Obj1,4)

j) Scan the after year end expenses accounts and the after year end received invoices for possible unrecorded liabilities at year end (Obj.1,2)

Review trade payables reconciliations.

a) Review payable listing for material debit balances to reclassify to receivables, or to review to determine reason for debit balance.

b) Inquire as to debit and credit balances to the same vendor that will be offset.

c) Segregate non-trade payable items for reporting as other liabilities or as amounts due to related parties, if material.

Prediction:

Based on our understanding of the business, predict the creditors' days ratio for the year
Trade payables turnover = Net purchases / average net trade payables

Average days' unpaid liabilities = 365 / trade payables turnover

Comparison:

compare our predictions to the observed/ budgeted/ last year's values

Judgment:

Use professional judgment to consider the implications of any differences observed (consider +/- 15 % variance as benchmark) . Obtain explanations for significant variations and corroborate these explanations and conclude.

I. Subject: Related parties

Key audit objectives

1. Determine whether related parties transactions exist, are approved and recorded (*Existence, Accuracy*).
2. All transactions with related parties have been properly recorded. (*Completeness, Accuracy*).
3. Related party transactions are properly valued. (*Valuation*)
4. Related party transactions are disclosed where material. (*Presentation and disclosure*)

Audit procedures and steps

a) Review working papers and other information for evidence of related party transactions. For significant transactions, obtain an understanding of the transaction (such as business purpose, contract and other documents, approval by Board, services provided, reasonableness of services, etc.) (obj. 2,4)

b) Review sales to, and purchases from, related parties for business purposes. (Obj. 2,3)

c) Confirm significant receivables from related parties, if not already obtained. If we audit the other entity, trace the receivable balance to the other company's payable balance. (Obj.1,2,4)

d) Review activity in inter-company receivable/payable balances to determine if significant entries are made merely to balance the entries with the other company's records at the date we are agreeing balances. Investigate such entries as necessary. (Obj. 3,4)

e) Review loan agreements and bank balances for evidence of related party loans, guarantees, or compensating balances. Inquire as to any guarantees of related party borrowings or commitments.(Obj.1,2,3,4)

f) Obtain evidence of collectibility of receivables from affiliates. .(Obj.3)

g) If receivable is from an affiliate that we do not audit, or that we audit as of a different date, determine that the receivable is reconciled at the audit date. .(Obj.1,2,4)

h) For items eliminated in consolidation or combination such as inter-company sales of inventory, fixed asset transfers, etc., determine that amount of transaction and related profit are eliminated. .(Obj.3)

i) Summarize related party transactions for proper disclosure. Include consideration of short-term versus long-term classification, existence of tax sharing agreement, etc. .(Obj.4)

j) Obtain information for disclosure of significant arrangements where services or goods are provided without charge. .(Obj.4)

k) Consider all findings and inquiry from management, read the board's and shareholders' minutes of meeting and ascertain that reports in accordance with article 158 and 159 of the Code of Commerce are complete and accurate.(Obj.1,2,3,4)

J. Subject: Debtors and Sales

Key audit objectives

1. Sales represent all items sold and have been recorded in the proper period. Cash receipts have been applied. (*Completeness accuracy, existence*).
2. Receivables represent amounts owed to the company and have not been sold to others. (*Existence and ownership*)
3. Accounts receivable are stated at net realizable amount through an adequate allowance for uncollectible accounts, credits, and returns. (*Valuation*)
4. Revenue is recognized only when IAS allows. (*Existence*)

Audit procedures and steps

a) If meaningful, obtain information on volume of sales by product line and average prices by product line to estimate total sales and identifying usual trends. (Obj.1,2)

b) Review the gross margin for reasonableness and compare to prior periods/budget and within the period covered, preferably by product/product lines (Obj.1,2)

c) Consider ratios such as number of days sales in receivables.
   a. Sales turnover = Net sales/average trade receivables
   b. Average day's receivables = 365/sales turnover

d) Bad debt allowance as percent of receivables and of aged receivables, revenues in last month of the year as a percent of total revenues, sales returns after year-end to year-end receivables. (Obj.1,2,3,4)

SALES

a) Select a sample of sales transactions during the year. Examine supporting documentation that shows the validity of the sale, such as customer purchase order, shipping documentation, pricing approval etc. (Obj.1)

b) For selected significant/unusual sales prior to year-end, compare to shipping documents or other evidence as to propriety and cut-off. (Obj.1,4)

ACCOUNTS RECEIVABLE

a) Select accounts for confirmation from accounts receivable listing. Mail confirmations and seconds if needed. (Obj.2)

b) Review confirmation replies and investigate exceptions. Have the client resolve as many exceptions as possible. Keep control over the exceptions given to the client to resolve, and review their resolution. (If differences are immaterial, consider treating them as errors.)

c) Perform alternate procedures on no replies, such as reviewing subsequent remittance advices, examining customer purchase orders, examining shipping documents, etc. (If cash receipts system has been tested, trace to postings from the system.)

d) Summarize results of confirmation procedures. Project sampling results to population.

e) For accounts not selected for confirmation, perform analytical review to determine overall reasonableness of amounts by scanning trial balance.

f) Review activity since interim testing dates for significant unusual items especially large transactions occurring at or near year-end. (Obj.1,2,3,4)

g) Review cut-off of sales and accounts receivable at year-end. Trace in information obtained at inventory observation regarding last shippers (if inventory observation was at year-end) or otherwise review shipping information to determine that sales and related receivables are recorded in proper period. (Obj.1,2,4)

h) Inquire as to pledged receivables, receivables sold with recourse, guarantees of receivables sold, related party receivables, uncompleted sales, and other items that may require reclassification or additional disclosure. (Obj.2,3)

i) Inquire as to receivables that represent consignment items or customer disputes where a sale may not exist or a right of return may exist, and consider effect on recorded sales and receivables amounts. (Obj.1)

ALLOWANCE FOR DOUBTFUL DEBTS

a) Review the ageing analysis for reliability (make sure total agrees with trade receivables on the trial balance) on a sample basis (trace aging of a sample of significant balances to the supporting documentation) and then assess the valuation of receivables by assessing collectibility of individual balances and applying appropriate % for the age brackets.

b) For the period from year-end through the field work date, determine if there were significant credit memos issued on accounts receivable existing at year-end and, if so, the effect on the validity of the receivable. Also inquire as to unrecorded credit memos.

c) Review information obtained on confirmations, analytical reviews, and tests of controls to assess if there are collectibles concerns.

d) Discuss accounts for collectibles concerns with credit manager or equivalent. Obtain information to support significant representations as to future collections by review of credit file, correspondence, etc.

e) Determine if credit memos issued since year-end or other evidence of customer disputes indicates additional allowance amounts are needed.

f) Consider obtaining current financial information on troubled accounts where collections have been insufficient.

g) Obtain analysis of activity in allowance account for the year. Agree beginning balance to prior year Workpapers and trace provision to recorded expense. Discuss material write-offs with management to determine if they were approved.

h) Compare write-offs during the year to allowance balance.

TAXATION STANDARDS AND PROCEDURES

TAXES ON PROFITS OF INDUSTRIAL, COMMERCIAL AND NON-COMMERCIAL PROFESSIONS, PRIVATE CONCERS AND SHAREHOLDING COMPANIES

Taxation on the basis Profits

Tax payable in any year is based on the profit of the previous year, it follows, therefore, that a newly formed company does not pay tax during the first year of its formation, but it will pay tax during the second year, which will be based on its profit of the first year (Article 6).

The net profit is arrived at by taking into account all income derived in Lebanon, resulting from all transactions made, and after deduction of all expenses relating to the business or enterprise.

It follows, therefore that the profits or losses earned by the branches of a Lebanese limited liability company established in foreign countries are excluded from the profits or losses of the head office.

4.1 Deductible charges include (Article 7):

1. cost of goods sold and services rendered;
2. rent of business premises;
3. interest on loans;
4. salaries and wages, as well as other employee benefits (including end of service indemnities) in accordance with the special labor legislation in force;
5. other expenses for the benefit of employees such as insurance premiums paid for the staff;
6. taxes paid during the year with exception of income tax;
7. depreciation on fixed assets. The rates of depreciation are fixed by ministerial decision. A table is attached listing the allowable depreciation rates in the accounting part;
8. reserves to cover debts against the possibility of bankruptcy or the payment of indemnities to employee and pensions or indemnities for injuries resulting from work related accidents. Surplus reserves are added to profits;
9. charitable contributions to recognized societies or establishments;
10. bad debts after the failure of all possible efforts to collect the debts.

4.2 The following are not deductible charges:

1. expenses incurred for improvement of fixed assets;
2. tax paid to foreign governments on income earned in Lebanon;
3. loss resulting from an enterprise, office, branch, etc..., situated outside Lebanon;
4. representation allowances in excess of 10% of the salaries paid to the employees.

Taxation on the bases of Lump Sum Profits

The taxpayer not chargeable on the basis of real or estimated profits should submit to the finance department before the 1st February of each year a statement showing their total turnover during the preceding year (Article 17).

Turnover is defined as the total gross proceeds from all operations of whatever nature, concluded effectively and definitely by the taxpayer during the year preceding the year of assessment, and, in particular, the value of commodities, goods, instruments or materials sold or hired, commissions, brokerage fees, interest, difference on exchange, fees, etc..(Article 18).

Turnover recognized as basis for establishing the net lump sum profits is determined from the day-book prescribed on the following article (Article 19).

The taxpayer exercising other than a commercial or an industrial profession is bound to keep a day-book prescribed by the Code of Commerce in which the daily income is recorded (Article 20 as modified by Law 1/70 of 19 January 1970).

Taxation Rates

A. Private entities

At progressive rates from 4% to 21% (Article 32 as amended; Appendix A);

Family allowances are deductible from the amount of taxable income (Article 32 as amended; Appendix B);

B. Capital companies

Point stock companies, limited liability companies and limited partner ships; at a flat rate of 10% on profit after tax (Article 32 and 72 amended by Law 107 of 23 July 1999).
Taxpayers who are bound by professional secrecy are entitled to confine their entries chronologically to sums collected without mentioning of the names of the payers.

Public Works Contractors

Contractors undertaking work for Lebanese Government department pay tax on the total amounts collected from the government. The rate of deemed profit approved by the Minister of Finance (Decision No. 4169/1 dated 16/8/1993, as amended by Ministerial decision No. 950/1 dated 22/1/1994, is 10% on amount collected.

Public works include works for roads, building, sewerages, tunnels, ports and airports and similar works on the ground and which comprises materials and spare parts.

N.B. Article 72 of the income tax law stipulates that profits of branches of foreign companies doing business in Lebanon are considered as realized in full and shall be taxed at 10% after deducting the corporate tax. (As amended by article 31 of Law No. 107 dated 23/7/1999).

Tax on Earnings Payable to Non-Residents

Any sums paid to persons, companies or institutions, that have no business office in Lebanon, in consideration for any activities subject to the present tax, also any profit, income or products generated in Lebanon by these persons, companies or institutions, shall be taxable in accordance with the provisions of the following two articles:

Article 41

The net taxable amount is fixed at a lump sum of 15% of the sums referred to in the preceding article, thus a 50% of the tax amount is paid if the sum represent an indemnity for services.

Article 42

Persons required to pay sums imposed under article 41 above must declare them within the period prescribed for the submission of declaration of the personal profits, after having deducted the tax calculated on the basis of article 41 above.

Article 43

Taxes withheld under the above provisions are payable upon presentation of the tax returns.

Head Office expenses are considered as indemnity for services rendered, hence 50% of the tax rates apply, i.e. 7.5 %.

Head Office expenses should consist of administrative expenses, salaries and related expenses, legal and consultation expenses. Such expenses should be certified by the auditors of the Head Office.

Head Office expenses are not always accepted by the tax authorities as deductible and are subject to the tax inspector's interpretation. It is advisable to obtain advance written approval of the Income Tax Department.

TAX ON SALARIES, WAGES AND PENSIONS

I. Persons and Income Liable to Tax

Tax is levied on salaries, wages, bonuses, allowances, pensions of public bodies and private institutions and annuities due in Lebanon from (Article 46):

1. **Public Funds:** due to every person resident in or outside Lebanon.

2. **Private Funds:** due to every person resident in Lebanon, also every person resident outside Lebanon for services rendered in Lebanon.

A. Exemptions

The following are exempt from Tax (Article 47):

1. Salaries and allowances received by the clergy (priests, sheiks, etc...);

2. Salaries and allowances received by ambassadors or consuls of foreign countries, or their diplomatic representatives and foreign subjects employed by them where reciprocal treatment exists;
3. Salaries and allowances received by military persons of whatever rank of armies of allied countries;
4. Pensions granted to government employees invalidated by sickness, in accordance with the regulations relating thereto;
5. Life annuities or indemnities at temporary allowances paid to victims of accident while in duty;
6. Wages of agricultural laborers;
7. Wages of domestic servants;
8. Wages of nurses and servants in hospitals and old people's homes and other similar institutions;
9. Staff indemnities paid in accordance with the law in force.

B. Payment of Taxes:

Taxes withheld from staff salaries should be paid to tax authorities twice, every six months – no later than July 15 and January 15 (Article 63).

Taxes exceeding LBP 500,000 should be paid by a certified check.

Taxes less than LBP 500,000 should be paid in cash.

C. Determination of Taxable Income

Tax is levied on the basis of net income earned during the year preceding the year of assessment.

Gross income means total salaries, allowances, wages, indemnities, bonuses, gratuities and other benefits in cash and in kind.

In determining the net income, the following deductions are made:

1. deduction in respect of pension schemes made in accordance with the laws in force;
2. allowances for expenses incurred in the performance of duty, representation, transport, transfer, allowances for cash responsibilities, for clothing, and in general all allowances given to cover disbursements incurred in connection with performance of duty.

All persons, administrations, companies or associations having employees, delegates, workers, or helpers in receipt of wages, salaries or remunerations must keep a register of these persons in which they will record without erasure, addition or alteration their names, the kind of work performed, the amount of the emoluments, salaries or wages, the date of engagement and, where applicable, the date of discharge of employment.

The same obligation is placed on persons, administrations, companies or associations paying pensions or annuities. Omission to keep or refusal to produce the register may give rise to the imposition of a fine LBP 50,000 in respect of every name omitted form the register (Article 51).

Every employer must send certain returns to the Administration of Finance. A form is provided for this purpose which shows the names, remuneration, sums deductible, etc.., in respect of each employee.

In addition to the declaration required under section 47 of the law, every employee who fulfills duties in more than one enterprise must present each year to the Administration of Finance a statement showing the names and addresses of his various employers during the year preceding the year of assessment (Article 53).

Any employer who fails to make the necessary declaration within the prescribed period becomes liable to a fine of LBP 50,000 (Article 54).

D. Tax Rates

Income tax on salaries is calculated at a progressive rate from 2% to 20% (Article 58).

A table is provided under **Appendix B.**

TAX ON REVENUE FROM MOVABLE CAPITAL

A. Income Liable to Tax

Tax at the rate of 10% is payable on income from movable capital generated in Lebanon or earned by a person resident in Lebanon (Article 72). The taxable income consists of the following:

1. Dividends, interest and income from shares of any kind and from promoters' shares issued by companies and other financial, industrial, commercial and civil establishments;

2. Directors' fees (excluding remuneration payable to members of the board of directors who are entrusted with the management of the company);

3. Attendance fees payable to the member of the board;

4. Redemption of shares payable out of profits;

5. Bonus shares issued out of profits or reserves;

6. Interest on bonds and mortgages;

Interest and revenues on capital earned by banks are taxed under category I (Article 70).

B. Exemptions

No tax is payable on dividends declared by Lebanese limited liability companies provided that:

1. Such dividends are declared out of the profit earned by the company in Lebanon;

2. Such profit is taxed under category I during the same year or during the previous years, and

3. Bank interest on current accounts and saving deposits.

C. Capital Gains

Article 45 of the Law provides for the revaluation of fixed assets once every five years. The excess value resulting from such revaluation as well as the profit which may be realized from the disposal of such assets is taxable at the rate of 10%. (as amended by article 62 of law No. 107 dated 23/7/1999).

On an exceptional basis, and for once only, companies are allowed to revalue their assets the book value of which have decreased due to the drop in value of the national currency against foreign currencies since 1975. Such revaluation should not exceed the market value of the assets. Gains on such revaluation are taxed at a rate of 1.5% and the tax is payable within 1 month of the revaluation (Article 9 of decree No. 282 dated 30/12/1993).

D. Taxes withheld at Source

Taxes imposed on income are withheld at source by the company and declared with the annual return.

SAMPLE REPORT OF AN SAL COMPANY ACCORDING TO INTERNATIONAL ACCOUNTING STANDARDS
With
Trial Balance shown in
Appendix E

Alpha SAL

Financial Statements
31 December 2001
(In Lebanese Pounds)
With Independent Auditors' Reports Thereon

Alpha SAL

Financial statements
31 December 2001

Contents	**Page**

Independent Auditors' Report

To the shareholders of
Alpha SAL

We have audited the accompanying balance sheet of Alpha SAL (the "Company") as of 31 December 2001 and the related statements of income and cash flows for the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2001 and the results of its operations and cash flows in conformity with International Accounting Standards.

Beirut, Lebanon
January 31, 2002

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Auditors' report on transactions with related parties as per Article 158 and 159 of the Lebanese Code of Commerce

To the Shareholders of
Alpha SAL

Article 158 of the Lebanese Code of Commerce requires the prior approval of the General Assembly of Shareholders in respect of transactions between the Company and any member of the Board of Directors and transactions between the Company and any other Company in which a member of the board is either a board member, owner, partner or general manager. Any member of the board who meets this condition has an obligation to inform the Board of such case.

Article 159 stipulates that no board member shall act as a participant in the management of another company whose activities are similar to that in which he acts as a board member unless he obtains prior approval to be renewed annually.

Our audit of Alpha SAL revealed that none of these cases exist as outlined in the articles shown above.

Beirut, Lebanon
January 31, 2002

	Note	LBP 31/12/2001	LBP 31/12/2000
Revenue			
Service Revenue		**175,895,100**	164,947,558
Sales of goods		**23,505,000**	-
Total Revenue		**199,400,100**	164,947,558
Cost of goods sold		**(11,315,287)**	-
Salaries and related costs		**(124,476,750)**	(54,564,000)
External expenses	**3**	**(88,932,316)**	(119,287,296)
Taxes and Fees		-	(491,000)
Depreciation expense		**(6,173,350)**	(348,348)
		(230,897,703)	(174,690,644)
Loss from operations		**(31,497,603)**	(9,743,086)
Net financing income (costs)	**4**	**1,645,901**	(176,950)
Loss before tax		**(29,851,702)**	(9,920,036)
Income tax expense		-	-
Net loss		**(29,851,702)**	(9,920,036)

The income statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.
The Independent Auditors' Report is set forth on page 1.

	Note	LBP 31/12/2001	LBP 31/12/2000
ASSETS			
Non-current assets			
Property and equipment	6	**32,416,582**	16,156,432
Financial fixed assets		**3,762,500**	3,762,500
		36,179,082	19,918,932
Current assets			
Cash and bank	5	**28,940,496**	45,577,511
Receivables		**43,973,775**	65,960,663
Prepayments		**6,250,600**	2,404,150
Inventories		**1,462,290**	-
		80,627,161	113,942,324
Total assets		**116,806,243**	133,861,256
EQUITY AND LIABILITIES			
Capital			
Capital	8	**75,000,000**	75,000,000
Accumulated Losses		**(9,920,036)**	-
Loss for the period		**(29,851,702)**	(9,920,036)
		35,228,262	65,079,964
Current liabilities			
Bank overdrafts		-	17,712,358
Payables and accruals	7	**81,577,981**	51,068,934
Total current liabilities		**81,577,981**	68,781,292
Total equity and liabilities		**116,806,243**	133,861,256

The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.
The Independent Auditors' Report is set forth on page 1.

__Alpha SAL__

Cash Flows statement

For the year ended 31 December 2001

	LBP 31/12/2001	LBP 31/12/2000
OPERATING ACTIVITIES		
Net (loss) from operations	**(29,851,702)**	(9,920,036)
Adjustments for:		
Depreciation and amortization	**6,173,350**	348,348
(Increase) decrease in receivables	**21,986,888**	(65,960,663)
(Increase) decrease in prepayments	**(3,846,450)**	(2,404,150)
Increase (decrease) in payables and accruals	**30,509,047**	51,068,934
(Increase) decrease in inventories	**(1,462,290)**	-
Cash flows from operating activities	**23,508,843**	(26,867,567)
INVESTING ACTIVITIES		
Purchase of property and equipment	**(22,433,500)**	(16,504,780)
Increase in financial fixed assets	-	(3,762,500)
Cash flows from investing activities	**(22,433,500)**	(20,267,280)
FINANCING ACTIVITIES		
Change in bank overdraft	**(17,712,358)**	17,712,358
Increase in share capital	-	75,000,000
Cash flows from financing activities	**(17,712,358)**	92,712,358
Net decrease in cash and bank	**(16,637,015)**	45,577,511
Cash and bank at beginning of year	**45,577,511**	-
Cash and bank at end of year	**28,940,496**	45,577,511

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

The Independent Auditors' Report is set forth on page 1.

	Capital LBP	Legal Reserve LBP	Accumulated Losses LBP	TOTAL LBP
Balance as at 1 January 2001	75,000,000	-	(9,920,036)	65,079,964
Result of the period (loss)	-	-	(29,851,702)	(29,851,702)
Balance as at 31 December 2001	**75,000,000**	-	**(39,771,738)**	**35,228,262**

The statement of shareholders' equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.
The Independent Auditors' Report is set forth on page 1.

1 LEGAL STATUS AND ACTIVITIES

Alpha SAL (the "Company") is a Lebanese joint stock company registered at the Beirut Commercial Court on under Commercial Registry number xxxx.
The Company's main activities are catering and hospital services.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are set out below.

2.1 Basis of preparation

The Company's financial statements have been prepared in accordance with the accounting standards issued by the International Accounting Standards Committee (IASC) and the requirements of the Lebanese Law and regulation. They have been prepared under the historical cost convention and do not take into account any increase in the market value of non-current assets, except where stated.

The accounting principles have been consistently applied.

2.2 Inventory

Inventories are stated at lower of cost or market. The cost of inventory is based on the weighted-average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

2.3 Property and Equipment

Items of property and equipment are stated at historical cost. Cost being the acquisition cost together with incidental expenses of acquisition and other costs directly attributable to bringing the item to working condition for the intended use. Depreciable assets are depreciated using the straight-line method over estimated useful lives.

Maintenance, repairs and minor renewals are charged to expense as incurred.

Assets are depreciated from the date of acquisition on a straight –line basis over the expected useful economic lives of the assets concerned. The rates of depreciation used are based on the following estimated useful lives, which are consistent with acceptable tax rates.

Electronic equipment	10%
Office equipment	15%
Other equipment	15%
Office furniture	7.5 %

2.4 Revenue recognition

Revenue from services is recognized when the service is delivered as significant risks and rewards of ownership are transferred to the buyer on delivery and no significant uncertanties remain regarding the derivation of consideration, associated costs or the possible return of products.

2.5 Taxation

Taxes are computed at the applicable current rate on the company's taxable profits. No taxes were applicable for the year ended 31 December 2001 since the Company incurred a net loss. According to local income tax, joint stock companies pay 15% on profits and when dividends are distributed a 10% tax would be applicable.

2.6 Foreign Currency

Transactions in currencies other than the reporting currency of the Company, which is the (LBP), are converted at the rate of exchange ruling at the transaction date. At the balance sheet date, monetary assets and liabilities are converted at the rate of exchange ruling at that date. Resulting exchange differences are recognized in the result for the period.

2.7 Legal Reserve

Legal reserve is taken in accordance with the requirements of the Lebanese Code of Commerce, which requires that 10% of profits every fiscal year be transferred to legal reserve until it accumulates to one third of the capital. Since the company did not incur any profit, no legal reserve is required.

3 EXTERNAL EXPENSES

	LBP	LBP
	31 / 12/ 2001	31 / 12/ 2000
Maintenance and repairs expenses	**1,674,000**	1,509,160
Rent expense	**16,303,250**	4,524,000
Telephone and fax expenses	**5,458,586**	1,831,278
Auditing fees	**4,029,260**	4,545,964
Insurance expense	**1,507,500**	-
Other external expenses	**59,959,720**	106,876,894
	88,932,316	119,287,296

Other external expenses are mainly composed of stationary products, postage, transportation and promotional expenses.

4 NET FINANCING INCOME (COST)

	LBP 31 / 12/ 2001	LBP 31 / 12/ 2000
Interest income	**2,197,893**	2,068
Positive difference of exchange	**173,715**	874,854
Total financial income	**2,371,608**	876,922
Interest expenses	**(463,527)**	(481,336)
Negative difference of exchange	**(262,180)**	(572,536)
Total financial expenses	**(725,707)**	(1,053,872)
Net financing income (costs)	**1,645,901**	(176,950)

5 CASH AND BANK

	LBP 31 / 12/ 2001	LBP 31 / 12/ 2000
Cash	**833,914**	702,657
Bank	**28,106,582**	44,874,854
	28,940,496	45,577,511

6 PROPERTY, PLANT AND EQUIPMENT

	Office Equipment LBP	Electronic Equipment LBP	Other Equipment LBP	Office Furniture LBP	Total LBP
Cost					
Balance as at 1/1/01	4,489,292	4,621,028	-	7,394,460	16,504,780
Additions	3,131,984	4,403,000	10,880,000	4,018,516	22,433,500
Balance at 31/12/01	7,621,276	9,024,028	10,880,000	11,412,976	38,938,280
Depreciation					
Balance as at 1/1/01	133,667	68,865	-	145,816	348,348
Additions	1,602,051	1,405,752	884,236	2,281,311	6,173,350
Balance at 31/12/01	1,735,718	1,474,617	884,236	3,311,363	6,521,698
Book value 31/12/01	**5,885,558**	**7,549,411**	**9,995,764**	**8,985,849**	**32,416,582**
Book value 31/12/00	4,355,625	4,552,163	-	7,248,644	16,156,432

7 PAYABLES AND ACCRUALS

	LBP **31 / 12/ 2001**	LBP 31 / 12/ 2000
Accounts payable	**12,007,709**	3,645,844
Taxes	**4,005,962**	4,260,000
Social security	**8,867,450**	10,140,247
Other payables	**56,696,860**	33,022,843
	81,577,981	51,068,934

8 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to comply with the presentation adopted in these financial statements.

SURVEY OF COMPANIES' ATTITUDES TOWARDS INTERNATIONAL ACCOUNTING STANDARDS

Introduction

Growing international trade, multinational industrial and financial enterprises, and increasingly global capital markets have significantly expanded investment opportunities. Creditors and equity investors need to analyze both domestic and foreign companies. Yet differences in accounting and reporting standards make it difficult to compare domestic companies with those in other countries. Furthermore, as accounting standards are established separately in each country, it is difficult to generalize about those differences. Hence the need for global accounting standards. Who should develop such standards and who would enforce them?

International Organization of Securities Commissions [IOSCO] is an organization of securities regulators from more than 65 countries, including the US. IOSCO's Technical Committee investigates regulatory issues related to international securities transactions and is charged with developing solutions to problems in these areas.

IOSCO is also involved in standard setting through the technical Committee's work Party 1 on multinational Disclosure & Accounting that is charged with advocating financial reporting regulation which facilitates cross border securities offerings and promotes effective and efficient international capital markets.

The technical committees' working party has established a comprehensive core set of international accounting standards, however each country's regulatory agency would have to approve these standards. It appears that enforcement would also remain a country-by-country matter.

The need of the study

Would Lebanese companies be able to adapt to IAS . IAS revolution is changing Lebanese companies financial structure. For that reason such a research would help companies to formulate appropriate strategies to ensure rapid understanding by employees in order to be able to use IAS efficiently.

The purpose of the study

The major purpose of this research is to study the attitudes of Lebanese employees in companies towards the adoption of IAS.

The research problem

The objective of the research problem is to find out the attitudes of employees in companies towards International Accounting Standards. If Lebanese companies are not aware and do not have a clear knowledge is it because of training, easiness of use or lack of courses given in universities.

Research Methedology is shown in Appendix I.

Review of literature

The IASC, established in 1973, attempt to harmonize the accounting standards of different nations. The IASC is a non-governmental body with representatives from national accounting federations, state exchanges, financial institutions and other groups [including the International Coordinating Committee of Financial Analysts Association]. Members of these diverse groups give IASC standards a comprehensive due process similar to that used by the FASB.

Starting in 1989, with increasing support from IOSCO, the IASC became more aggressive in limiting accounting alternatives.

In 1989, the IASC issued Exposure Draft 32 [e32], Comparability of Financial Statements., which dealt with 29 accounting issues. E32 was designed to eliminate all but one accounting treatment where the alternatives represented a free choice for similar transactions and events, and to ensure that alternative treatments are used only under different circumstances. In some cases, E32 identified Benchmark [preferred] and allowed alternative standards. When the allowed alternative was used, firms were to be required to reconcile reported income and stockholders' equity to amounts determined using the preferred treatment. In 1990, TASC revised E32, and 21 proposals contained in the original E32 were subsequently incorporated in the TASC without substantive changes.

As of December 31, 1995 the IASC has issued 32 international accounting standards [IAS] & is expected to issue additional 16 standards by the end of 1999. It has also issued its framework for the preparation and presentation of Financial Statements, similar to the FASB framework fused to promote harmonization of regulations and standard setting by providing a basis for reducing the number of alternative accounting treatments permitted by IASC. The IASC has largely "caught up" with FASB. In the early 1990's the IASC developed standards dealing with issues such as joint venture that the FASB has yet to resolve. Despite the handicaps of part time members, a limited budget and the need to achieve consensus among a large [diverse] membership, the IASC has emerged as a rival source of accounting standards.

In October 1993, IOSCO and the IASC reached two milestones in their quest for globally accepted accounting standards for cross-border securities offerings and multiple listings. IOSCO endorsed IASC, cash flow statements, and published a list of core standards that would form the basis for a reasonably complete set of global standards. As of December 1995, IOSCO has also approved 14 of the existing IASC standards. The IASC intended to complete work on the remaining core standards by 1999 to obtain full approval from IOSCO. The IASC clearly aspired to be the body that sets global GAAP. As the capital markets became more international in scope, the need for global accounting standards and the demand for multiple listings grew.

After the year 1999 some changes happened to IAS, where new ones were introduced as IAS 39, 40, 41 and others were combined together.

Development of hypothesis

- **H1:Employees in Lebanese companies are not adopting IAS because they find Lebanese Standards easier to use.**
- **H2: Employees in Lebanese companies are not adopting IAS because they haven't taken any courses before relating to the subject.**
- **H3: Employees in Lebanese companies are not adopting IAS because they do not have the required knowledge.**
- **H4: Employees in Lebanese companies are not adopting IAS because they haven't received any training.**

Research method and procedures:

Population sample

The sample unit for this survey consisted only of employees in Lebanese companies who have a direct relation with International Accounting Standards. The total sample size was fixed at 20 (individual respondents each would represent the highest level of responsibility in the financial departments of several companies), in view of time and cost considerations.

Source of information

The study is based on a survey research; questionaires were used as a major technique in order to gather the needed data. As mentioned earlier the survey was limited to personal respondents (who have direct relation with IAS) representing corporate respondents.

Survey instrument

To enhance reliability and validity, great care was taken while designing the questionaire. A 13-item questionaire was used to measure the four key constructs identified. Every question on the questionnaire focused directly on a specific issue and it was ensured that questions have brevity and clarity.

Data analysis tool

The various variables were treated and the responses were analyzed using the **SPSS**.

The analysis investigates the awareness of companies towards IAS. It measures the percentage and specific characteristics of employees who have taken previous courses in IAS, trained by seminar's about IAS, easiness of IAS towards Lebanese Standards, and their knowledge concerning IAS.

Study Findings and Analysis:

- **H1:Employees in Lebanese companies are not adopting IAS because they find Lebanese Standards easier to use.**

The R^2 of this coordination = 0.994 ➔ 99.4%
This tells us that 99.4%, the proportion of the total deviation who are not adopting is expressed by the fitted regression line.

SE: standard error. Knowing that the value of SE reflects the amount of predictive error, the smaller the value of SE, the better the accuracy of the fitting process.
In this correlation SE = 0.2910 which is very low.

As for F :

H_o: $B_1 = B_2 = B_n = 0$ (y is not related to any x)
A_A: $B_1 \neq B_2 \neq B_3 \neq B_n \neq 0$ (y is related to at least one x)

$F_c = 301.952$
At $\alpha = 0.01$ $F_{critical} = F_{(\alpha k,\, n\text{-}k\text{-}1)} = F_{(0.01,7,12)} = 4.64$
n = 20.
K = 7.
$F_c > F_{critical}$ ➔ reject H_o
For α =0.05. $F_{critical} = 2.91$ ➔
$F_c > F_{critical}$ ➔ reject H_o

If we used the P-value:

P-value = 0 > α=0.05 ➔ Reject H_o

As to t H_o: $B_1 = 0$ (No relation between y & x)
H_A: $B_1 \neq 0$ (There is a relation between y & x)

Eq: 1.892 = 0.001904 Age + 0.226 department - 0.136 education
- 0.386 income - 0.117 occupation + 0.305 place
- 0.001567sector of work.

At α= 0.01 income, occupation, Department, Level of education and place of the company shows significance.
At α= 0.05 income,occupation, Department, Level of education and place of the company shows significance.

Using t table ➔ $t_{(\alpha/2,\, n\text{-}k\text{-}1)} = t_{(0.025,12)} = 2.179$

For $\alpha = 0.05$ the same independent variable shows significance.

This shows that most of the employees are not yet familiar with using International Accounting Standards .

- **H2: Employees in Lebanese companies are not adopting IAS because they haven't taken any courses before relating to the subject.**

The R^2 of this coordination = 0.671 ➔ 67%
This tells us that 67.1%, the proportion of the total deviation who have taken courses is expressed by the fitted regression line.

SE: standard error. Knowing that the value of SE reflects the amount of predictive error, the smaller the value of SE, the better the accuracy of the fitting process.
In this correlation SE = 0.3686. which is not very low.

As for F :

H_o: $B_1 = B_2 = B_n = 0$ (y is not related to any x)
A_A: $B_1 \neq B_2 \neq B_3 \neq B_n \neq 0$ (y is related to at least one x)

$F_c = 3.491$
At $\alpha = 0.01$ $F_{critical} = F_{(\alpha k,\, n-k-1)} = F_{(0.01,7,12)} = 4.64$
n = 20.
K = 7.
$F_c < F_{critical}$ ➔ accept H_o
For $\alpha = 0.05$. $F_{critical} = 2.91$ ➔
$F_c > F_{critical}$ ➔ reject H_o ➔ it is good to use.

If we used the P-value:

P-value = 0.028 > α=0.05 ➔ Reject H_o

As to t H_o: $B_1 = 0$ (No relation between y & x)
H_A: $B_1 \neq 0$ (There is a relation between y & x)

Eq: y = -2.642 + 0.413 Age +0.476 department - 0.744 education + 0.06476 income + 0.06589 occupation + 1.74 place + 0.196 sector of work.

At α= 0.01 Only place of the company shows significance.
At α= 0.05 Age, Department, Level of education and place of the company

Shows significance.

Using t table → $t_{(\alpha/2, n-k-1)} = t_{(0.025,12)} = 2.179$
For $\alpha = 0.05$ the same independent variable shows significance.

This shows that most of the respondents haven't taken previous courses in International Accounting Standards.

- **H3: Employees in Lebanese companies are not adopting IAS because they do not have the required knowledge.**

The R^2 of this coordination = 0.378 → 37.8%
This tells us that 37.8%, the proportion of the total deviation who have the required knowledge is expressed by the fitted regression line.

SE: standard error. Knowing that the value of SE reflects the amount of predictive error, the smaller the value of SE, the better the accuracy of the fitting process.
In this correlation SE = 0.7272 which is very high.

As for F :

H_o: $B_1 = B_2 = B_n = 0$ (y is not related to any x)
A_A: $B_1 \neq B_2 \neq B_3 \neq B_n \neq 0$ (y is related to at least one x)

$F_c = 1.042$
At $\alpha = 0.01$ $F_{critical} = F_{(\alpha k, n-k-1)} = F_{(0.01,7,12)} = 4.64$
n = 20.
K = 7.
$F_c < F_{critical}$ → accept H_o
For $\alpha = 0.05$. $F_{critical} = 2.91$ →
$F_c < F_{critical}$ → accept H_o →this hypothesis of minimal effect.

If we used the P-value:

P-value = 0.453 < α=0.05 → Accept H_o

As to t H_o: $B_1 = 0$ (No relation between y & x)
H_A: $B_1 \neq 0$ (There is a relation between y & x)

Eq: y = 2.006 + 0.007006 Age - 0.04567 department- 0.536 education

- 0.193 income + 0.04338 occupation + 0.313 place
- 0.436 sector of work.

At $\alpha = 0.01$ & At $\alpha = 0.05$ none of independent variables shows significance.

Using t table ➔ $t_{(\alpha/2, n-k-1)} = t_{(0.025,12)} = 2.179$
For $\alpha = 0.05$ none of independent variables shows significance.

Most of the respondents show satisfactory knowledge to the International Accounting Standards. However, their knowledge may be weak which would be a limitation towards accurate results.

- **H4: Employees in Lebanese companies are not adopting IAS because they haven't received any training.**

The R^2 of this coordination = 0.671 ➔ 67%
This tells us that 67.1%, the proportion of the total deviation who received training is expressed by the fitted regression line.

SE: standard error. Knowing that the value of SE reflects the amount of predictive error, the smaller the value of SE, the better the accuracy of the fitting process.
In this correlation SE = 0.3686. which is not very low.

As for F :

H_o: $B_1 = B_2 = B_n = 0$ (y is not related to any x)
A_A: $B_1 \neq B_2 \neq B_3 \neq B_n \neq 0$ (y is related to at least one x)

$F_c = 3.491$
At $\alpha = 0.01$ $F_{critical} = F_{(\alpha k, n-k-1)} = F_{(0.01,7,12)} = 4.64$
$n = 20$.
$K = 7$.
$F_c < F_{critical}$ ➔ accept H_o
For $\alpha = 0.05$. $F_{critical} = 2.91$ ➔
$F_c > F_{critical}$ ➔ reject H_o ➔ it is good to use.

If we used the P-value:

P-value = 0.028 > $\alpha = 0.05$ ➔ Reject H_o

As to t H_o: $B_1 = 0$ (No relation between y & x)

H_A: $B_1 \neq 0$ (There is a relation between y & x)

Eq: y = -2.642 + 0.413 Age +0.476 department-0.744 education + 0.06476 income + 0.06589 occupation + 1.74 place + 0.196 sector of work.

At $\alpha = 0.01$ Only place of the company shows significance.

At $\alpha = 0.05$ Age, Department, Level of education and place of the company Shows significance.

Using t table → $t_{(\alpha/2,\, n\text{-}k\text{-}1)} = t_{(0.025,12)} = 2.179$

For $\alpha = 0.05$ the same independent variable shows significance.

This shows that most of the respondents haven't received training towards International Accounting Standards .

Conclusion

In this research we discussed the standards and procedures that should be followed by Lebanese companies. However, many companies mostly depend on their external auditors due to their lack of knowledge concerning these issues. Thus, by understanding the required standards of:

Lebanese code of commerce.
Lebanese labor law
Tax returns
International accounting standards.

Any company would not have difficulty in dealing with their financial transactions. Besides, the survey concerning the attitudes of employees towards International Accounting Standards in Lebanese Financial Departments concluded, that employees started applying International standards with no proper training or understanding.

For that reason, LAU promoted an IAS course and a taxation course (currently taught by Mrs.Janine Zakka) that would prepare students for future work. Inaddition, companies should provide seminars to employees in order for them to take decisions effectively.

Appendix A

TABLE OF INCOME TAX ON PROFITS OF INDUSTRIAL, COMMERCIAL AND NON-COMMERCIAL PRIVATE ENTITIES

Article 32 (as amended by Article 35 of law No. 107 dated 23/7/1999)

Income LBP		Tax rate %	Tax amount	Cumulative Tax LBP
Up to 1	9,000,000	4	0 + (excess over 0 x 0.04)	360,000
9,000,000	24,000,000	7	360,000 + (excess over 9,000,000 x 0.07)	1,410,000
24,000,000	54,000,000	12	1,410,000 + (excess over 24,000,000 x 0.10)	5,010,000
54,000,000	104,000,000	16	5,010,000 + (excess over 54,000,000 x 0.10)	13,010,000
Excess Over	104,000,000	21	13,010,000+(excess over 104,000,000x0.10)	-

Appendix B

TAX TABLES ON SALARIES, WAGES AND PENSIONS

1. SALARIES (Article 58 as amended by Article 32 of law No. 107 dated 23/7/1999).
2. DAILY WAGES (Article 59 as amended by Article 33 of law No. 107 dated 23/7/1999).

ALLOWANCES:
In arriving a taxable income, the following personal allowances should be deducted from total income:

- Single	**LBP**	7,500,000
- Married, wife unemployed		10,000,000
- Married, with children		500,000

for each child, up to 5 children:
Treated as a child if:
each child under 18
each male child between 18 and 25 and still at school
each unmarried female child (including divorcees and widows) of any age and unemployed

FAMILY ALLOWANCES (Deduction)

FAMILY STATUS	ANNUAL REBATE (LBP)		MONTHLY REBATE (LBP)	
	Wife unemployed	Wife employed	Wife unemployed	Wife employed
Married	10,000,000	7,500,000	833,333	625,000
M + 1 child	10,500,000	8,000,000	875,000	666,667
M + 2 child	11,000,000	8,500,000	916,667	708,333
M + 3 child	11,500,000	9,000,000	958,333	750,000
M + 4 child	12,000,000	9,500,000	1,000,000	791,667
M + 5 child	12,500,000	10,000,000	1,041,667	833,333

TAX RATES

TAX RATE %	ANNUAL TAXABLE INCOME RANGE (LBP)		ANNUAL TAXABLE AMOUNT (LBP)	CUMULATIVE TAXABLE AMOUNT (LBP)	TAX AMOUNTS BY BANDS (LBP)	ANNUAL COMULATIVE TAX (LBP)
2	1	6,000,000	6,000,000	6,000,000	120,000	120,000
4	6,000,000	15,000,000	9,000,000	15,000,000	360,000	480,000
7	15,000,000	30,000,000	15,000,000	30,000,000	1,050,000	1,530,000
11	30,000,000	60,000,000	30,000,000	60,000,000	3,300,000	4,830,000
15	60,000,000	120,000,000	60,000,000	120,000,000	9,000,000	13,830,000
20	120,000,000					

N.B.: Above rates are applicable as of 1/8/1999.

Appendix C

LEGAL SOURCES IN LEBANON
EXTRACTS FROM THE COMMERCIAL LAW IN CONNECTION WITH:

	JOINT STOCK COMPANY S.A.L. STE. ANONYME LIBANAISE	LIMITED LIABILITY COMPANY STE. A RESPONSIBILITE LIMITEE	HOLDING COMPANY S.A.L. STE. HOLDING	OFFSHORE COMPANY S.A.L. STE. OFFSHORE
	(A)	(B)	(C)	(D)
Founders	Shareholders>3	Legislative decree No.35 – 1967 Partners>3, foreigners accepted	Decree Law 145 – 1983	Decree Law No. 46 – 1983
Capital	Minimum LBP 30,000,000	Minimum LBP 5,000,000	Same as S.A.L.	Same as S.A.L.
Legal requirements	Legal reserve 10% of profit to be established up to 1/3 of the capital 3 members <B.O.D.<12 members Majority Lebanese nationals Statutory auditors appointed by shareholders + complementary auditor appointed by the court	Legal reserve 10% of profit to be established up to 50% of capital Statutory auditors appointed by partners if capital >LBP 5,000,000	Same as S.A.L. Same as S.A.L. Same as S.A.L. Statutory audit must be appointed	Same as S.A.L. Same as S.A.L. Same as S.A.L. A resident Lebanese auditor must be appointed
Activities	All kind of activities.	All kind of activities except: Insurance, banking, air transportation project	Activities limited to: -Acquisition of shares in other Co. -Management of Co. In which shares are owned. -Granting credit to subsidiaries and associates. -Acquisition of patent & trademark -Acquisition of fixed & movable assets if reserved for the use of the holding Co.	Activities limited to: -Negotiation & signature of agreement relating to transactions to be executed outside Lebanon + custom free zone -Use facilities in custom-free zone to store goods for re-export, rent offices & acquire real estate to carry out their activities -Preparation for foreign established of studies & consultancy to be used outside Lebanon.
Tax	At a flat rate of 15% on profit plus distributions tax of 10% on profit after tax	Same as S.A.L.	Profit is exempted from tax -Taxes are imposed on: a) Capital gains b) Interest gained on loans to Cos. In Lebanon c) Management fees received d) Sums received from the rent of patent Net worth subject on maximum tax payable of LBP 5,000,000 and calculated as follows: 6% on capital + reserves up to 50M 4% on capital + reserves from 50M to 80M 2% on capital + reserves over 80M	Profit is exempted from tax -Taxes are imposed on Capital gains A lump sum of LBP 1,000,000

APPENDIX D

THE LEBANESE GENERAL ACCOUNTING PLAN

CHART OF ACCOUNTS

CATEGORY 1 : PERMANENT CAPITAL ACCOUNTS

10 CAPITAL

101 Capital (company or personal)

- 1011 Subscribed but uncalled capital
- 1012 Subscribed, called but unpaid capital
- 1013 Subscribed, called and paid up capital

102 Premiums

- 1021 Premium on issue of capital
- 1022 Premium on mergers
- 1023 Premium on subscription in kind
- 1024 Premium on conversion of debentures into shares

103 Revaluation differences

- 1031 Difference on revaluation of non depreciable fixed assets
- 1032 Difference on revaluation of depreciable fixed assets

11 RESERVES

111 Legal reserves
112 Statutory and contrctual reserves
113 Other reserves

12 RESULTS BROUGHT FORWARD

121 Profits brought forward
125 Losses brought forward

13 NET RESULT FOR THE YEAR (PROFIT OR LOSS)

131 Commercial margin (sales of goods - cost of sales)
132 Added value (sales of production - cost of consumption)
133 Gross operating profit/loss
134 Gross profit/loss before financial charges and income
135 Current results before tax
136 Non-operating results
138 Results for the year - profits
139 Results for the year - losses

14 INVESTMENTS SUBSIDIES

141 Investments subsidies received
145 Investments subsidies translated to results

15 PROVISIONS FOR CONTINGENCIES AND CHARGES

151 Provisions for contingencies

- 1511 Provisions for disputes and other probable contingencies
- 1512 Provisions for guarantees granted to customers
- 1513 Provisions for loss on exchange
- 1514 Provisions for losses on term contracts
- 1515 Provisions for fines and penalties

155 Provisions for charges

- 1551 Provisions for deferred charges
- 1552 Provisions for pension and related expenses
- 1553 Provisions for taxation

16 LONG AND MEDIUM TERMS LOANS

- 161 Loans against debenture bonds
- 162 Loan from lending establishments
- 168 Other loans and debts
  - 1681 Bills payable for purchase of a trading company
  - 1682 Deposits and guarantees
  - 1683 Government advances
  - 1684 Cumulative life annuity income
  - 1689 Other long and medium term debts

18 ACCOUNTS WITH RELATED COMPANIES

- 181 Individual accounts
  - 1811 Balance brought forward
  - 1815 Movements of the financial year
- 186 Charges to branches
- 187 Revenue from branches

19 REVENUE AND EXPENSE AMALGAMATING ACCOUNTS

- 191 Commercial margin
- 192 Added value
- 193 Gross operating profits/losses
- 194 Gross profit/loss before financial charges and income
- 195 Current results before tax
- 196 Non-operating results
- 197 Results for the year

CATEGORY 2 : FIXED ASSETS ACCOUNT

21 INTANGIBLE FIXED ASSETS

- 211 Keymoney, Goodwill, Clientele, etc ...
- 212 Constitution expenses
- 213 Research and development cost
- 214 Patents, Licenses, Copy rights and similar items
- 219 Other intangible fixed assets
  - 2198 Advances made on account of intangible fixed assets

22 TANGIBLE FIXED ASSETS

- 221 Land
  - 2211 Plain land
  - 2212 Land with construction
  - 2213 Leasehold land for exploration (mines etc...)
  - 2214 Land improvements

- 223 Buildings
  - 2231 Buildings
  - 2232 General improvements on buildings
  - 2233 Building infrastructures (run-way, barrage)
  - 2234 Construction on third parties buildings

- 224 Technical installations and industrial machinery
  - 2241 Specialized installations
  - 2242 Special purpose installations
  - 2243 Industrial equipment
  - 2244 Industrial tools

- 225 Transport-vehicles
- 226 Other tangible fixed assets
  - 2261 General installation and other repairs and maintenance
  - 2262 Stationery for office and computer
  - 2263 Furniture
  - 2264 Agricultural investments
  - 2265 Reusable wrapping material

227 Tangible fixed assets under construction

- 2271 Land
- 2273 Buildings
- 2274 Technical, installation & industrial tools and equipment
- 2276 Other tangible fixed assets

228 Advances on purchase of tangible fixed assets

25 FINANCIAL FIXED ASSETS

251 Participation investments

252 Accounts receivable on participations

253 Other fixed investments

- 2531 Investments (shares & parts)
- 2535 Debentures (bonds & coupons)

255 Long and medium terms loans

- 2551 Loans to partners/shareholders
- 2552 Loans to employees
- 2558 Other loans

259 Other fixed accounts receivable

28 DEPRECIATION AND AMORTIZATION OF FIXED ASSETS

280 Amortization of keymoney, goodwill etc..

281 Amortization of other intangible fixed assets

- 2811 Constitution expenses
- 2812 Research and development cost
- 2813 Patents, licenses, copy rights & other similar items
- 2819 Other intangible fixed assets

282 Depreciation of tangible fixed assets

- 2821 Leasehold land for exploration (mines etc)
- 2823 Buildings
- 2824 Technical installations and industrial machinery
- 2825 Transport - vehicles
- 2826 Other tangible fixed assets

29 PROVISIONS FOR DIMINUTION IN VALUE OF FIXED ASSETS

290 Provision for diminution in value of keymoney, goodwill etc..

291 Provision for diminution in value of intangible fixed assets

- 2911 Trade marks and similar items
- 2919 Other intangible fixed assets

292 Provision for diminution in value of tangible fixed assets

- 2921 Land other than leasehold land
- 2926 Other tangible fixed assets

295 Provision for diminution in value of financial fixed assets

- 2951 Participation investments
- 2952 Accounts receivable on participations
- 2953 Other fixed investments
- 2955 Long and medium term loans
- 2959 Other fixed accounts receivable

CATEGORY 3 : STOCKS AND WORK IN PROGRESS

31 RAW MATERIALS AND CONSUMABLES

- 311 Raw materials
- 315 Consumables

33 IN PROGRESS (GOODS, WORK AND SERVICES)

- 331 Products in progress
- 332 work in progress
- 335 Research in progress
- 336 services in progress

35 PRODUCTIONS

- 351 Intermediary products (semi finished goods)
- 355 Finished goods
- 358 Residuals

37 GOODS FOR RESALE

- 371 ....
- 372 ....

39 PROVISION FOR DIMINUTION IN VALUE OF STOCKS AND WORK IN PROGRESS

- 391 Provision for diminution in value of raw materials and consumables
- 393 Provision for diminution in value of work in progress
- 395 Provision for diminution in value of production in hand
- 397 Provision for diminution in value of goods in hand

CATEGORY 4 : ACCOUNTS PAYABLE AND RECEIVABLE

40 SUPPLIERS

- 401 Bought ledger (suppliers of goods)
  - 4011 Billings
  - 4015 Bills payable
  - 4018 Invoices in transit
  - 4019 Discounts received

- 403 Suppliers of fixed assets
  - 4031 Billings
  - 4035 Bills payable
  - 4038 Invoices in transit
  - 4039 Discounts received

- 409 Advances to suppliers of goods

41 CUSTOMERS

- 411 Sales ledger (debtors from sales)
  - 4111 Current debtors
  - 4115 Doubtful-debtors
  - 4119 Discount allowed

- 413 Bills receivable - customers
- 415 unbilled accounts receivable
- 418 Invoice in progress
- 419 Advances received on purchase order in progress

42 STAFF

- 421 Amounts due to staff
- 428 Amounts due from staff
  - 4281 Loans and advances to staff
  - 4282 Blocked staff accounts

43 SOCIAL SECURITY ESTABLISHMENTS

431 Amount due to social security establishments
- 4311 Contributions payable
- 4315 Bills payable-social security establishments
- 4318 Accruals - unpaid charges

438 Amounts due by social security establishments

44 STATE AND PUBLIC ESTABLISHMENTS

441 Operating taxes
- 4411 Taxes and fees dues
- 4415 Bills payable-taxes and fees
- 4418 Accruals-taxes and fees

443 Non-operating taxes
- 4431 Taxes on profit

445 Other payables-state and public establishments

449 Receivables from-state and public establishments
- 4491 Subsides receivables
- 4497 Other receivables-state and public establishments
- 4498 Income receivable

45 PARTNERS

451 Partner's current accounts-receivable and payable
- 4511 Related companies
  - 45111 Holding companies
  - 45112 Subsidiary companies
  - 45113 Associated companies
  - 45114 Multigroup cimpanies
- 4515 Other partners
- 4518 Joint Ventures

453 Dividends payable

455 Other amounts due to partners
- 4551 Partners' subscriptions
- 4552 Redeemable capital (capital to reimburse)
- 4557 Other payables

459 Amounts receivable from partners
- 4591 Subscribed but uncalled capital
- 4592 Subscribed called but unpaid capital
- 4597 Other receivables

46 MISCELLANEOUS RECEIVABLES AND PAYABLES

461 Operating creditors
- 4611 Creditors-package material and tool on consignment
- 4619 Sundry operating creditors

463 Balances payable on financial fixed assets
- 4631 Unissued participations
- 463?

465 Non-operating creditors
- 4651 Amounts due on purchase of trading investments
- 4652 Debentures
- 4653 Balance payable in investment
- 4659 Sundry non-operating creditors

468 Operating debtors
- 4681 Debtors-packing material and tool on consignment
- 4689 Sundry operating debtors

469 Non-operating debtors
- 4691 Amounts due from sale of fixed assets and investments securities
- 4699 Sundry non-operating debtors

47 REGULARIZATION ACCOUNTS

471 Deferred charges
- 4711 Pre-operating expenses
- 4712 Depreciable major repairs
- 4713 Premium paid on bonds
- 4719 Other deferred charges

472 Prepaid charges

473 Unearned revenue

475 Exchange difference-liabilities
- 4751 Increase in debtors
- 4752 Decrease in creditors
- 4758 Differences compensated by exchange results

476 Exchange difference - Assets
- 4761 Decrease in debtors
- 4762 Increase in creditors
- 4768 Differences compensated by exchange results

48 SUSPENSE ACCOUNTS

481 Prepaid charges (subscriptions)

482 Unearned income (subscriptions)

49 PROVISIONS FOR DIMINUTION IN VALUE OF ACCOUNTS RECEIVABLE & PAYABLE

491 Provisions for diminution in value of customers accounts receivable

495 Provisions for diminution in value of partners' accounts

496 Provisions for diminution in value of sundry accounts receivable
- 4968 Sundry operating debtors
- 4969 Sundry non-operating debtors

CATEGORY 5 : MONETARY ACCOUNTS

50 INVESTMENT SECURITIES

501 Purchase of own issued shares

502 Propiertory shares

505 Debentures issued by the company

506 Title deeds to right of recourse to debts

51 FINANCIAL ESTABLISHMENTS

511 Checks and orders to receive

512 Banks

519 Financing institutions

53 CASH

58 INTERNAL TRANSFER

59 PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS

CATEGORY 6 : EXPENDITURE

60 PURCHASE OF GOODS

601 Purchase of goods
- 6011 Goods
- 6012 Packing material
- 6018 Ancillary expenses on purchase of goods and packing material
  - 60181 Transport
  - 60182 Commission
  - 60183 Transport insurance
  - 60184 Clearing agents' fees
  - 60185 Custom duties
- 6019 Discount receivable

605 Changes in goods on hand
- 6051 Opening stock
- 6052 Closing stock

61 PURCHASE OF RAW MATERIALS AND CONSUMABLES

611 Purchase of raw materials and consumables
- 6111 Purchase of raw materials
  - 61111 Raw materials "A"
  - 61112 Raw materials "B"
- 6112 Consumables
  - 61121 Fuel
  - 61122 Maintenance materials
  - 61123 Factory tools
  - 61124 Warehouse consumables
  - 61125 Stationery and office supplies
- 6113 Purchase of packing material
  - 61131 Non-returnable packing material
  - 61132 Returnable and usable packing material
  - 61133 Packing material for sundry use
- 6118 Ancillary exp. on purchase of raw materials and consumables
  - 61181 Transport
  - 61182 Commission
  - 61183 Transport insurance
  - 61184 Clearing agents' fees
  - 61185 Custom duties
- 6119 Discounts receivable

615 Change in raw materials and consumables
- 6151 Opening stock
- 6152 Closing stock

62 OTHER EXTERNAL EXPENSES

621 Purchase from sub-contractors
- 6211 Sub-contract "A"
- 6212 Sub-contract "B"
- 6219 Discount receivable

625 Hire purchase etc..
- 6251 Nominal rent-movable properties
- 6252 Nominal rent-immovable properties
- 6253 Copy rights
- 6254 Brevets
- 6255 License
- 6256 Trade mark
- 6257 Characters rights
- 6258 Other similar rights

626 External services

6261 Transport and communication

62611 Property transport

62612 Personnel collective transport

62615 Postage and telecommunications

6262 Repairs and maintenance

6263 Rent (buildings)

62631 Rent

62632 Other rental charges

6264 Hotel and restaurant expenses

62641 Receptions, invitations

62642 Transport

62643 Personnel catering

6265 Personnel services

62651 Casual labourers

62652 Intermediary remunerations

62653 Fees

6266 Training and education

62661 Preparation, planning expenses

62662 Documentation expenses

6267 Studies and research

6268 Insurance premiums

6269 Other external services

63 PERSONNEL EXPENDITURE

631 Personnel salaries and wages

6311 Salaries

6312 Wages

6314 Fixed commission

6316 Major shareholders' remunerations

6317 Board of directors' remunerations

635 Social security charges

64 TAXES, FEES AND OTHER SIMILAR CHARGES

641 On salaries, wages and fees

642 Municipality taxes

643 Taxes on non-returnable sales

644 Registration fees

645 Others

65 OPERATING DEPRECIATo, AMORTISATo AND PROVISo

651 Depreciation and amortization

6511 Intangible fixed assets

6512 Tangible fixed assets

6515 Deferred charges

655 Provisions

6551 Provision for diminution in value of intangible fixed assets

6552 Provision for diminution in value of tangible fixed assets

6553 Provision for diminution in value of stock & work-in-progress

6554 Provision for diminution in value of accounts receivable

6555 Provision for operating contingencies and charges

66 OTHER ORDINARY ADMINISTRATIVE CHARGES

661 Other administrative expenses

6611 Attendance fees

6612 Operating bad debts

665 Shares of loss joint venture

67 FINANCIAL CHARGES

673 Interest and similar charges
- 6731 Interest on accounts payable and loans
- 6732 Interest on current accounts and deposits payable
- 6733 Interest on guarantees
- 6734 Interest on other creditors
- 6735 Discount allowable
- 6736 Bank interest and interest of financing operations

675 Loss on exchange
- 6751 On ordinary business
- 6752 On capital operations

676 Net loss on disposal of investment securities

679 Amortization and provisions
- 6791 Amortization of share premiums
- 6792 Provision for diminution in value of financial fixed assets
- 6794 Provision for diminution in value of investments
- 6795 Provision for contingencies and financial charges

68 NON-OPERATING CHARGES

681 Net book amount of fixed assets disposed of
- 6811 Intangible fixed assets
- 6812 Tangible fixed assets
- 6815 financial fixed assets

685 Other non-operating charges
- 6851 Administrative expenses ...
  - 68511 Donations
  - 68512 Aids
  - 68513 Penal and tax penalties
  - 68514 Contractual penalties
  - 68515 Irrecoverable debts (bad debts)
  - 68516 Other
- 6855 Expenditure on capital operations
  - 68551 Charges resulting from index clause
  - 68552 Prize settlement
  - 68553 Charges on share and bonds redemption

689 Non-operating depreciation, amortization and provision
- 6891 Exceptional depreciation of fixed assets
- 6892 Exceptional provision for diminution in value
- 6895 Provision for contingencies and charges

69 TAXES ON PROFIT

CATEGORY 7 : REVENUE ACCOUNTS

70 SALES OF GOODS

- 701 Billings
- 709 Discounts allowed

71 SALES OF PRODUCTS

- 711 Billings
  - 7111 Sales of goods produced
  - 7112 Sales of intermediary goods
  - 7113 Sales of factory residuals
- 712 Work
- 713 Services
- 717 Revenue of ancillary activities
- 719 Discounts allowed
  - 7191 Sales of productions
  - 7192 Sales of work
  - 7193 Sales of services
  - 7197 Sales of ancillary activities

72 PRODUCTION ON HAND

- 721 Goods and work on progress
  - 7211 Production in progress
  - 7212 Work in progress
- 722 Services in progress
  - 7225 Studies in progress
  - 7226 Services in progress
- 725 Goods produced
  - 7251 Intermediary products
  - 7255 Finished goods produced
  - 7258 Factory residuals

73 PRODUCTION OF FIXED ASSETS

- 731 Intangible fixed assets
- 732 Tangible fixed assets

74 OPERATING AIDS

- 741 For goods
- 742 For production

75 RELEASE OF OPERATING PROVISION

- 752 Release of provision for diminution in value of fixed assets
- 753 Release of provision for diminution in value of current assets

76 OTHER OPERATING INCOME

- 761 Other ordinary operating income
  - 7611 Royalties etc...
  - 7612 Rental income from non-operating estates
  - 7613 Presence fees and directors and managers' fees
  - 7619 Reallocation of operating charges
- 765 Share of profits on joint venture
  - 7651 Share of expenses
  - 7655 Share of net revenue

77 FINANCE INCOME

771 Revenue from participation investments
- 7711 Revenue from participation investments
- 7716 Revenue from other participations
- 7717 Revenue from participation accounts receivable

772 Revenue from other investments
- 7721 Revenue from investment securities
- 7723 Revenue from fixed securities
- 7725 Revenue from fixed accounts receivable
- 7726 Revenue from trading accounts receivable
- 7727 Revenue from sundry accounts receivable

773 Interest and similar income
- 7731 Revenue from loans granted
- 7733 Discounts received

775 Profit on exchange
- 7751 On current accounts
- 7755 On capital transactions

778 Other financial revenue
- 7781 Net income on sale of investment securities
- 7789 Reallocation of financial charges

779 Release of financial provisions
- 7793 Release of provision for diminution in value
- 7795 Release of provision for contingencies and charges

78 NON-OPERATING INCOME

781 Income from disposal of fixed assets
- 7811 Intangible fixed assets
- 7812 Tangible fixed assets
- 7815 Financial fixed assets

782 Investment aids transferred to current operations

788 Other non-operating income
- 7881 Exceptional income on normal transactions
- 7888 Other income on exceptional transactions of capital nature
- 7889 Re-allocation of exceptional charges

789 Release of non-operating provisions
- 7891 Release of provision for diminution in value
- 7895 Release of provision for contingencies and charges

CATEGORY 8 : SPECIAL ACCOUNTS

CATEGORY 9 : ANALYTICAL ACCOUNTS (COST ACCOUNTING)

90 CONTROL ACCOUNT

- 903 Inventory
- 904 Purchases
- 905 Burden
- 906 Depreciation and provisions
- 907 Operating revenue
- 908 Results

91 PREDETERMINED ACCOUNTS - OPERATING CHARGES

- 910 Variable trading charges
- 911 Variable production charges
- 912 Non reallocated charges
  to
  918
- 919 Operating revenue

92 COST CENTERS

- 920 Administration
- 921 Finance
- 922 Personnel
- 923 Materials
- 924 Joint services
- 925 Other materials and consumables
- 926 Technical and research studies
- 927 Production
- 928 Distribution
- 929 Other expenses to be reallocated

93 COST OF PRODUCTION ON HAND

- 930 Investment in progress
- 931 Services in progress
- 932 Goods produced
- 933 Work
- 934 Services

94 INVENTORY

- 940 Goods
- 941 Raw materials
- 942 Other materials and consumables
- 943 Investment in progress
- 944 Services in progress
- 945 Production (Semi-finished and finished)
  to
  948
- 949 Provision for diminution in value of goods and work in progress

95 COST OF GOODS SOLD

- 951 Finished products
- 952 Work
- 953 Services
  to
  959

96 VARIANCES ON PREDETERMINED COST

97 UNDER OR OVER ABSORBED ACCOUNTS

Reallocation differences

970 Materials

971 Deprecations and provision

973 Other burden

977 Revenue

Inventory and internal reallocation differences

974 Physical inventory

975 Internal reallocation (rate variance)

976 Activity (volume variance)

98 COST ACCOUNTING OPERATING RESULTS

99 INTERNAL LIAISON ACCOUNTS

991 Within the same organization

996 From other organization

997 To other organization

APPENDIX E

Before closing Trial Balance

ALPHA SAL **Period** **31-12-2001**

Account	Description	Balance	Debit	Credit	Balance
101	**CAPITAL**				
101300	CAPITAL-ENTITY	(75,000,000.00)	-	-	(75,000,000.00)
101	*Total*	**(75,000,000.00)**	-	-	**(75,000,000.00)**
120	**RETAINED EARNINGS**				
121000	RETAINED EARNINGS	(876,922.23)	-	-	(876,922.23)
121000	RETAINED EARNINGS	(68,065,772.00)	-	-	(68,065,772.00)
125000	RETAINED EARNINGS	78,862,729.76	-	-	78,862,729.76
120	*Total*	*9,920,035.53*	-	-	*9,920,035.53*
130	**RESULT OF THE PERIOD**				
138000	FISCAL YEAR RESULTS	-	-	-	-
138000	FISCAL YEAR RESULTS	-	-	-	-
138000	FISCAL YEAR RESULTS	-	-	-	-
139000	FISCAL YEAR RESULTS	-	-	-	-
130	*Total*	-	-	-	-
226	**TANGIBLE FIXED ASSETS**				
226301	F.ASSETS-OFFICE EQUIPMENT	4,489,292.00	3,131,984.00	-	7,621,276.00
226302	F.ASSETS-COMPUTERS	4,621,028.00	4,403,000.00	-	9,024,028.00
226303	F.ASSETS-OFFICE FURNITURE	7,394,460.00	4,018,516.00	-	11,412,976.00
226304	F.ASSETS-LOC.EQP & FURN.	-	10,880,000.00	-	10,880,000.00
226	*Total*	*16,504,780.00*	*22,433,500.00*	-	*38,938,280.00*
259	**OTHER FIXED A/C RECEIVABLES**				
259000	OTHER FIXED A/C RECEIVABLES	3,762,500.00	-	-	3,762,500.00
259	*Total*	*3,762,500.00*	-	-	*3,762,500.00*
282	**ACCUMULATED DEPRECIATION**				
282601	ALLOW.FOR DEPRE.-OFFICE EQUIP	(133,667.00)	-	(1,602,051.00)	(1,735,718.00)
282602	ALLOW.FOR DEPRE.- COMPUTERS	(68,865.00)	-	(1,405,752.00)	(1,474,617.00)
282603	ALLOW.FOR DEPRE.-OFFICE FURN	(145,816.00)	-	(2,281,311.00)	(2,427,127.00)
282604	ALLOW.FOR DEPRE.-LOC. EQUP.	-	-	(884,236.00)	(884,236.00)
282	*Total*	*(348,348.00)*	-	*(6,173,350.00)*	*(6,521,698.00)*
310	**CONSUMABLES**				
315105	STOCK COMMISSORY	-	1,462,290.00	-	1,462,290.00
310	*Total*	-	*1,462,290.00*	-	*1,462,290.00*

401 SUPPLIERS				
4011 A/C W/RELATED COMPANY				
4011 A/C W/RELATED COMPANY [GROUP]	(3,645,843.53)	-	(2,227,595.07)	(5,873,438.60)
4011 CREDITORS GROUP	-	-	(782,558.33)	(782,558.33)
401501 SUPPLIERS NON GROUP	-	-	(410,700.00)	(410,700.00)
401502 SUPPLIERS NON GROUP	-	-	(240,330.00)	(240,330.00)
401503 SUPPLIERS NON GROUP	-	-	(480,000.00)	(480,000.00)
401504 SUPPLIERS NON GROUP	-	-	(1,983,599.50)	(1,983,599.50)
401505 SUPPLIERS NON GROUP	-	-	(501,050.00)	(501,050.00)
401506 SUPPLIERS NON GROUP	-	-	(49,050.00)	(49,050.00)
401507 SUPPLIERS NON GROUP	-	-	(92,775.00)	(92,775.00)
401508 SUPPLIERS NON GROUP	-	-	(73,800.00)	(73,800.00)
401509 SUPPLIERS NON GROUP	-	-	(75,000.00)	(75,000.00)
401510 SUPPLIERS NON GROUP	-	-	(765,000.00)	(765,000.00)
401511 SUPPLIERS NON GROUP	-	-	(324,000.00)	(324,000.00)
401512 SUPPLIERS NON GROUP	-	-	(356,407.00)	(356,407.00)
401 Total	***(3,645,843.53)***	-	***(8,361,864.90)***	***(12,007,708.43)***
411 CUSTOMERS				
411100 CLIENTS NON GROUP	65,960,663.00	-	(21,986,888.00)	43,973,775.00
411 Total	***65,960,663.00***	-	***(21,986,888.00)***	***43,973,775.00***
420 PAYABLES TO STAFF				
421001 ACCRUED PAYROLL EXPATS.	(774,085.00)	719,576.00	-	(54,509.00)
421004 ACCRUED VACATION PAY EXPATS.	(3,738,164.00)	-	(8,048,475.00)	(11,786,639.00)
420 Total	***(4,512,249.00)***	***719,576.00***	***(8,048,475.00)***	***(11,841,148.00)***
431 SOCIAL SECURITY ESTABLISHMENTS				
431821 ACCRUED SOCIAL SECURITY INSURA	(4,260,000.00)	-	(4,607,450.00)	(8,867,450.00)
431 Total	***(4,260,000.00)***	-	***(4,607,450.00)***	***(8,867,450.00)***
441 OPERATING TAXES				
441801 ACCRUED TAX ON SALARY	(3,329,583.00)	-	(752,716.14)	(4,082,299.14)
441802 ACCRUED TAX OTHERS	(6,810,664.00)	6,887,000.00	-	76,336.00
441 Total	***(10,140,247.00)***	***6,887,000.00***	***(752,716.14)***	***(4,005,963.14)***
461 OPERATING CREDITORS				
461911 ACCRUED AUDIT FEE	(4,545,105.00)	-	(1,543,260.00)	(6,088,365.00)
461913 ACCRUED TELEPHONE CHARGES	(452,250.00)	-	-	(452,250.00)
461922 ACCURED SISA EXPENSES	(864,680.00)	383,143.33	-	(481,536.67)
461930 ACCRUED MISC. CHARGES	(22,648,559.00)	-	(15,185,000.00)	(37,833,559.00)
461 Total	***(28,510,594.00)***	***383,143.33***	***(16,728,260.00)***	***(44,855,710.67)***
468 OPERATING DEBTORS				
468900 RECOVERABLE EXPENSES / OTHERS	142,900.00	6,107,700.00	-	6,250,600.00
468 Total	***142,900.00***	***6,107,700.00***	-	***6,250,600.00***
470 REGULARISATION ACCOUNT				
472000 PREPAID RENT	2,261,250.00	-	(2,261,250.00)	-
472101 PREPAID - MAINTENANCE	-	-	-	-
470 Total	***2,261,250.00***	-	***(2,261,250.00)***	-

512	**BANKS**				
510011	BANK LPB	(16,990,597.00)	22,006,701.00	-	5,016,104.00
510012	BANK USD	(721,761.00)	6,747,046.80	-	6,025,285.80
510013	DEPOSIT ACCOUNT	44,874,854.00	-	(27,809,662.00)	17,065,192.00
512	***Total***	***27,162,496.00***	***28,753,747.80***	***(27,809,662.00)***	***28,106,581.80***
					-
530	**PETTY CASH**				-
530000	CASH IN HAND	702,657.00	131,257.00	-	833,914.00
530	***Total***	***702,657.00***	***131,257.00***	-	***833,914.00***
					-
5	***Total***	***27,865,153.00***	***28,885,004.80***	***(27,809,662.00)***	***28,940,495.80***
6	**EXPENSES**				
61	**PURCHASES**				
611	**PURCHASES**				
611110	COMMISSORY	-	12,777,576.50	-	12,777,576.50
611	***Total***	-	***12,777,576.50***	-	***12,777,576.50***
615	**STOCK VARIATION**				
615100	OPENING STOCK	-	-	-	-
615200	CLOSING STOCK	-	-	(1,462,290.00)	(1,462,290.00)
615	***Total***	-	-	***(1,462,290.00)***	***(1,462,290.00)***
61	***Total***	-	***12,777,576.50***	***(1,462,290.00)***	***11,315,286.50***
62	**EXTERNAL EXPENSES**				
626	**EXTERNAL EXPENSES**				
6261	**COMMUNICATION**				
626150	SUBSCRIPTION	-	807,590.00	-	807,590.00
626151	TELEPHONE, FAX, TLX., CABALES	-	-	-	-
626152	TELEPHONE, FAX, TLX., CABALES	-	4,228,246.00	-	4,228,246.00
626153	POSTAGE EXPENSES	-	422,750.00	-	422,750.00
6261	***Total***	-	***5,458,586.00***	-	***5,458,586.00***
6262	**MAINTENANCE**				
626201	REPAIRS & MAINTENANCE	-	109,000.00	-	109,000.00
626202	REPAIRS & MAINTENANCE	-	1,565,000.00	-	1,565,000.00
6262	***Total***	-	***1,674,000.00***	-	***1,674,000.00***
6263	**RENT**				
626301	RENT	-	15,761,250.00	-	15,761,250.00
626302	RENT	-	542,000.00	-	542,000.00
6263	***Total***	-	***16,303,250.00***	-	***16,303,250.00***
6264	**HOTEL & RESTURANT EXPENSE**				
626401	OUTSIDE SERVICES	-	6,000,000.00	-	6,000,000.00
626401	OUTSIDE SERVICES	-	8,646,300.00	-	8,646,300.00
626401	OUTSIDE SERVICES	-	22,387,000.00	-	22,387,000.00
626402	OUTSIDE COUNTRY EXPENSES (INCL	-	1,949,468.33	-	1,949,468.33
626410	COMPLEMENTS/ENTERTAINMENT/REF	-	1,499,150.00	-	1,499,150.00
626420	TRANSPORTATION (LOCAL CONVEYAN	-	30,000.00	-	30,000.00
6264	***Total***	-	***40,511,918.33***	-	***40,511,918.33***
6265	**FEES**				
626531	AUDITORS FEE	-	4,029,260.00	-	4,029,260.00
6265	***Total***	-	***4,029,260.00***	-	***4,029,260.00***
6268	**INSURANCE PREMIUM**				
626801	INSURANCE PREMIUM	-	1,507,500.00	-	1,507,500.00
6268	***Total***	-	***1,507,500.00***	-	***1,507,500.00***

6269 OTHER EXTERNAL EXPENSES				
626901 TECHNICAL ASST. FEES	-	1,994,001.88	-	1,994,001.88
626902 VACATION PAY	-	1,189,283.00	-	1,189,283.00
626902 VACATION PAY	-	6,859,192.00	-	6,859,192.00
626905 S.EQUIPS.,CUTLERIES ETC.	-	656,178.00	-	656,178.00
626906 ADVERTISEMENT & PUBLICITY	-	240,000.00	-	240,000.00
626907 COMPUTER EXPENSES	-	22,500.00	-	22,500.00
626910 PRINTING & STATIONERY	-	24,975.00	-	24,975.00
626911 PRINTING & STATIONERY	-	4,685,297.00	-	4,685,297.00
626930 UTILITIES (WTR/ELE/GAS)	-	259,000.00	-	259,000.00
626931 UTILITIES (WTR/ELE/GAS)	-	248,000.00	-	248,000.00
626940 UNIFORMS / CLOTHING	-	82,000.00	-	82,000.00
626950 SUNDRIES	-	39,000.00	-	39,000.00
626951 SUNDRIES	-	3,148,375.00	-	3,148,375.00
6269 Total	-	***19,447,801.88***	-	***19,447,801.88***
626 Total	-	***88,932,316.21***	-	***88,932,316.21***
62 Total	-	***88,932,316.21***	-	***88,932,316.21***
63 PERSONNEL EXPENSES				
631 SALARIES				
631101 BASIC SALARY	-	27,750,000.00	-	27,750,000.00
631101 BASIC SALARY	-	81,600,000.00	-	81,600,000.00
631 Total	-	***109,350,000.00***	-	***109,350,000.00***
631 END OF SERVICE				
631108 8.5% SERVICE INDEMNITY	-	2,358,750.00	-	2,358,750.00
631108 8.5% SERVICE INDEMNITY	-	6,936,000.00	-	6,936,000.00
631 Total	-	***9,294,750.00***	-	***9,294,750.00***
631 FAMILY ALLOWANCE				
631113 15% FAMILY ALLOWANCE	-	1,080,000.00	-	1,080,000.00
631113 15% FAMILY ALLOWANCE	-	2,160,000.00	-	2,160,000.00
631 Total	-	***3,240,000.00***	-	***3,240,000.00***
631 MEDICAL INSURANCE				
631116 12% MEDICAL SCHEME	-	864,000.00	-	864,000.00
631116 12% MEDICAL SCHEME	-	1,728,000.00	-	1,728,000.00
631 Total	-	***2,592,000.00***	-	***2,592,000.00***
63 Total	-	***124,476,750.00***	-	***124,476,750.00***
64 TAXES				
642001 MUNICIPALITY TAXES	-	-	-	-
642002 STAMP CHARGES	-	-	-	-
64 Total	-	-	-	-
65 DEPRECIATION				
651201 DEPRECIATION ASSETS	-	884,236.00	-	884,236.00
651202 DEPRECIATION ASSETS	-	5,289,114.00	-	5,289,114.00
65 Total	-	***6,173,350.00***	-	***6,173,350.00***
67 FINANCIAL CHARGES				
673603 BANK CHARGES	-	463,526.88	-	463,526.88
675100 EXCHANGE LOSS	-	262,180.00	-	262,180.00
67 Total	-	***725,706.88***	-	***725,706.88***
6 Total	-	***233,085,699.59***	***(1,462,290.00)***	***231,623,409.59***

7	**REVENUE**				
711	**SALES**				
711101	CASH SALES	-	-	(23,505,000.00)	(23,505,000.00)
711301	SALES OTHERS (SERVICES)	-	-	(175,895,100.00)	(175,895,100.00)
711	***Total***	-	-	***(199,400,100.00)***	***(199,400,100.00)***
77	**FINANCIAL INCOME**				
773400	FINANCIAL INCOME	-	-	(2,197,893.18)	(2,197,893.18)
775100	EXCHANGE GAINS	-	-	(173,714.50)	(173,714.50)
77	***Total***	-	-	***(2,371,607.68)***	***(2,371,607.68)***
7	***Total***	-	-	***(201,771,707.68)***	***(201,771,707.68)***
	Total	-	**299,963,913.72**	**(299,963,913.72)**	-

QUESTIONAIRE:
APPENDIX F

Q 1. ARE YOU AWARE OF INTERNATIONAL ACCOUNTING STANDARDS ?
1. YES
2. NO

Q 2. WHAT IS YOUR KNOWLEDGE OF THESE STANDARDS w.r.t. THE LATEST CHANGES?
1. GOOD
2. SATISFACTORY
3. WEAK

Q 3. HAVE YOU TAKEN ANY COURSE IN THE UNIVERSITY RELATED TO IAS?
1. YES
2. NO

Q 4. HAVE YOU RECEIVED ANY TRAINING COURSE RELATED TO IAS?
1. YES (GO TO Q 5)
2. NO (GO TO Q 6)

Q 5. WHO GAVE YOU THE TRAINING COURSE?
1. MINISTRY OF FINANCE
2. PUBLIC ACCOUNTANTS
3. COMPANY YOU ARE WORKING IN
4. OTHERS

Q 6. DO YOU FIND IAS EASIER TO ADAPT THAN LEBANESE ACCOUNTING STANDARDS?
1. YES
2. NO

Q 7. WHAT KIND OF COMPANY YOU WORK IN?
1. NON PROFIT ORGANIZATION
2. BANKING
3. SERVICES
4. SALES
5. CATERING
6. OTHERS

Q 8. WHICH DEPARTMENT ARE YOU WORKING IN?

1. ACCOUNTING
2. FINANCE
3. AUDITING
4. CONSULTING
5. OTHERS

Q 9. INDICATE OCCUPTION?

1. CONTROLLER
2. FINANCIAL MANAGER
3. CHIEF ACCOUNTANT
4. ACCOUNTANT
5. AUDITOR
6. CONSULTANT
7. OTHERS

Q 10. INDICATE LEVEL OF EDUCATION?

1. UNDERGRADUATE
2. POSTGRADUATE
3. CPA,CMA,CIA, ect.
4. OTHERS PLEASE SPECIFY_______________

Q11. INDICATE INCOME BRACKETS IN $USD?

1. BELOW 500
2. BETWEEN 500-1000
3. BETWEEN 1001-1500
4. BETWEEN 1501-2000
5. ABOVE 2001

Q12. INDICATE PLACE OF THE COMPANY?

1. BEIRUT
2. BEIRUT SUBURBS
3. NORTH
4. SOUTH
5. BEKAA
6. MOUNT LIBAN

Q13. INDICATE AGE_________________?

1. LESS THAN 20
2. BETWEEN 20-30
3. BETWEEN 30-40
4. ABOVE 40

APPENDIX - G
SPSS DATA ANALYSIS

Regression

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	INDICATE AGE?, WHAT KIND OF SECTOR YOU WORK IN?, INDICATE PLACE OF THE COMPANY?, INDICATE INCOME BRACKET IN $USD?, WHICH DEPARTMENT DO YOU WORK IN ?, INDICATE LEVEL OF EDUCATION?, INDICATE OCCUPATION?[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: DO YOU FIND IAS EASIER TO USE THAN LEBANESE STANDARDS?

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.997[a]	.994	.991	2.910E-02

a. Predictors: (Constant), INDICATE AGE?, WHAT KIND OF SECTOR YOU WORK IN?, INDICATE PLACE OF THE COMPANY?, INDICATE INCOME BRACKET IN $USD?, WHICH DEPARTMENT DO YOU WORK IN ?, INDICATE LEVEL OF EDUCATION?, INDICATE OCCUPATION?

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.790	7	.256	301.952	.000[a]
	Residual	1.016E-02	12	8.468E-04		
	Total	1.800	19			

a. Predictors: (Constant), INDICATE AGE?, WHAT KIND OF SECTOR YOU WORK IN?, INDICATE PLACE OF THE COMPANY?, INDICATE INCOME BRACKET IN $USD?, WHICH DEPARTMENT DO YOU WORK IN ?, INDICATE LEVEL OF EDUCATION?, INDICATE OCCUPATION?

b. Dependent Variable: DO YOU FIND IAS EASIER TO USE THAN LEBANESE STANDARDS?

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.892	.088		21.501	.000
	WHAT KIND OF SECTOR YOU WORK IN?	-1.567E-03	.011	-.004	-.140	.891
	WHICH DEPARTMENT DO YOU WORK IN ?	.226	.014	.587	16.022	.000
	INDICATE OCCUPATION?	-.117	.006	-.797	-20.846	.000
	INDICATE LEVEL OF EDUCATION?	-.136	.023	-.226	-5.942	.000
	INDICATE INCOME BRACKET IN $USD?	-.386	.017	-.749	-23.350	.000
	INDICATE PLACE OF THE COMPANY?	.305	.030	.406	10.117	.000
	INDICATE AGE?	1.904E-03	.015	.004	.128	.900

a. Dependent Variable: DO YOU FIND IAS EASIER TO USE THAN LEBANESE STANDARDS?

Regression

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	INDICATE AGE?, WHAT KIND OF SECTOR YOU WORK IN?, INDICATE PLACE OF THE COMPANY?, INDICATE INCOME BRACKET IN $USD?, WHICH DEPARTMENT DO YOU WORK IN ?, INDICATE LEVEL OF EDUCATION?, INDICATE OCCUPATION?[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: HAVE YOU RECEIVED ANY TRAINING COURSE RELATED TO IAS?

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.819[a]	.671	.479	.3686

a. Predictors: (Constant), INDICATE AGE?, WHAT KIND OF SECTOR YOU WORK IN?, INDICATE PLACE OF THE COMPANY?, INDICATE INCOME BRACKET IN $USD?, WHICH DEPARTMENT DO YOU WORK IN ?, INDICATE LEVEL OF EDUCATION?, INDICATE OCCUPATION?

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.320	7	.474	3.491	.028[a]
	Residual	1.630	12	.136		
	Total	4.950	19			

a. Predictors: (Constant), INDICATE AGE?, WHAT KIND OF SECTOR YOU WORK IN?, INDICATE PLACE OF THE COMPANY?, INDICATE INCOME BRACKET IN $USD?, WHICH DEPARTMENT DO YOU WORK IN ?, INDICATE LEVEL OF EDUCATION?, INDICATE OCCUPATION?

b. Dependent Variable: HAVE YOU RECEIVED ANY TRAINING COURSE RELATED TO IAS?

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.642	1.115		-2.371	.035
	WHAT KIND OF SECTOR YOU WORK IN?	.196	.142	.336	1.376	.194
	WHICH DEPARTMENT DO YOU WORK IN ?	.476	.178	.748	2.671	.020
	INDICATE OCCUPATION?	6.589E-02	.071	.270	.924	.374
	INDICATE LEVEL OF EDUCATION?	-.744	.290	-.744	-2.561	.025
	INDICATE INCOME BRACKET IN $USD?	6.476E-02	.209	.076	.310	.762
	INDICATE PLACE OF THE COMPANY?	1.740	.381	1.399	4.562	.001
	INDICATE AGE?	.413	.188	.462	2.198	.048

a. Dependent Variable: HAVE YOU RECEIVED ANY TRAINING COURSE RELATED TO IAS?

Regression

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	INDICATE AGE?, WHAT KIND OF SECTOR YOU WORK IN?, INDICATE PLACE OF THE COMPANY?, INDICATE INCOME BRACKET IN $USD?, WHICH DEPARTMENT DO YOU WORK IN ?, INDICATE LEVEL OF EDUCATION?, INDICATE OCCUPATION?[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: HAVE YOU TAKEN ANY IAS COURSE IN THE UNIVERSITY?

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.819[a]	.671	.479	.3686

a. Predictors: (Constant), INDICATE AGE?, WHAT KIND OF SECTOR YOU WORK IN?, INDICATE PLACE OF THE COMPANY?, INDICATE INCOME BRACKET IN $USD?, WHICH DEPARTMENT DO YOU WORK IN ?, INDICATE LEVEL OF EDUCATION?, INDICATE OCCUPATION?

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.320	7	.474	3.491	.028[a]
	Residual	1.630	12	.136		
	Total	4.950	19			

a. Predictors: (Constant), INDICATE AGE?, WHAT KIND OF SECTOR YOU WORK IN?, INDICATE PLACE OF THE COMPANY?, INDICATE INCOME BRACKET IN $USD?, WHICH DEPARTMENT DO YOU WORK IN ?, INDICATE LEVEL OF EDUCATION?, INDICATE OCCUPATION?

b. Dependent Variable: HAVE YOU TAKEN ANY IAS COURSE IN THE UNIVERSITY?

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-2.642	1.115		-2.371	.035
	WHAT KIND OF SECTOR YOU WORK IN?	.196	.142	.336	1.376	.194
	WHICH DEPARTMENT DO YOU WORK IN ?	.476	.178	.748	2.671	.020
	INDICATE OCCUPATION?	6.589E-02	.071	.270	.924	.374
	INDICATE LEVEL OF EDUCATION?	-.744	.290	-.744	-2.561	.025
	INDICATE INCOME BRACKET IN $USD?	6.476E-02	.209	.076	.310	.762
	INDICATE PLACE OF THE COMPANY?	1.740	.381	1.399	4.562	.001
	INDICATE AGE?	.413	.188	.462	2.198	.048

a. Dependent Variable: HAVE YOU TAKEN ANY IAS COURSE IN THE UNIVERSITY?

Regression

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	INDICATE AGE?, WHAT KIND OF SECTOR YOU WORK IN?, INDICATE PLACE OF THE COMPANY?, INDICATE INCOME BRACKET IN $USD?, WHICH DEPARTMENT DO YOU WORK IN ?, INDICATE LEVEL OF EDUCATION?, INDICATE OCCUPATION?[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: WHAT IS YOUR KNOWLEDGE OF IAS WRT LATEST CHANGES?

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.615[a]	.378	.015	.7271

a. Predictors: (Constant), INDICATE AGE?, WHAT KIND OF SECTOR YOU WORK IN?, INDICATE PLACE OF THE COMPANY?, INDICATE INCOME BRACKET IN $USD?, WHICH DEPARTMENT DO YOU WORK IN ?, INDICATE LEVEL OF EDUCATION?, INDICATE OCCUPATION?

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.855	7	.551	1.042	.453[a]
	Residual	6.345	12	.529		
	Total	10.200	19			

a. Predictors: (Constant), INDICATE AGE?, WHAT KIND OF SECTOR YOU WORK IN?, INDICATE PLACE OF THE COMPANY?, INDICATE INCOME BRACKET IN $USD?, WHICH DEPARTMENT DO YOU WORK IN ?, INDICATE LEVEL OF EDUCATION?, INDICATE OCCUPATION?

b. Dependent Variable: WHAT IS YOUR KNOWLEDGE OF IAS WRT LATEST CHANGES?

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.066	2.199		.940	.366
	WHAT KIND OF SECTOR YOU WORK IN?	-.436	.281	-.520	-1.552	.147
	WHICH DEPARTMENT DO YOU WORK IN ?	-4.567E-02	.352	-.050	-.130	.899
	INDICATE OCCUPATION?	4.338E-02	.141	.124	.308	.763
	INDICATE LEVEL OF EDUCATION?	.536	.573	.373	.935	.368
	INDICATE INCOME BRACKET IN $USD?	-.193	.413	-.158	-.469	.647
	INDICATE PLACE OF THE COMPANY?	.313	.752	.175	.416	.685
	INDICATE AGE?	7.006E-03	.370	.005	.019	.985

a. Dependent Variable: WHAT IS YOUR KNOWLEDGE OF IAS WRT LATEST CHANGES?

APPENDIX H – IAS (Details).

IAS 1 Presentation of Financial Statements
Applies to the presentation of all general purpose financial statements prepared and presented in accordance with IAS.

IAS 2 Inventories
Applies to inventories other than:

a) work in progress arising under construction contracts, including directly related service contracts (refer IAS 11);
b) financial instruments; and
c) producers' inventories of livestock, agricultural and forest products, and mineral ores to the extent that they are measured at net realizable value in accordance with well established practices in certain industries.

IAS 7 Cash Flow Statements
All enterprises are required to prepare a cash flow statement and present it as an integral part of their financial statements, including consolidated financial statements.

IAS 8 Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies
Applies in:

a) presenting profit or loss from ordinary activities and extraordinary items in the income statement;
b) accounting for changes in accounting estimates;
c) accounting for fundamental errors; and
d) accounting for changes in accounting policies.

IAS 10 Events After the Balance Sheet Date
Applies in the accounting for disclosure of events after the balance sheet date.

IAS 11 Construction Contracts
Applies in the accounting for construction contracts of contractors.

IAS 12 Income Taxes
Applies when accounting for income taxes including:

a) all domestic and foreign taxes which are based on taxable profits; and
b) taxes such as withholding taxes, which are payable by a subsidiary, associate or joint venture on distributions to the reporting enterprise.

This standard does not deal with the methods of accounting for:

a) government grants, (except for temporary differences arising from such grants);
b) investment tax credits (except for temporary differences arising from such credits);
c) the tax consequences of dividend and other distributions by the reporting enterprise.

IAS 12 (revised) amends the scope of IAS 12 for annual financial statements covering periods beginning on or after 1 January 2001, by defining the accounting treatment for the income tax consequences of dividends and other distributions by the reporting enterprise.

IAS 14 Segment Reporting
Applies to enterprises whose equity or debt securities are publicly traded or are in the process of issuing equity or debt securities in public securities markets.

Other enterprises are encouraged to apply IAS 14. If an enterprise chooses to disclose segment information voluntarily, it should comply fully with the requirements in the standard to comply with IAS in accordance with IAS 1.
If an enterprise prepares parent and consolidated financial statements, the disclosure requirements apply only to the consolidated financial statements.
If an enterprise's financial report contains its financial statements as well as financial statements of an associate or joint venture, the disclosure requirements apply only to the enterprise's financial statements.

IAS 15 Information Reflecting the Effects of Changing Prices
Enterprises are permitted but not required to disclose the information required by IAS 15.
Where IAS 15 is applied, it applies in reflecting the effects of changing prices on the measurements used in the determination of an enterprise's results of operation and financial position.

IAS 16 Property, Plant and Equipment
Applies when accounting for property, plant and equipment except when another IAS requires or permits a different accounting treatment (for example, IAS 22 and IAS 25).
IAS 16 does not apply to:

a) forests and similar regenerative natural resources; and

b) mineral rights, the exploration for and extraction of minerals, oil, natural gas and similar non-regenerative resources.

However, it does apply to property, plant and equipment used to develop or maintain the activities or assets covered in (a) and (b) above which are separable from those activities or assets.
IAS 16 applies to property being constructed or developed for future use as investment property.

IAS 17 Leases
Applies when accounting for leases, except for the following:

a) lease agreements to explore for or use natural resources, such as oil, gas, timber, metal sand other mineral rights; and

b) licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights.

IAS 40 amends the scope of IAS 17 for annual financial statements covering periods beginning on or after 1 January 2001, by excluding the following from the measurement requirements of IAS 17:

a) lessees of investment property held under finance leases; and

b) lessors of investment property leased out under operating leases.

IAS 18 Revenue
Applies when accounting for revenue arising from the following transactions and events:

a) the sale of goods;

b) the rendering of services; and

c) the use by others of enterprise assets yielding interest, royalties and dividends.

IAS 18 does not deal with revenue arising from:

a) lease agreements (refer IAS 17);

b) dividends from investments accounted for using the equity method (IAS 28);

c) insurance contracts of insurance enterprises;

d) changes in the fair value of financial assets and financial liabilities or their disposal (refer IAS 39);

e) changes in the value of other current assets;

f) natural increases in herds, and agricultural and forest products;
g) the extraction of mineral ores; and
h) contracts for the rendering of services that are directly related to construction contracts.

IAS 19 Employee Benefits
Applies when accounting for employee benefits, including those provided:

a) under formal plans or other formal agreements between an enterprise and individual employees, groups of employees or their representatives;
b) under legislative requirements, or through industry arrangements, whereby enterprises are required to contribute to national, state, industry or other multi-employer plans; or
c) by those informal practices that give rise to constructive obligations. Informal practices give rise to constructive obligations where the enterprise has no realistic alternative but to pay employee benefits. An example is where a change in the enterprise's informal practices would cause unacceptable damage to its relationship with employees.

Employee benefits include:

a) short term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free goods or services) for current employees;
b) post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;
c) other long term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit sharing, bonuses and deferred compensation;
d) termination benefits; and
e) equity compensation benefits.

IAS 19 does not deal with reporting by employee benefit plans.

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance
Applies in accounting for and disclosing government grants, and in disclosing other forms of government assistance.
IAS 20 does not deal with:

a) the special problems arising in accounting for government grants reflecting the effects of changing prices or in supplementary information of a similar nature;
b) government assistance that is provided for an enterprise in the form of benefits that are available in determining taxable income or are determined or limited on the basis of income tax liability (such as income tax holidays, investment tax credits, accelerated depreciation allowances and reduced income tax rates); and
a) government participation in the ownership of the enterprise.

IAS 21 The Effects of Changes in Foreign Exchange Rates
Applies:

a) in accounting for transactions in foreign currencies; and
b) in translating the financial statements of foreign operations included in the financial statements of the enterprise by consolidation, proportionate consolidation or by the equity method.

IAS 21 does not deal with:

a) hedge accounting for foreign currency items other than the classification of exchange differences arising on a foreign currency liability accounted for as a hedge of a net investment in a foreign entity. Other aspects of hedge accounting are dealt with in IAS 39 ;

b) the restatement of an enterprise's financial statements from its reporting currency into another currency for the convenience of users accustomed to that currency or for similar purposes; and

c) the presentation in cash flow statements of cash flows arising from transactions in a foreign currency and the translation of cash flows of a foreign operation (refer IAS7).

IAS 22 Business Combinations

Applies when accounting for business combinations.

IAS 22 does not deal with:

a) transactions among enterprises under common control; and

b) interests in joint ventures and the financial statements of joint ventures (refer IAS31).

IAS 23 Borrowing Costs

Applies when accounting for borrowing costs.

IAS 23 does not deal with the actual or imputed cost of equity, including preferred capital not classified as a liability.

IAS 24 Related Party Disclosures

Applies in dealing with related parties and transactions between a reporting enterprise and its related parties. It deals with the following related party relationships:

a) enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (including holding companies, subsidiaries and fellow subsidiaries);

b) associates (refer IAS 28);

c) individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, and close members of the family of any such individual;

d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the reporting enterprise, including directors and officers of companies and close members of the families of such individuals; and

e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly.

Attention is directed to the substance of the relationship, and not merely the legal form.

Disclosure of related party transactions is not required:

a) in consolidated financial statements in respect of intra-group transactions;

b) in parent financial statements if they are made available or published with consolidated financial statements;

c) in financial statements of a wholly-owned subsidiary if its parent is incorporated in the same country and provides consolidated financial statements in that country; and

d) in financial statements of state-controlled enterprises of transactions with other state-controlled enterprises.

The following are deemed not to be related parties:

a) two companies simply because they have a director in common.

i) providers of finance;

ii) trade unions;

iii) public utilities;

iv) government departments and agencies,

b) a single customer, supplier, distributor, or general agent with whom an enterprise transacts a significant volume of business merely by virtue of the resulting economic dependence.

IAS 25 Accounting for Investments

IAS 25 is superseded by IAS 39 and IAS 40 for annual financial statements covering periods beginning on or after 1 January 2001.

Applies when accounting for and disclosing investments.

IAS 25 does not deal with:

a) the bases for recognition of interest, royalties, dividends and rentals earned on investments (refer IAS 17 and 18);

b) investments in subsidiaries (refer IAS 27);

c) investments in associates (refer IAS 28);

d) investments in joint ventures (refer IAS 31);

e) goodwill, patents, trademarks and similar assets (refer IAS 38);

f) finance leases (refer IAS 17);

g) investments of retirement benefit plans and life insurance enterprises; and

h) investments in financial assets to which IAS 39 applies, once IAS 39 is adopted.

IAS 27 Consolidated Financial Statements and Accounting for Investments in Subsidiaries

Applies to:

a) the preparation and presentation of consolidated financial statements for a group of enterprises under the control of a parent; and

b) accounting for investments in subsidiaries in a parent's separate financial statements.

IAS 27 does not deal with:

a) methods of accounting for business combinations and their effects on consolidation (refer IAS 22);

b) accounting for investments in associates (refer IAS 28);

c) accounting for investments in joint ventures (refer IAS 31).

IAS 28 Accounting for Investments in Associates

Applies in accounting by an investor for investments in associates.

IAS 29 Financial Reporting in Hyperinflationary Economies

Applies to the primary financial statements, including the consolidated financial statements, of any enterprise that reports in the currency of a hyperinflationary economy.

Hyperinflation is indicated by characteristics of the economic environment, including but not limited to:

a) the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;

b) the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;

c) sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;

e)interest rates, wages and prices are linked to a price index; and the cumulative inflation rate over three years is approaching, or exceeds, 100 percent.

IAS 31 Financial Reporting of Interests in Joint Ventures

Applies in accounting for interests in joint ventures and the reporting of joint venture assets, liabilities, income and expenses in the financial statements of ventures and investors, regardless of the structures or forms under which the joint venture activities take place.

IAS 32 Financial Instruments: Disclosure and Presentation

Applies in presenting and disclosing information about all types of financial instruments, both recognized and unrecognized, other than:

a) interests in subsidiaries (refer IAS 27);

b) interests in associates (refer IAS 28);

c) interests in joint ventures (refer IAS 31);

d) employers' and plans' obligations for post-employment benefits, including retirement benefits (refer IAS 19 and IAS 26);

e) employers' obligations under employee stock option and stock purchase plans (refer IAS 19); and

f) obligations arising under insurance contracts.

Although IAS 32 does not apply to an enterprise's interests in subsidiaries, it does apply to all financial instruments included in the consolidated financial statements of a parent, regardless of whether those instruments are held or issued by the parent or by a subsidiary. IAS 32 also applies to financial instruments held or issued by a joint venture and included in the financial statements of a venturer either directly or through proportionate consolidation.

Enterprises that have obligations under insurance contracts are encouraged to consider the appropriateness of applying the provisions of the standard in presenting and disclosing information about such obligations.

IAS 33 Earnings Per Share

Applies to enterprises whose ordinary shares or potential ordinary shares are publicly traded, and by enterprises that are in the process of issuing ordinary shares or potential ordinary shares in public securities markets.

When both parent and consolidated financial statements are presented, earnings per share information need be presented only on the basis of the consolidated information.

IAS 33 applies to an enterprise which does not have ordinary shares or potential ordinary shares which are publicly traded, but chooses to disclose earnings per share information.

IAS 34 Interim Financial Reporting

Applies if an enterprise is required or elects to publish an interim financial report in accordance with IAS.

Publicly traded enterprises are encouraged to:

a) provide interim financial reports at least as of the end of the first half of their financial year; and

b) make their interim financial reports available not later than 60 days after the end of the interim period.

The fact that an enterprise may not have provided interim financial reports during a particular financial year or may have provided interim financial reports that do not comply with this standard does not prevent the enterprise's annual financial statements from conforming to IAS if they otherwise do so.

If an enterprise's interim financial report is described as complying with IAS, it must comply with all of the requirements of this standard.

IAS 35 Discontinuing Operations

Applies to all discontinuing operations of all enterprises.

With respect to a discontinuing operation, the initial disclosure event is the occurrence of one of the following, whichever occurs earlier:

a) the enterprise has entered into a binding sale agreement for substantially all of the assets attributable to the discontinuing operation; or

b) the enterprise's board of directors or similar governing body has both:

i) approved a detailed, formal plan for the discontinuance; and

ii) made an announcement of the plan.

IAS 36 Impairment of Assets

Applies in accounting for the impairment of all assets, other than:

a) inventories (refer IAS 2);

b) assets arising from construction contracts (refer IAS 11);

c) deferred tax assets (refer IAS 12);

d) assets arising from employee benefits (refer IAS 19); and

e) financial assets included in the scope of IAS 32.

IAS 40 amends the scope of IAS 36 for annual financial statements covering periods beginning on or after 1 January 2001, by excluding investment property that is measured at fair value.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Applies in accounting for all provisions, contingent liabilities and contingent assets, except:

a) those resulting from financial instruments that are carried at fair value;

b) those resulting from executor contracts, except where the contract is onerous;

c) those arising in insurance enterprises from contracts with policyholders;

IAS 38 Intangible Assets

Applies in accounting for intangible assets, except:

a) intangible assets that are covered by another IAS, for example:

i) those intangible assets held for sale in the ordinary course of business (refer IAS 2 and IAS 11);

ii) deferred tax assets (refer IAS 12);

iii) leases (refer IAS 17);

iv) assets arising from employee benefits (refer IAS 19); and

v) goodwill arising on a business combination (refer IAS 22);

b) financial assets as defined in IAS 32; the recognition and measurement of some financial assets are covered by IAS 25, IAS 27, IAS 28, IAS 31 and IAS 39 (when adopted);

c) mineral rights and expenditure on the exploration for, or development and extraction of, minerals, oil, natural gas and similar non-regenerative resources; and

d) intangible assets arising in insurance enterprises from contracts with policyholders.

IAS 39 Financial Instruments: Recognition and Measurement

Applies to all financial instruments except:

a) interests in subsidiaries, associates, and joint ventures that are accounted for under IAS27, IAS28 and IAS 31. However, an enterprise applies this standard in its consolidated financial statements to account for an interest in a subsidiary, associate or joint venture that:

i) is acquired and held exclusively with a view to its subsequent disposal in the near future; or

ii) operates under severe long term restrictions that significantly impair its ability to transfer funds to the enterprise;

b) rights and obligations under leases, to which IAS 17 applies; however:

i) lease receivables recognized on a lessor's balance sheet are subject to the derecognition provisions of this standard; and

ii) this standard does apply to derivatives that are embedded in leases;

c) employers' assets and liabilities under employee benefit plans to which IAS 19 applies;

d) rights and obligations under insurance contracts .

e) equity instruments issued by the enterprise including options, warrants, and other financial instruments that are classified as shareholders' equity of the enterprise (the holder of such instruments is required to apply IAS 39 to those instruments);

f) financial guarantee contracts including letters of credit, that provide for payments to be made if the debtor fails to make payment when due. Also, IAS 39 does require recognition of financial guarantees incurred or retained as a result of the derecognition provisions;

g) contracts for contingent consideration in a business combination; and

h) contracts that require a payment based on climatic, geological, or other physical variables.

IAS 39 should be applied to commodity-based contracts that give either party the right to settle in cash or some other financial instrument, with the exception of commodity contracts that:

a) were entered into and continue to meet the enterprise's expected purchase, sale, or usage requirements;

b) were designated for that purpose at their inception; and

c) are expected to be settled by delivery.

IAS 40 Investment Property

IAS 40 will be applicable starting 1 January 2002.

Applies in accounting for investment property, including measurement of investment property held under a finance lease or leased out under an operating lease.

IAS 40 does not apply to:

a) forests and similar regenerative natural resources;

b) mineral rights, the exploration for and extraction of minerals, oils, natural gas and similar non-regenerative resources; and

c) matters covered in IAS 17, for example:

i) measurement in a lessee's financial statement of property held under an operating lease; or

ii) measurement in a lessor's financial statement of property leased out under a finance lease.

APPENDIX I

RESEARCH METHEDOLOGY

Growing international trade, multinational industrial and financial enterprises, and increasingly global capital markets have significantly expanded investment opportunities. Creditors and equity investors need to analyze both domestic and foreign companies. Yet differences in accounting and reporting standards make it difficult to compare domestic companies with those in other countries. Furthermore, as accounting standards are established separately in each country, it is difficult to generalize about those differences. Hence the need for global accounting standards. Who should develop such standards and who would enforce them?

While some of the conclusions made in this report are ours, we tried hard to obtain as much supporting evidence as possible.Besides, the research made is both qualitative and quantitative, where qualitative research aims to show you what is happening. Qualitative research on the other hand, sets out to tell you why it is happening. It is all about developing a detailed understanding of individuals' views, attitudes and behavior.

The approaches to collecting qualitative data are much less structured and formal than the techniques used for gathering quantitative data. The aim is to allow respondents to talk, often at a great length, about their feelings, and about their underlying attitudes, beliefs and values.

Some qualitative research gathers data from individuals. Here, groups of people were used to obtain a more considered picture, building on discussion and development of individual views within a group setting.

For most people, the first step they take towards collecting qualitative data is through the use of semi- structured questionnaires. They are best used when you want to collect both stuctured information and information about attitudes or beliefs.

As to the quantitative research part, the data gathered was transformed and analysed (using the SPSS) to produce the results from which we can begin to draw conclusions and so make recommendations.

The research is of two parts an academic research which is primarily concerned with developing a theoretical explanation or understanding an issue. The research will be undertaken as a step towards the acquisition of an academic or professinal qualification. For that reason, the first part was an academic part were information of accounting, auditing and taxation was explained.

As for the second part it was a survey research, which is the most common form of social research. The researcher begins with a question or the need to discover something. Then a survey design is made to collect data where it is processed and analysed afterwards for conclusions to be set.

The research metholodgy consisted of many initiatives. First I read everything we could find on Lebanese Accounting, Auditing and Taxation standards. I especially focused on International Accounting Standards where a research was made showing Lebanese attituides towards these standards. In the bibliography you will find the sources where information was taken from. The research started by the procdures required for establishing a compay in Lebanon. Then, I spoked about the Accounting, Auditing and Taxation standards and procedures required for each company to follow.

After that, a survey is made examining if Lebanese companies are able to adapt IAS . IAS revolution is changing Lebanese companies financial structure. For that reason such a research would help companies to formulate appropriate strategies to ensure rapid understanding by employees in order to be able to use IAS efficiently.

The major purpose of this research is to study the attitudes of Lebanese employees in companies towards the adoption of IAS , besides,the objective of the research problem is to find out the attitudes of employees in companies towards International Accounting Standards. If Lebanese companies are not aware and do not have a clear knowledge is it because of training, easiness of use or lack of courses given in universities. To examine these attitudes four hypothesis were established where each hypothesis would be examined separatly by using qualitative and quntitative analysis.

These hypothesis are as follows:

H1:Employees in Lebanese companies are not adopting IAS because they find Lebanese Standards easier to use.

H2: Employees in Lebanese companies are not adopting IAS because they haven't taken any courses before relating to the subject.

H3: Employees in Lebanese companies are not adopting IAS because they do not have the required knowledge.

H4: Employees in Lebanese companies are not adopting IAS because they haven't received any training.

The sample unit for this survey consisted only of employees in Lebanese companies who have a direct relation with International Accounting Standards. The total sample size is 20 companies. These companies are of different types with number of employees varying between 30 to 500. (The respondents represent the highest level of responsibility in the financial departments of these companies), in view of time and cost considerations.The different types of companies are as follows:

- Services
- Sales
- Hospitality
- Construction
- Manufacturing
- Non-profit organizations

The study is based on a survey research; questionaires (A 13-item questionaire was used to measure the four key constructs identified) were used as a major technique in order to gather the needed data. As mentioned earlier the survey was limited to personal respondents (who have direct relation with IAS) representing corporate respondents.

The various variables were treated and the responses were analyzed using the **SPSS**. The analysis investigates the awareness of companies towards IAS. It measures the percentage and specific characteristics of employees who have taken previous courses in IAS, trained by seminar's about IAS, easiness of IAS towards Lebanese Standards, and their knowledge concerning IAS.

Finally, a conclusion was made inrelation with the results of the research, where it showed that Lebanese employees are not yet familiar with International Accounting Standards.

Appendix's are shown at the end of the research that sumarize IAS, Taxation rates, differences between companies (employees) ina form of chart, and the **SPSS** output.

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