Accounting Measurement of Owners' Equity and its Impact on the Going-Concern of Companies

An Empirical Study of a sample of Jordanian public shareholding companies listed on Amman Stock.

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Abstract:
Research aims at studying the accounting measurement of Owners equity and its impact on the concept of company's going - concern, "An empirical study of a sample of Jordanian public shareholding companies listed on Amman Stock exchange ."

A random sample of (120) questionnaires was selected. The number of the retrieved questionnaires was 100 whereas (2) excluded and the rest (98) was valid for analysis. The descriptive analytical method was used to analyze the data of the questionnaire using SPSS. results revealed that the trends of the sample individuals were positive to wards the variables of the study variable of information quality was the most agreed upon .

The study showed that there was a statistically significant relation between Owner equity and the concert of company's Going-Concern which was good but not strong. The study indicated that there was a statistically significant impact relation between the existence of afinancial reporting standard for Owners equity and of the accounting information's equity which was medium but not strong, there was also a statistically significant impact relation between the multiplicity of accounting measurement methods and the Going-Concern of the company which was medium but not strong as well as a statically significant impact relation between the multiplicity of the accounting measurement methods of owners equity and the failure and bankruptcy of companies which was good but not strong.

1.Introduction:

Owners equity is one of the most vital items the a financial position it represent of rights the project owners. In general, Owners equity constitute the liabilities of a company towards owners where they affected by profit, loss and capital additions so that they are greater when the profits and the capital additions are greater while decrease as a result of losses and withdrawals. Despite the fact that Owner equity are the remaining balance of assets after deducting liabilities, it is to say that they include important sub-classifications on budget. For example, in joint stock companies, they may appear in separate items which represent all funds provided by shareholders which is represented by authorized capital, retained earnings and reserves that represent a redistribution of profits to preserve the capital and promote the financial position of the company as well as for future expansions of the company which is usually represented in the increase of the assets of the entity.

Such classifications are probably appropriate to the needs of making decisions by the users of financial lists where they can clarify legal or other restrictions on the ability of the entity to use and distribute its Owner equity. They can also reflect the fact that some have shares in the ownership of the project that have different rights. The total Owner equity that are in the statement of the financial position depend on an accurate accounting measurement for assets and liabilities.

Owners equity is one of the most significant items on the list of the financial position maximize width . it reflect the rights and contributions owners in the capital of the entity. The aim of any entity is to profit, preserve the capital from decrease as a result of distributing fake profits from the main capital and as a result of the instability of the unit of cash measurement caused by inflation. Retained reserves and profits represent an important item of Owner equity.

2.Study Significance :

The significance of the study brings from being one of a few number of the studies that concentrate on the subject of Owner equity and all their items that is besides its importance in the Going-Concern of entities. Previous studies have just concentrate on one item or more of Owner equity. Researchers suggest that one of the most important causes of financial crises , the failure of many international companies and bankruptcy thereof as well as liquidation is because of not having a financial reporting standard of Owner equity at which all Owner equity items are determined and accountingly processed and not determining an appropriate standard for measuring all the assets of a company where current assets are measured in accordance with their fair value while tangible assets are measured in accordance with their historical cost which is the result of the total income according to the basis of maturity that reflects also on Owner equity.
Study Objectives

3.This study aims at demonstrating and processing:

1. studying to which extent it is possible developing a single standard called a financial reporting standard for Owner equity.
2. Studying the circumstances in which companies resort to use Owner equity to stop their losses.
3. Studying reserves and their classifications, their objectives and how are they calculated and when should they be stopped or capitalized to increase the capital of a bussiness
4. Demonstrating how reserves can be used, their objectives and how are they calculated and when should they be stopped or capitalized.
5. Measuring the impact of Owner equity on the Going-Concern of an entity.
6. Measuring the impact of having a financial reporting standard on Owner equity on the quality of accounting information.
7. Measuring the impact of the multiplicity of the accounting measurement methods of items of Owner equity on the Going-Concern of the business.
8. Measuring the impact of the multiplicity of the accounting measurement methods of items of Owner equity on the failure and bankruptcy of companies.

4. **Problem of the study** :

The problem of the study lies behind the uncertainty of owner equity section the paragraphs of Owner equity especially involving reserves, uses and not having an accounting standard on processing Owner equity because still there is no clear in spite of the importance of all the items of Owner equity as they are not actually present. In addition, there is no definition for capital, reserves and what they aim at as well as the fact that are they supposed to be held. Moreover, international accounting standards did not show the accounting process for losses and how they can be extinguished in case losses exceed 75% of a capital since some entities may sometimes extinguish their accumulated losses of reserves with no justification or a standard allowing this. Accounting standards did not concentrate enough on showing changes of Owner equity and reserve rates.

Based on this , the problem of the study is summarized attempting to answer the following questions:

1. Are held reserves and earnings nominal as they should in fact be or should they held from the earnings of a company effectively?
2. How accumulated losses of companies can be extinguished, when it is allowed for a company to extinguish its losses for held earnings and reserves and when should a company increase the capital and conditions that should be put on different companies at losses?
3. The mechanism of additional capital accounting process (share premium) when issuing new shares of a company and how they can be extinguished?
4. Do entities face a problem of liquidity or cash failure if retained reserves and earnings are held with cash at the bank?

5. Is there a signification effect between Is there a relationship statistically significant effect between Owner equity and the Going-Concern of a business?
6. Is there a signification effect between Is there a relationship statistically significant effect between having a financial reporting standard on Owner equity and the quality of accounting information?
7. Is there a signification effect between Is there a relationship statistically significant effect between the multiplicity of the accounting measurement methods of items of Owner equity on the Going-Concern of a business.
8 . Is there a signification effect between Is there a relationship statistically significant effect between the multiplicity of the accounting measurement methods of items of Owner equity on the failure and bankruptcy of companies?

5.Study Hypotheses :

Based on the study objectives, the following hypotheses can be formulated:
H1: There is no relationship statistically significant effect between Owner equity and the Going-Concern of a business.
H2: There is no relationship statistically significant effect between having a financial reporting standard on Owner equity and the quality of accounting information
H3: There is no a relationship statistically significant effect between the multiplicity of the accounting measurement methods of items of Owner equity on the Goning-Concern of the business.
H4: There is no a relationship statistically significant effect between the multiplicity of the accounting measurement methods of items of Owner equity on the failure and bankruptcy of companies

6.Study Methodology :

The researchers have used the descriptive and analytical method to complete this study. The study has adapted the descriptive method through accessing references and other relevant studies. In terms of the descriptive method, the study has adapted the field survey and used the tool of questionnaire for collecting information from the sample individuals to analyze them statistically to validate the study hypotheses and answer its questions.

Study Community and Sample

The community of the study consists of accountants in Amman, academics and researchers in the field of accounting and Jordanian legal auditors as well as the boards of directors of Jordanian shareholding companies. The researchers have selected a simple random sample with a rate fitting the total community of the study that is (120) questionnaires. The recovered number of the questionnaires is (100). Two questionnaires have been cancelled. The valid ones however are 98.

Resources of Collecting Information

The researcher has used two main resources for allocating the required resources that are
- Secondary Resources: they are the literature review such as books, articles and results of previous studies in the framework of the present study which helped the researcher in getting the theoretical scientific material.
- Primary Resources: they are the data that have been allocated by a field study and a questionnaire designed to reflect the hypotheses and variables of the study.

Study Tool

The researchers will design the study tool after reviewing the theoretical part and previous study to measure the study variables as follows: first part: includes the general features of the study sample in the light of the demographic or personal and functional variables (gender, age, scientific qualification, years of previous experience, job title). Second part: includes the questionnaire paragraphs which aims to which extent do the Jordanian limited companies use all items of Owner equity specially the measurement of reserves.
The questionnaire will be designed based on Likert scale so that the answers on the paragraphs of the measure can be taken (strongly agree, agree, neutral, disagree, disagree at all) and where the weights (1 ‹2 ‹3 ‹4 ‹5) are given for the purposes of statistical analysis respectively.

The questionnaire consists of two parts; the first involves the personal characteristics of the subject: gender, scientific qualification, experience, job title, while the second includes 58 items to measure the variables of the study which has been divided into six variables as follows:

Items (1 to 10) involve the measurement of the variable of the Goning-Concern of the business, items (11-20) involve the measurement of the variable of Owner equity, items (21-28) involve the measurement of the variable of accounting information quality, items (29-36) involve the measurement of the variable of having a financial reporting standard on Owner equity, items (37-49) involve the measurement of the variable of the multiplicity of the accounting measurement methods of items of Owner equity, and the item (50-58) involve the measurement of the variable of the failure and bankruptcy of companies.

7.Statistical Methods Used :

For the purposes of statistical analysis and study hypotheses, the descriptive analysis method has been used for the analytical process by using SPSS for allocating the following:

1. The recurrent distributions and percentages for describing the characteristics of the study sample.
2. Average and standard deviation to learn about the trends of the subject's answers.
3. Testing reliability for variables tool coefficients.
4. Simple regression coefficient to test the moral influential relationship between the dependent and independent variables.

7.1Study Tool Validity and Reliability:

To consider the validity of the study tool, the researchers introduced the phrases included by the study variables to a number of faculty members in the Jordanian universities and specialists. Some amendments have been added in the light of their recommendations. Moreover, the items of the questionnaire were subject to test reliability coefficients and measure the internal consistency of the study tool using (Cronbach's alpha) which was %92.4 that is an excellent rate for being more than 60%. As for the reliability coefficients for all the variables of the questionnaire individually, they all were accepted for being greater than 60%. Table (1) explains that:

Table (1) reliability coefficients for the variables of the study

reliability coefficient	variable
70.33	Going-Concern of the entity
80.80	Owner equity
73.6	Quality of Accounting Information
71.5	Financial reporting Standard to Owner equity
79.9	A M.M for items of Owner equity
74.8	Failure and Bankruptcy of Companies

8. Previous Studies

1- Qashlan, Basil Fahd and Shadash Hussam Ad-dean, 2011 (Effect of Applying the fair value approach on the financial statements of the Jordanian commercial banks in the light of the global financial crisis).

The study aimed at analyzing the effect of applying the fair value on incomes and the Owner equity of the Jordanian commercial banks for the years of 2006-2009. The two researchers compared the financial results using the fair value and those which were calculated under the historical value of the financial assets in accordance with IAS (39) over the study period and analyzing thereof based on their effect on income and Owner equity of those banks. The two researchers analyzed the variable of income and Owner equity of the Jordanian commercial banks for the results published by using the fair value in the light of the world financial crisis via comparing the results of the years of 2006, 2007 (pre-global financial crisis) with the years of 2008 and 2009 which are the period of the crisis. The results of the study showed that applying the accounting of the fair value reflect the real economic situation for a business as it is in the history of preparing the financial lists to reflect the appropriate value of the entity assets and applying the accounting of the fair value is what reflects the effects of the financial crisis on the financial statements so that they showed the truth. The study concluded that applying the fair value on the financial statements of the Jordanian commercial banks had a positive impact on the performance of banks administrations in taking good economic measurements and decisions based on appropriate statements reflecting the reality.

2- (Nour, Nasser, Alakeca, Zahir and Alakeca, 2011), (the crisis of confidence on financial reporting in the global financial crisis: causes , consequences and solutions) This study aimed at exploring the point of view of external decision makers (investors) and internal ones (departments of companies) on reasons that generated a crisis of confidence on financial reporting after the global financial crisis and identifying the obstacles that stand in the way of addressing those reasons as well as finally finding appropriate ways or solutions to reduce those barriers. The study found a number of results of which the most highlighted result was: the concern of investors about the vulnerability of the local market by the global financial crisis and their concern about the failures of the international companies. The most important obstacle standing in the way of addressing the causes of the confidence crisis was that everyone pursued the policy of reservation and not risking. The most important recommendations of the study were: finding a clear electronic government for protecting investments especially the confidence crisis of financial reporting in the light of the global financial crisis, appointing members of that government who should be experienced in the different fields of economy and determining standards measuring the transparency of financial reporting taking into account the degree of market activity.

3-(Abbad, Munir, 2004) (the impact of capital structure on the value and profitability of companies).
The purpose of this study was to show how managers make decisions on the structure of capital that is to mean is debt used to increase profits of a company or to increase its value (industrial companies listed at the Amman Stock Exchange between 1991 - 2000). The study concluded that there was a statistically negative relationship between the profitability of a company and the structure of capital meaning the more debts are, the less profits are. This was because of the fact that the cost of debts is higher than profits generated by using them in the investments of a company or companies should use self financing for their investments where that is more making profits. Also, the study concluded that there was a statistically positive relationship between increasing debts and increasing the value of a company.

4-(CAHIT ADAOGLU, MEZIANE LASFER Why 2011) , Do Companies Pay Stock Dividends? The Case of Bonus Distributions in an Inflationary Environment) , We assess the market valuation of an unusual form of stock dividends, referred to as bonus distributions, which are carried out by transferring the accumulated equity reserves, mainly the inflation revaluation equity reserves, to paid-in capital leaving the total equity unchanged. In the absence of cash substitution and transaction cost effects, we find positive excess returns on the announcement dates, particularly for the financially weak firms, suchas the non-cash-dividend-paying firms. We relate our results to the ‘paid-in capital hypothesis’ under which firms opt for bonus distributions to mitigate the impact of inflation on their eroding paid-in capital, to reduce their leverage defined as debt-to-paid-in-capital ratio, and to increase their credibility and borrowing capacity in a market of limited access to external equity financing. Although our results are also consistent with the retained earnings and signaling hypotheses, we find no support for the attention-getting, and a weak support for the liquidity Enhancement hypotheses observed in other markets

5-(Khan ,Allah Bakhsh , Shah, Syed Zulfiqar Ali 2012) , (The Impact of Retained and Distributed Earnings on Future Profitability and Stock Returns in Pakistan) , This paper discusses the effect of various components of earnings with the view to predict future profitability of firms and stock returns in Pakistan. This study has been undertaken to find out existence of some pattern i.e. persistence among different components of the earnings as well as their sustainability over the period, for future profitability and stock returns ,Conclusion Retained cash flows.

Current accruals and distribution to equity holders have significant impact on the net income where as non current accruals and cash distributions to debt holders have insignificant impact on the net income. It is not correct that impact of all the components of the retained earnings on the future profitability is equal. It is also proved that impact of components of distributed earnings is not identical. The findings of the study support to the previous studies in that persistence of components of retained earnings and distributed earnings are not equal in respect of predicting the future profitability. No significant relationship has been found between components of earnings and stock returns,

8.1 Previous Studies Assessment:

The researcher have noticed that many studies concentrated on one item of Owner equity such as re-estimating untraded assets or EPS , how they can be divided and the effect of that on the decisions of investors and structuring a capital or the item of held earnings and the way of managing earnings and measuring the impact of that on the decisions of investors. This study, however, tries to concentrate on Owner equity as a whole with and showing their effect on the Goning-Concern of a business and its ability to face future liabilities.

9.Theoretical Framework

Owner equity Concept:

We can say that Owner equity concept refers to contributions of owners of funds at the beginning of the life of a project and any changes thereto during the life of the project or the rest of the assets after excluding the value of liabilities. So the value of Owner equity depends on evaluating assets and liabilities. When property owners invest money in a project, the valuation of these assets is determined by the amount added or raised to Owner equity. When the results of processes are summarized, the increase in the value of assets is that which determines the amount of the net income added to rights of owners.

They are known as International Accounting Standards (Owners): They are the owners of financial instruments classified as equity. (Arab Society of Certified Accountants (Jordan) , 2011, p 379).
The registration of equity data is different in budget according to the legal form of a company and whether it is an institution, a company or a joint stock company as follows:
1. In an institution owned by a person, the capital of the owner of an entity is registered under the name of Owner equity.
2. In companies owned by two people or more, equity is registered as an amount of money for each owner as an independent owner under the name of the rights of partners.

3. In joint-stock companies, stockholders' equity term is used and it is one of owner's equity. It is unusual to be shown in the budget of equity for each stockholder especially in the case of large joint stock companies that include a great number of stockholders.
A business should also represent the following in the list of the financial centre or in the list of change of equity: Arab Society of Certified Accountants (Jordan), 2011, p 393)
A. for each class of shared capital.
1. The number of authorized shares.
2. The number of shares issued and fully outspoken, and the number of shares issued but not fully paid.
3. Par value per share, or that the shares have no par value.
4. Identical to the number of unpaid shares at the beginning and end of the period.
5. Rights, privileges and restrictions on that category, including restrictions on the distribution of dividends and repayment of capital.
6. Shares of project owned by the project itself, its subsidiaries or its affiliates.
7. Shares reserved for issuance under options and sales contracts, including terms and amounts.
B. A description of the nature and purpose of each reserve within owners' equity.
Statement of changes in equity:
A statement shows the changes that have occurred in each item of equity during the previous financial period, additions and contributions from the owners.

The property must display a statement of changes in equity with showing what follows in this statement:
1. Total comprehensive income for the period with the total amount attributable to owners of the parent company and the non-controlling shares separately.
1. For each item in equity has the effects of retroactive application that is recognized according to IAS 8.
2. For each item in equity, matching the value recorded at the beginning and end of the period with separate disclosure for changes resulting from:
A - Profit and loss for the period.
B - Each item of other comprehensive income.
C - Transactions with owners in their capacity as owners, showing the following separately:
- Contributions of owners and their distributions.
- Changes in equity in subsidiaries that do not lead to loss of control.
- It should also disclose the total amount of dividends as a distribution to owners during the period and the relevant amount per share whether in the statement of changes in equity or in the notes. (Mirza Abbas, Graham Holt G, 2011, p 25)

9.1Hypothesis of Equity Going-Concern:
According to this hypothesis it is assumed an entity will continue in the future indefinitely. Financial statements of general purposes are prepared in accordance with the Going-Concern hypothesis only if an administration had intended the liquidation of a company or halting its operational activity. When the use of the Going-Concern hypothesis is appropriate that means that assets and liabilities will be recorded on the basis that the entity will be able to realize assets and get rid of obligations within the normal course of business of the entity.
That means that it is expected for the entity a long lifespan. In the absence of verification of this hypothesis, the use of the historical cost basis cannot be justified, and there is no need for depreciation and amortization since there will be no basis for the classification of assets and liabilities (Nasser, Nur, Ibrahim, Nazmi, 2011, p 33)
Classification of items of Owner equity:
Shareholders' equity (equity) represent the value of what the project owners have of assets which show the net cumulative results from operations and past events (Abu Nassar, Mohammed, Fri, Hmeidat, 2013, p 39)
Owner equity usually include the following items:
1 - Core capital: This includes the nominal value of the ordinary shares and preference shares that must be displayed either in the heart of the budget or in the notes.
A stock is defined as a "negotiable instrument issued by a joint stock company and given to a shareholder representing his right in the company's capital stock, whereas shares are the main financing tool for capital formation in joint-stock companies, despite the fact that a shareholder participates in a business risk."
Capital is divided into:
A - Authorized capital: It is the capital that the company announces for when the registration of the company and must be covered during the two years of the establishment of the company.
B - Subscribed capital: It is the capital actually paid, which is subscribed by shareholders and founders and divides to shareholders ordinary shares are of the most important tools in present capital markets and that is because ordinary shares are the basis for capital formation where it is not possible for a joint stock company to be established without ordinary shares but it is possible that this company will continue without preference shares.
T - Extra capital: It is the increase in the financial value of the new shares subscribed for nominal value as a result of increasing the value of the company's financial share in the financial market and as a result of increasing the value of the company financially
Concepts of Capital Preservation:
Capital represents the main item in shareholders' equity, and is a major guarantee for the rights of creditors. Therefore, accounting seeks maintain the value of the capital from falling since the basic rule states that profit or dividends of the invested capital is not recognized in only after recovering or maintaining their value. (Matar, Mohammed, Sweiti, Moses, 2012, p 168).

The conceptual framework also shows the existence of two concepts of capital; a financial concept and the materialist concept where most of the facilities follow the financial concept of capital. (Riyadh, Abdullah, 2009, p 285).
Financial concept: assets - liabilities = net assets created
Materialist concept: is the operational capacity of an entity of daily production units or operating hours of machines.
The capital structure theories proposed a number of factors that will affect the combination of the company's capital structure. Ones of the most important of these factors (Abbad, Munir, Master, Yarmouk University, 2004, p 23): are
1 - Rate of fixed assets: - the greater the rate of fixed assets, it is easy to get a loan to expand projects where these assets are useful as a collateral for loans. These assets also play a vital role in restricting the actions and behaviors of management and reduce management's ability to take advantage of many privileges. In other words, a loan plays a monitoring role in this area.

2 - Tax impact: - if debt financing gives a company a tax exemption, it is expected that a company will depend on it more, as long as it is able to achieve gains from it.
3 - Size: - characterized by large companies are characterized with being more diversified of the nature of work and geographical distribution , therefore they are less likely to risk (less prone to financial crises that lead to bankruptcy).
4 - Growth: - companies that have a high proportion of growth are more prone to the problem of authorization where they have many chances of investment opportunities and here the role of management comes in the selection of a project which presents benefits to shareholders especially and society in general and not to select projects on the basis of personal benefits since these companies can rely on short-term loan financing rather than rely on long-term loans to reduce the problem of authorization.

5-Profitability : if companies with a high proportion of profits distribute dividends to shareholders, they must keep with a proportion of retained earnings. Based on the theory of funding prioritizing, a company is expected to rely on its own resources to finance its new projects rather than relying on borrowing (inverse relationship between profits and borrowing).

9.1Reserves:
Definition: they are the amounts deducted from the net profit for a particular purpose or goal sought by an institution or an application of provisions Companies Act. (Abdullah, Khalid, 2011, p: 398)
Hence, reserve is a distribution of profits and losses on the contrary of a custom of which is a burden on profits and losses. According to the American Institute of Chartered Accountants, the term reserve is used to indicate amounts booked from net profits to meet specific purposes or to achieve specific objectives. (Abdullah Khalid, 2004, p 172)
Reserves are one of the items equity that appear in the credit side of a budget and they are to protect a company of any emergency caused by external circumstances not expected by a company which means that a reserve is each amount held in net profits for purposes that not are allocated and this is for meeting or realizing certain goals (such as supporting the financial position of project financing obligations repayment). (Al-shamaa', 1999).

Characteristics of reserves:
The characteristics of the reserves are as follows:
1 – They function to calculate the distribution of profits.
2 – They are deducted from net profits that they are subject to income tax.
3 - Their utility returns to shareholders.
4 – They are accumulated year after year if they are periodical undistributble.
5 – Their position is in the balance sheet and therefore they constitute a source of financing the company and is considered a protective shield to the company's capital.

6 - The possibility of investment reserves as a bills payment reserve investment to purchase some shares of joint-stock companies or purchase other government bonds such as development bonds or purchase bonds issued by public institutions with a government bail.

Reserves are configured when an institution wins at the end of the fiscal year, if this institution is a PSC institution it is obliged to deduct a certain percentage of the profits after deducting the tax due on it and converting it to different accounts of reserves.
This action is to calculate the distribution of profits and losses so that net profits are relayed after deducting the tax to the credit side of it. However, in the side of debit, different reserves are within a certain percentage defined by the laws of each country, as well as deductions for research , development , rewarding the board of directors of a company (within the law) and any proposed dividends from the rest of the profits (a percentage of the paid and registered capital) to shareholders.

The remaining balance goes into the new year and appears in the budget within equi
Reserve with all its kinds ;legal and mandatory and optional and risk reserve is an immediate cut from annual profits of a company's and with certain proportions governed by laws and regulations applicable in any country so that when calculating net profit after tax the remainder is distributed, including reserves , directors' remuneration , research dedicated ,development and distribution of profits to shareholders in the case of public companies and the balance of the rest of the recycled profits for the next year.
Reserves are in order to meet extraordinary losses that might a company face as a result of unforeseen circumstances, therefore, it is necessary not to use legal reserves in non-purpose, for example to cover some of the losses or expenses or use them in the conduct of distributions to shareholders. Legal reserve, however, can be used only to compensate for a shortfall which may take place to some of the company's assets as a result of their exposure to unforeseen dangers. Laws may state for the formation of other reserves other than the legal reserve as it is in the Jordanian firms law.

9.1.1Types of reserves: the types of reserves can be as follows: -
1 - General Reserve:
The general reserve is in order to strengthen the financial position of a company and make it more able to cope with any unusual circumstances. The general reserve is based on the approval of the General Assembly and t funds accumulated from the general reserve represent an internal source of funding internal to a company and thus it supports its financial position. A company can use the general reserve to cope with a loss or for expansions. On the other hand, the general reserve can be used to make distributions to shareholders to maintain the distribution usual rates and in that the general reserve differs from the legal reserve, which is not available for distribution to shareholders despite the fact that they share the point is that the primary purpose of formation is to strengthen the financial position of a company.

2- Capital reserve:
The capital reserve consists of revenues that caused by actions that are not related to the normal activity for a company or as a result of processes related to fixed assets or liabilities. For example, profits may result from operations relating to the sale of some fixed assets as a result of indispensable or a decision of replacing or the re-evaluation of fixed assets or compensations collected by a company for fame or for a brand. All these revenues have the nature of capital earning and do not fall within ordinary profits realized by a company as a result of its ordinary action. The same, there may be revenues resulting from payment of certain obligations fixed at less than their face value as it is the case when a company purchases its bonds at less than face value and therefore the capital reserve consists of revenues relating to capital operations and do not fall within the company's ordinary profits (Abdullah, Khaled, 2011).
3- Reserve of Expansions and Renovations:
Companies resort to format of a reserve to meet necessary expenses for the purchase of some fixed or traded assets for the expansion of the company's business and resort to borrowing or increase capital to implement its expanding aims. It is noted that the reserve of expansions go to the general reserve if it has a balance after being used it to purchase assets necessary for expansions a company deems necessary. The deportation of

balance in this case to the general reserve is due to the fact that the reserve of expansions has exhausted its purpose.

4 - Reserve of Re-bonds

The reserve of re-bonds is to provide funds necessary to take action to the value of bonds in their maturity. The composition of this reserve ensures bondholders access to the value of their bonds at due dates s in addition to the benefits of such bonds.

5 – Reserve of Re-estimate:

It is the amount of the increase or decrease in the value of the tangible assets of a company as a result of an increase or decrease in its market value or the passage of time and the estimation of its value or re-calculating at fair values or what is known as gains and losses of tenure.

6 - Secret Reserve

Secret reserves take place as a result of a management use of means leading to show shareholders' equity in the budget with a rate that is less than the real value and the means that lead to the existence of secret reserves.

Researchers believe that the definition of reserves should be as follows: amounts held from a company's profits to strengthen the financial position of the company in cash and used when needed according to the following conditions.

A - These reserves should be actual and outstanding in the statement of financial position of a company and in a separate item at the bank.

B - These reserves should represent real profits of an entity.

C - The main objective of reserves is to maintain the Goning-Concern of facilities and the prevention of financial failure.

Retained profits: they are the gross profit accumulated since the establishment of an entity without cash dividends to shareholders. An establishment often has several alternatives for the spending net income after deducting taxes. For example, net profits may be distributed to shareholders or book a part or all of these net profits to reinvest in a business away from the desire of shareholders to obtain profits. However, reinvesting these can lead to reduce the cost of funds, which the establishment needs. This also leads to increase shareholders' value in the entity and thereby increase the shareholders' and may be converted after a while to capital and this is what leads to increase its value through the market value of the new shares issued. Generally institutions tend to hold a part of the net profits for the purpose of conducting some expansions or purchasing some assets and sometimes to increase the proportion of liquidity in the hands of the company if necessary to reduce the risk of short-term (Naimi et al 2011).

Treasury Stocks: treasury stocks are one of the components of Owner equity and represent buying issued shares of a facility for their shares and shown subtracted from the cost of purchasing Owner equity.

Some items of comprehensive income: that appear within the Owner equity, such as the net change in reduced fair value of financial investments prepared for sale , the profit and loss not realized when translating the financial statements of a foreign facility prepared in foreign currency and the reserves of re-estimation of tangible and intangible assets.

Uncontrolled Rights (minority rights): they are the rest of remains owners of a subsidiary or old shareholders of a company before completing its sale; a minority share in the net assets of an entity and this account is summarized when (preparing of financial statements of a unit within the item of Owner equity in a separate item).

Income concept: an income represents one of the most important items that affect all Owner equity either by the increase or decrease as is reserves are calculated and retained earnings based on the result of the income statement. Accounting income and economic income represent a point of disagreement between accountants and economists since time immemorial and we accountants agree with economists that the economic income is more accurate and correct, but cannot be measured for many reasons as the economic income depends on the use of fair value in all accounting measurements and this is impossible from our point of view due to the fact of the lack of active markets, especially for fixed assets. For example, the accounting income is measured as it is known with the mechanisms used now by accountants whereas the economic income is measured to learn about the change of Owner equity that is by comparing net assets of an entity at the end of the period with net assets at beginning period provided that they are measured at fair value to take inflation factors or recession into account. One of the most important defects of the accounting income is its reliance on historical cost and personal use of estimates in a wide range of issues and not being able to measure certain items such as goodwill and internal cost of human resources. Some of the most important defects of the economic income defects are inability (reliable measurement mechanisms) to measure all the items at fair value.

Capital components (according to the Basel Committee (1) :
1 - Capital adequacy ratio according to Basel Principle:
Basel Committee revised a consolidated capital adequacy that it put a minimum of the relationship between capital concept with a way that is more comprehensive from the one hand and between the assets and liabilities on the other hand that are of 8%, that is with giving the right to any state to be more stringent. It has become accepted that the assessment of the solvency of banks in the field of international transactions is linked to the extent that they meet this standard, on which credit risk focused. it also means the need to focus on asset quality and the adequacy of the reserves to be configured.
Components of Capital and in accordance with the decisions of the Basel Committee:
Capital consists of the two tranches; the first represents core capital and the second represents the supplementary capital with no more than 100% of core capital.
It is not also allowed for the inclusion of entire reserves and allowances for doubtful debts within retained allocated reserves, nor also it is allowed for the inclusion of the difference arising from the revaluation of real estate or buildings owned by banks or that are invested and which are subject and of which their market values exceed much cash cost.
Decisions stipulated that supplementary capital may not be more than 100% of core capital at maximum and an item of indebtedness to others may not be more than 50% of supplementary capital.
The capital adequacy is determined according to the following considerations:
Capital’s division into two groups or two tranches:

A - Core capital includes shareholders' equity + reserves declared and legal reserves + undistributed or retained profits.
B - Supplementary capital includes undisclosed reserves + reserves of assets revaluation + reserves against bad loans + medium-and long-term lending for shareholders + securities (stocks and bonds converted into equity after a period).
The following conditions must be respected in the capital:

- Supplementary capital may not be more than core capital.
- The percentage of loans that a bank gets from shareholders may not exceed and that fall within this framework, 50% of core capital.
- Revaluation of reserves of assets shall be subject to certain considerations (55% discount for a possible subject of this difference to the tax upon the sale of assets), as well as securities that convert into equity (shall be repaid after the rights of depositors and shareholders).
- In order to accept any confidential reserves within the capital base of support to be approved by the regulatory authorities and to be through the profit and loss account and do not have a custom recipe and some states do not allow this.
Reserve: a sum of the net profits held for purposes other than for which the dedicated is and that are for purposes or achieving certain goals (such as supporting the project's financial position, financing obligations repayment) why all of them are configured.

From the previous definition of reserves, it is clear to us that the reserve is configured for the following reasons:
1. Strengthening the financial position of an entity (such as the legal reserve and general reserve).
2. Helping in the implementation of certain administrative policy (such as the renovations and expansions reserves, reserve of increasing prices of fixed assets).

3. Reserved used for emergency purposes or when needed to protect companies from financial distress.
3. Reserves designed to help a state in the implementation of the economic development plan.
The researchers believe that the standards of the Basel Committee (1 + 2 + 3) focused on protecting the international financial institutions (commercial banking sector) despite being public joint stock companies and what has been applied to a type of public shareholding s must be applied to other companies to protect them from bankruptcy and financial distress in terms of the adequacy of capital and did not focus on the protection of the rest of the economic establishments even though they constitute a single integrated economic unit. The researchers also believe that the decisions of the Basel Committee and its decisions and conditions are applicable on all types of businesses, especially since these decisions helped protect banks from bankruptcy and financial distress during the global financial crisis (2008 - 2012). These decisions are considered by the Basel Committee evidence and a guide for the application of corporate governance in Jordan effectively protecting the national economy.

Accounting measurement for booking reserves and amounts of cash earnings and the impact on the total economy:
That the process of remanding a reserve with amounts of cash invested with a bank helps to increase rates of liquidity and thus increase inflation. On the other hand, the detention of these amounts also lead to rein those companies from expansion more than their actual size which means they do not rely on borrowing which threatens the stability of those companies and then their bankruptcy, as it happened in the global financial crises and that is mainly due to to their inability to cover current expenditure, which is mainly a problem of liquidity that can be solved by holding reserves and profits, especially when those companies resort to exploit their estimated surplus cash at expansions and renovations, with increasing rates of loss in those facilities and increasing the proportion of financial stumble that those profits and reserves are still amounts of discretionary absolutely and but that can be checked out after a period of time where those estimates turn into actual amounts.

9.2Financial reporting standard for Owner equity:
Researchers believe that it is necessary to develop a specific standard of financial reporting for Owner equity to be a mentor and guide to all accountants, to limit the interpretations of accountants and their personal estimates when preparing financial statements and final accounts, to prevent manipulation and develop a set of restrictions and conditions on the boards of those facilities when estimating to borrow or increase a company's indebtedness.
The purpose of the reserve must be specified. Traditionally, the process of booking reserves is to maintain core capital at the beginning of the project life , to meet the rise in the prices of goods and services, to meet the shortfall in the value of tangible assets and to facilitate the process of replacing at the end of its useful life as a result of use.
The financial reporting standard for Owner equity must state that the reserve is used for the purpose of expansions and renovations and should be intended to increase capital at a company's need for additional funds instead of increasing indebtedness of a company, as is the situation now.

A set of conditions must be developed on all the items of Owner equity as follows:
A – The rate of working capital (rolling) to fixed capital should not be more than 50%.
B - Reserves with all divisions and retained earnings should not be more than 100% of the authorized capital.
C - Reserves and retained earnings should be capitalized when they are already held.
D- Reserves shall not be rotated for more than five years, while profits shall not be recycled for only two years as it is stated of the Jordanian law of firms this matter shall be controlled by these companies.
E - Debt obligations of a company to the authorized capital shall not be more than100%.
The researchers believe that the main objective of holding reserves is to strengthen the financial position of a company and to cover the shortcoming in cash to cover future liabilities of the company. The main reason for faltering companies and being bankrupt is that the reserves represent the increase in the value of the assets of the company in general but not being held already in a bank. The question that the study raises is how an entity

declares bankruptcy wand has large amounts of reserves, while monetary in the statement of financial position does not exceed tens of thousands through the analysis and study of the annual reports of the Jordanian public shareholding companies losses in extinguishing their losses in the optional or obligatory account.
Economically, a state holds cash to meet with the Central Bank to cover its currency cash and face financial future liabilities of imports or demand for global currencies. When linking those currencies in 1970 with economies of these countries instead of the gold role , the world faced problems and economic crises and global economic collapse for rates of local currency as it is in the private sector as the majority of companies face problems of financial difficulty due to the lack of holding those reserves and retained earnings. The process of developing a standard financial reporting for Owner equity and reservations with amounts of cash , determining the proportion of debt to capital and determining the percentage of reserves and retained earnings to the authorized capital still need more research and study to show the impact of that on the total economy of particular countries.

10.Study Framework

Results Analysis and Testing Hypothesis
Analyzing Functional and Personal Characteristics

1. Gender

Table (2) the distribution of the answers of subjects of the research sample about gender variable

It is clear from Table (2) that the bigger percentage of the study sample were males and their percentage is 77.6

1) The Scientific Degree:

Table (3) the answers of the research sample about the scientific degree variable

Scientific Degree	Repetition	Percentage
Diploma	4	%4.1
Bachelor	62	%63.3
Higher Studies	32	%32.7
Total	98	%100

It is noticeable from table (3) that the percentage of people who have a Diploma is 4.1%, in addition the percentage of people who have a Bachelor degree is %63.3, and the percentage of people who have a Higher Degrees is 32.7%; furthermore 50% have a PhD.

2) Experience: (practicing accounting as a profession)

Table (4) the study sample's answers about the Experience Variable

Experience	Repetition	Percentage
Less than 1 year	6	%6.1
Less than 5 years	36	%36.7
(5-less than 10)	28	%28.6
More than 10	28	%28.6
Total	98	%100

It is noticeable from **Table (4)** that the percentage of people who got less than 1 year experience is 6.1%, and 36% their experience reached from a year to less than 5 years, but all the rest of percentage is more than 5 years.

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3) The specialized in companies Experience:

Table (5) the study sample's answers about the specialized in company experience

specialized in company experience	Repetition	Percentage
Less than 1 year	18	%18.4
Less than 5 years	38	%38.8
(5-less than 10)	18	%18.4
More than 10	24	%24.5
Total	98	%100

It is clear from Table (5) that the percentage of people who got less than 1 year experience is 18.4% , the people who got an experience between (1-5) years is 38.8%, the people who have an experience of (5- less than 10), and the rest is more than 10 years.

4) Job Title:

Table (6) the study sample's answers about Job title a variable:

Job Title	Repetition	Job Title
Accountant	**30**	**%30.6**
Financial Manager	**22**	**%22.4**
Auditor	**18**	**%18.4**
Other	**28**	**%28.6**
Total	**98**	**%100**

It is clear from table (6) that the percentage of Accountant is 30.6%, the percentage of Financial Managers is 22.4%, and the percentage of Auditors is 18.4% and the rest work in other jobs.

The analysis of the answers of the study sample about the study variables:

The analysis of the answers of the study sample about the continuation of the institution:

The Standard Deviation and the mean both have been extracting to describe the answers of the study sample about the study variables:

Table (6) the Mean and the standard deviation of the study sample's answers about the continuation of the institution

Sentence	Mean	Standard deviation
The bussinsse continually for instituation could be determine by the Auditor	3.7755	.86788
Some institutions do not depend on self finance in operating its activities	4.1020	.68096
The management of the institution some time intervene in the decisions of the company's mortgagee and their trust in its Going-Concern	3.8571	.81228
There is a positive relationship between the current assets and the institution Going-Concern	3.9388	.82257
The project continuation depend on the fund of the project owners	3.5306	1.07650
The effect of the funding problems on the continuation of the institution	4.0204	.89649
There is no legitimate that may guarantee the continuation and the protection of the institution	3.6939	.93509
There is a negative relationship between the percentage of debts and the continuation of the institution	3.9787	.84215
The continuation is estimated which depend on the successful of the project management in providing the required funds for its different activities	4.0816	.80812
The historical coast concept is the most related concept in the continuation of the company	3.8163	1.00869

It is clear from Table (7) that the average of the study sample's answers for each text of the continuation of the institution variety came more than the average of measuring tool (3) which means that their attitudes were positive.

Analysis of the study sample's answers about the properties rights:
Table (8) that clarifies the averages of the study sample's answers for each text of the Owner equitycame more than the measuring tool (3) which means that their attitudes were positive.

Sentence	Standard deviation	Mean
Some projects do not depend on Owner equity in funding its activities and inner growth	.84925	3.9796
Some institutions use the reserves to end the losses retained from previous years	.82818	3.8776
Measuring the level of reserves and retained profits which enhance the financial position	.68589	4.0612
The main reason to lose in any company is not determining a maximum limit for debts on the capital	.87656	3.8776
The financial year do changes on the averages of the optional reserve or the yearly retained profits according to the percentages of the yearly earrings and without conditions for that	.95996	3.8367
Recycling the profits for more than 2 years is something contradict with the Jordanian companies law	.98319	3.7917
There is a negative relationship between the percentage of debts and the fixed capital for the institution	.89345	3.7083
It is differ to disclosure the Owner equity in clarifying the financial position according to its legal position	.73866	3.9583
There are no clear legitimates which determine how to shape the types of reserves and the conditions that must be provided with the accounting solution for it	.92528	3.8333
There is disagree in between the benefits of the institution and the benefit of the owners as considered that the Owner equity is a requirement for the owners	.80350	4.1667

Analyzing the study sample answers about the quality of the accounting information:
Table (9) clarify the averages of the study sample answers for each text about the quality of the accounting information which came more than the average of the measuring tool (3) that means that their attitudes were positive

Table (9):

Sentence	Standard deviation	Mean
The degree of the quality of the accounting information is an evidence of the possibility of the institution continuation	**.68793**	**4.2292**
The verity of the accounting measuring effects proudly on the quality of the accounting information	**.70958**	**3.9583**
Provide the financial statement according to the relevance historic cost for the decision makers	**.79361**	**3.9583**
The degree of information reliability depend on the right measuring of all the Owner equity	**.60263**	**4.1250**
Measuring the propriety rights according to its historic cost limit the degree of reliability as appropriate data and limit its realism	**.68793**	**3.8958**
Understanding data and closing financial coast raise the degree of its quality and facilitate the comparison	**.75829**	**4.1875**
Using a united accounting ways for all the Owner equity like trust and credibility for the company's data to investors	**.79472**	**4.0000**
The accounting measuring with the at fair value is a process that effect on the quality of the accounting information and the degree of reliability as a real data	**.92314**	**3.8958**

Table (10) standard deviation and mean for sample answers about financial standard for Owner equity.

The term	Standard deviation	mean
29-The need for a private financial reporting for Owner equity to facilitate the work of accountants and auditors also unites them.	**0.68404**	**4.1633**
30- Accounting standards unification process and raise quality facilitate the process of disclosure and comparison between institutes.	**0.74188**	**4.1633**
31-Using of standard financial reporting of Owner equity Make credibility and confidence to the company's data to current and future investors.	**.75742**	**4.1250**
32-There is clear accounting standard defines the percentage reserves of retained profits to the authorized capital and capitalization conditions.	**.86155**	**4.0000**
33 - The accounting standards and financial reporting standards guide and mentor to all accountants in order to consolidate the financial statements and easily comparable at the international level.	**.66216**	**4.1224**
34- Finding of accounting standards and financial reporting standards and U.S. accounting standards disperses work accountants and academics also difficult to compliance it.	**3.5714**	**.1.03545**
35- There are no in accounting standards for the use of reserves and the conditions which to be met for capitalization or when to put them out to a loss of the company.	**3.6122**	**.85714**

The term	Standard deviation	mean
36-No clear accounting standards known reserves and retained earnings and their purpose and how to spend or capitalized or accounting treatment and conditions.	3.6122	.96999

Analysis of the sample answers about multi- methods of measurement accounting variable for items of Owner equity.

Table (11) that shows the average answers of the sample for each paragraphs of multiple accounting measurement methods variable was more than the average of measurement tool (3) which indicates that their attitudes were positive..

Table (11) standard deviation and mean for sample answers about multiple accounting measurement methods for Owner equity

The Items	mean	Standard deviation
37- Entrance of the historical cost in accounting measurement based on assuming the stability of the unit of measurement.	4.0816	.85763
38- Different methods of accounting measurement leads to accounting measurement bias.	3.8571	.83728
39- The multiplicity of accounting measurement methods and its flexibility leads to heterogeneity of the financial position paragraphs	3.8542	1.02576
40- The process of accounting measurement with historical cost in institutions or fair value at similar institutions have lead to differences in the results from one project to another, and the degree of profitability this making compare process difficult , making it difficult to compare.	4.0408	.75871
41- historical cost gives basis, sufficient flexibility for personal interpretations and precision in accounting measurement.	3.8333	.85430
42- the accounting measurement process affect on the quality of accounting information and the degree of reliability.	3.7755	.93644
43-determinants of income as a result of the project work of the profit or loss have been according to the accrual basis and therefore affect the measurement reliability Owner equity.	3.8571	.81228
44-the accounting measuring for the Owner equity face many problems like the variety of ways of measuring and the person who do accounting measuring	4.0204	.74584
45- the international standards determined many ways for measuring the different Items of the financial statement	4.0408	.70226
46-abortable the adoption of fair value was a reason in the global financial crises	3.7500	.80786
47- the degree of quality and the appropriate of the issued financial statement for the facilities at the balance of the different measurement methods for the assets	3.8571	.81228
48-the reserved and retained profits should be measured according to the cash basis	3.6939	.93509

The Items	mean	Standard deviation
49 if the person who do the accounting measuring differ that leads to a bias in the accounting measurement	**3.7551**	**1.04597**

Analysis of the subjects' responses of the research on the variable of faltering and bankruptcy of companies
Table (12) shows the average answers of the sample for each variable of faltering corporations and bankruptcy to all items of Owner equity are greater than the average of the tool measurement indicating that the trends were positive
Table (12) shows means and standard deviation of the sample about the variable of faltering corporations and bankruptcy a to all items of Owner equity

Mean	Standard Deviation	Item
3.8163	**1.04878**	**-50 Do you think reserves and retained earnings should be measured only in accordance with cash basis.**
3.8571	**.83728**	**-51 The reason for faltering many companies lies behind the fact that reserves and retained earnings depend on the result of the statement of comprehensive income, according to an accrual basis.**
4.1224	**.85271**	**-52 There is a direct correlation between the risk to a facility faces and its dependence on financing by borrowing.**
4.1020	**.76643**	**53 The item of property represented by management has a significant impact on determining capital's structure.**
3.9592	**.75871**	**.-54 Economic problems expected to occur were not linked to contemporary accounting problems.**
3.8571	**.83728**	**-55 The absence of legislation with Jordanian Companies Law determining the ratio of debt to capital contributes to faltering many companies**
3.8163	**.82920**	**-56 The process of capitalization of reserves according to the accrual basis leads to decrease a project's capital under conditions of economic inflation in the long term.**
3.6531	**.89790**	**-57 The process of capitalization of reserves and retained earnings contribute to the bankruptcy of many entities and gives doubt in their ability for Going-Concern.**
3.8163	**.85370**	**-58 The high rate of foreign debt leads to a faltering and bankruptcy of companies.**

We note from the above tables that trends of the sample were positive towards all the variables of the study because their arithmetic averages are greater than the average of tool measurement (3). Table (13) shows the mean and standard deviation for each of the study variables, all of which were greater than the measurement tool (3) and the variable quality of information is the most agreed upon variable since its arithmetic averaging was (4.0312).

Table (13) shows the mean and standard deviation for each of the study variables

Mean	Standard Deviation	Variable
3.8769	.44036	Goning-Concern
3.9020	.51792	Equity
4.0312	.38857	Information Quality
3.9224	.44657	Accounting reporting Standard
3.8798	.47608	Measurement Methods
3.8889	.49331	Failure and Bankruptcy of Companies

Analyzing the results of the test of hypotheses
First hypothesis
Ho: there is no effect significant statistically relationship between equity and the Going-Concern of the company.
Ha: there is an effect significant statistically relationship between equity and the Going-Concern of the company.

Table (14) shows the results of testing the analysis of a simple regression for the first hypothesis

R^2	R	H0 result	t SIG	t Tabulated	T calculated	Independent variable:
0.431	0.657	reject	.000	1.9847	8.528	Goning-Concern of Entity

Independent variable: Owner equity

The test of the analysis of a simple regression has been used. By reviewing the table (14), we find that the calculated value (t= 8.528) is greater than the tabulated value. Once the decision base accepts the null hypothesis if the calculated value is less than the tabulated value and rejects the null hypothesis if the calculated value is greater than the tabulated value, therefore we reject the null hypothesis and accept the alternative hypothesis. This means that that there is an effect significant statistically relationship between equity and the Going-Concern of the company which is good assured by the value of the correlation coefficient which is (0.657). The independent variable of, Owner equity, explained (0.431) of the change in the dependent variable, the Going-Concern of an entity.

Ho: there is no effect significant statistically relationship between the existence of a standard of financial reporting on equity and the quality of accounting information.

Ha: there is an effect significant statistically relationship between the existence of a standard of financial reporting on equity and the quality of accounting information.

Table (15) shows the results of testing the analysis of a simple regression for the second hypothesis

R^2	R	H0 result	t SIG	t Tabulated	T calculated	Independent variable:
0.209	0.458	rejected	0.000	1.9847	4.99	Existence of a standard of financial reporting on equity

Adopted variable: the quality of accounting information.
The test of a simple regression has been used. By reviewing the table (15), we find that the calculated value (t= 4.99) is greater than the tabulated value. Once the decision base accepts the null hypothesis if the calculated value is less than the tabulated value and rejects the null hypothesis if the calculated value is greater than the tabulated value, therefore we reject the null hypothesis and accept the alternative hypothesis. This means that that there is an effect significant statistically relationship between the existence of a standard of financial reporting on equity and the quality of accounting information which is medium since the value of the correlation coefficient is (0.458). The independent variable, the existence of a standard of financial reporting on equity and the quality of information, explained (0.209) of the change in the dependent variable, the quality of accounting information.

11.Results and Recommendations

11.1Results:

First: The study showed that there is a relationship impact between Owner equity and the Going-Concern of the company which was good but not strong, suggesting that Owners equity have a relationship with the Going-Concern of the company but does not represent the only factor that affects the Going-Concern , but there are other factors not addressed in the current study.
Secound : The study showed that there is a relationship of statistically impact between a standard financial reporting on Owner equity and the quality of accounting information which was medium and not as strong, which gives us an indication that having a standard of financial reporting on Owner equity has a relationship with the quality of accounting information but is not the only factor that affects the quality of accounting information.

11.2Recommendations:

According to the foresaid results the researchers recommend the following :
1 - The need to develop an financial reporting standard on Owner equity, stating the accounting treatment for various items and specific definition universally for reserves and purpose and to determine the ratio of debt to capital or total equity at a minimum or maximum.
2 – Working on the fact that represents funds collected from the reserve represent a source of internal financing for the company actually and reserves and retained earnings should be held with amounts of cash to protect entities from bankruptcy or financial distress.
3 - The need to develop text linked to the law of firms that shows a definition of reserves and retained earnings and the methods of using them.
5 – A proposal to amend the Companies Act to allow the exercise of control over the performance of management by shareholders as well as determining the ratio of debt to owned capital.
6 - The need to unify the accounting methods of measurement for all items of Owner equity to maintain the Going-Concern of facilities and protecting them from financial bankruptcy.

7 - The application of the Basel (I + III + II) to all kinds of companies to protect them from financial distress or liquidation and bankruptcy especially involving the average of capital adequacy or its components because it gives more confidence to creditors. Moreover, the government should be more stringent with regard to capital adequacy.
8 - Encouraging the efforts of academics and researchers in unifying the standards of accounting for different countries to get to standards applied by all countries.

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