



USERS' PERCEPTIONS OF ANNUAL FINANCIAL REPORTS IN THE LIBYAN ENVIRONMENT

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Abstract

Over the last few years the Libyan government began to introduce economic reforms, privatisation programs and opened for the first a Libyan stock market. The aim is to lead the country towards a market economy. In addition, it is an attempt to boost private sector activities and expand the ownership structures of business. Therefore, many business and investment barriers and constraints have been removed and more liberal economic policies have been adopted. As a result, these reforms led to increased interest in the information provided in the corporate reports. Therefore, this study aims to investigate empirically the usefulness of annual financial reporting of Libyan listed and unlisted companies and to determine external users' perceptions of demands for additional information in annual financial reports published by Libyan listed and unlisted companies.

To achieve this aim, two research methods were undertaken. The main method is a questionnaire designed to analyse the perceptions of five external user groups of corporate annual reports namely individual investors, institutional investors, financial analysts, stockbrokers and external auditors. This research instrument seeks to gather the respondents' perceptions about different aspects surrounding corporate reporting. This includes the importance of corporate reports, usage, understandability, the usefulness, adequacy of disclosure and demand for additional disclosure. Moreover, the questionnaire method has been supported by semi-structured interviews which aim to gather qualitative data.

The results of the study revealed that the corporate annual report is the most important source of corporate information relied upon to make investment decisions or recommendations. The results also showed that the balance sheet and income statement are considered as the most important sections in annual reports.

Another important result of this study indicated that all user groups of this study considered that the annual reports of Libyan listed companies are in general more useful than the annual reports of Libyan unlisted companies.

Regarding unlisted companies, users complained of lack of qualitative characteristics of information such as credibility, materiality, neutrality, timeliness and comparability and consistency between different companies within a single industry.

The results also indicated that the Libyan stock-market has had a positive impact on the degree of disclosure and transparency in the annual reports of listed companies. In addition, the results showed that respondents are generally somewhat satisfied with the information provided in annual reports of listed companies but they are dissatisfied with the information provided in annual reports of unlisted companies.

On the other hand, respondents surveyed expressed demand for additional disclosure of information, especially future-oriented information such as distribution of the expected profits item and future plans of the company item which are not regularly published in corporate annual reports, even though these types of information were perceived by respondents to be the most important items for securities investment activities.

Finally, the respondents' characteristics (occupation, education and experience) have influenced on their perceptions in many issues in this study.

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Dedication

I would like to dedicate this piece of work to:

*My parents for their seemingly never-ending patience, tender loving care,
support, encouragement and prayers,*

*“My Lord: Bestow on them thy mercy even as they cherished me in
childhood.”*

My Brothers and sisters and all my Teachers

My wife and children for their patience

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CHAPTER ONE

INTRODUCTION TO THE RESEARCH

1.1 Introduction

This chapter aims to outline the rationale for conducting this study and to provide a general introduction to the study. Section 1.2 provides a background and the justification for the study. Section 1.3 presents the research aim and objectives. The alternative financial accounting research approaches are presented in section 1.4. Section 1.5 highlights the contribution to knowledge of the current study. Finally, section 1.6 presents the structure of the thesis.

1.2 Background to the Study

The main objective of financial reporting as indicated by International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in Conceptual Framework for Financial Reporting issued in September 2010 is:

“The objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity” (2010:10).

In addition, the importance of financial reporting is emphasized by the Financial Accounting Standard Board (FASB, 2008) in the Statement of Financial Accounting Concepts No. 1 (SFAC No. 1) as amended, which states that:

“Financial reporting should provide information that is useful to present and potential investors and creditors and other users in making rational investment, credit, and similar decisions” (Paragraph 34).

The annual financial reports as a final product of financial system is important to provide financial data and information that meet and suits different users with different needs (Zayoud, et al., 2007).

Thus, the corporate annual reports are considered as a mass communication medium (Parker, 1981). Therefore, information contained in corporate annual reports should be useful to shareholders and other users in their investment decisions; otherwise they may get information from other sources. One of the important roles of accounting is to communicate economic and financial information about firms to decision-makers. For this type of information to be of direct value to users, it must be sufficiently reliable to assist decision-makers. This requires that information provided by firms must be relevant, reliable, comparable and consistent (FASB, 2008) (SFAC No. 2). Indeed, some researchers argue that companies' annual reports are not the main source of information and that other sources are deemed to be more important and useful than corporate annual reports (e.g. Ball and Brown, 1968; Baker and Haslem, 1973; Benston, 1974 and Bartlett and Chandler, 1997). For example Benston, (1974) states that,

“The study that relates published accounting statement data with stock prices leads to the conclusion that the data either are not useful or have been fully impounded into stock prices before they are published. Since these studies use relatively simple decision models; evidence of the professional analysts' ability to use financial data for stock choices was reviewed. This evidence also supports the conclusion that the accounting statements are not useful; or timely; or both” (1974:35).

However, the demand for financial reporting and disclosure arises from information asymmetry and agency disputes between managers and outside investors. The believability of management disclosures is enhanced by regulators, standard setters, auditors and other capital market intermediaries (Healy and Palepu, 2001).

Annual financial reporting has attracted a number of researchers in both developed and developing countries (Perera and Baydoun 2007). Until recently, however, very little work had been done in Libya on corporate reports and their usefulness in meeting users' information needs and hence, until recently, little was known about their adequacy and effectiveness compared to other sources of information. Therefore, this thesis will focus on importance and usefulness of annual financial reports in Libya for investment decision-makers.

The usefulness of annual financial reporting in the decision-making processes of investors and creditors has occupied an important position in accounting research (White et al.,

2002). It has been the subject of much research in both the developed and developing countries (e.g. Ball and Brown, 1968; Pankoff and Virgil, 1970; Baker and Haslem, 1973; Chandra, 1974; Lee and Tweedie, 1975; Anderson, 1981; Hines, 1982; Day, 1986; Wallace, 1988b; Anderson and Epstein, 1995; Abu-Nassar and Rutherford, 1996; Bartlett and Chandler, 1997; and Al-Razeen, 1999, Naser et al. 2003; Rawy, 2003; Mirshekary and Saudagaran 2005; Bribesh 2006; Al-Razeen and Karbhari (2004 and 2007); Alattar and Al-Khater, 2007; Al-Ajmi, 2009 and Dardor, 2009).

Prior research on perceptions of users of corporate financial statements concentrates largely on developed countries more than developing countries (Mirshekary and Saudagaran, 2005).

Bribesh's study (2006) and Dardor, (2009) are the only studies done in Libya on corporate reports and their usefulness in meeting users' information needs. Although Bribesh's study (2006) is a very important study about quality of Libyan corporate annual reports it was undertaken before the Libyan Stock Market (LSM) has been established, and therefore has limited scope. Although Dardor's study (2009) was undertaken after the LSM has been established it did not investigate the usefulness of annual reports in listed companies.

Libya has experienced a long period of socialism followed by a series of nationalisation laws that dramatically affected private sector activities. In recent years Libya has introduced some economic changes; for example, issue Law No. 5/1997 for Promotion of Investment of Foreign Capital and a Law No. 21/2001 on Exercise of Economic Activities. Moreover, until September 2010 about 110 general companies have been privatized in order to broaden the base of ownership and thus allow the private sector to participate in the economic development. Therefore, the establishment of the Libyan stock- market (LSM) has created a demand for good quality financial information. The LSM has been established following the decision of the General People's Committee (GPC) No. 134 /2006. In addition, IASs were adopted in Libya based on the decision of the (GPC) No. 134 /2006 regarding listed companies and Law No. 1/2005 concerning Libyan commercial banking. These steps allude to the fact that the Libyan economy is changing to a free-market economy.

The changes in Libya during the last few years have led to changes in the nature of the users of financial information and hence, change in their information needs. For example, during the central planning and socialist era (1977 - 1992), the role and objectives of financial reports were to provide financial information required for planning and control purposes, but the position became very different in the light of the new economic changes. The establishment of the Libyan stock-market (LSM) requires an adequate and appropriate disclosure of information in corporate annual reports of listed companies. Significant changes in accounting disclosure are observed in periods of economic change such as those relating to emerging capital markets and programs of privatization (Abdelsalam and Weetman, 2007). In addition, unlisted companies need to provide reliable accounting information if they are to attract foreign direct investment. The changes in the economic system means increased importance for annual financial reports as an important source of the data and information for investor's decisions (Abu-Nassar and Rutherford, 1996; Mirshekary and Saudagaran, 2005). In addition, accounting policy choice and incentive considerations affect the quality of accounting disclosure and the communication between firms and users of accounting information (Iatridis, 2008).

This study, therefore, investigates to what extent the corporate annual reports in Libya has achieved the major objective of corporate annual reports which is *to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity.*

Therefore, the main question that arises: is the information presented in corporate annual reports of companies listed and unlisted on the LSM is adequacy and usefulness for securities investment decisions or recommendations? This is the pivotal question of this empirical research.

1.3 The Aim and Objectives of the Study

The main aim of this study is to investigate the usefulness of annual financial reporting of Libyan listed and unlisted companies following the economic changes in Libya. It will also analyse external users' perception (individual investors, institutional investors, financial analysts, stockbrokers and external audits) of demands for additional

information in annual financial reports published by Libyan listed and unlisted companies. The objectives of this study can be outlined as follows:

1. To examine the importance of the corporate annual reports for external users to make investment decisions or recommendations about Libyan listed and unlisted companies.
2. To determine the external users' perceptions of corporate annual reports in Libya towards the use and usefulness of these reports.
3. To analyse the external users' perceptions of the adequacy of current disclosure in the published annual reports of Libyan listed and unlisted companies.
4. To investigate the need for additional disclosure, and what kind of information external users would like to be disclosed for the purposes of investment decisions.

1.4 Questions of the Study

In order to achieve the above objectives, this study seeks to answer the following questions:

1. How important is the corporate annual report as a source of information among other sources for respondents to make investment decisions or recommendations about Libyan listed and unlisted companies?
2. What are the most important sections of corporate annual reports of Libyan listed and unlisted companies for respondents?
3. How do respondents evaluate the use, the understandability and the usefulness of the current corporate annual reports of Libyan listed and unlisted companies regarding making investment decisions or recommendations?
4. How do respondents evaluate the improvement in the adequacy of disclosure and assess the current disclosure of the annual reports published

by Libyan listed and unlisted companies regarding making investment decisions or recommendations?

5. Do respondents demand additional disclosure in the annual financial reports published by Libyan listed and unlisted companies?

1.5 Importance and Justification of the Study:

As discussed earlier, the usefulness of corporate reporting in making informed decisions is supported by regulators such as, International Accounting Standards Board (IASB). In addition, it has been the subject of much academic research in both the developed and developing countries. Although recognising the importance of financial reporting, the literature review indicates that only Bribesh's, (2006) and Dardor's, (2009) studies have investigated the subject of corporate reporting practices in Libya. Although, Bribesh's (2006) and Dardor's, (2009) studies were undertaken in Libya which is the same environment as this current study, they did not investigate the usefulness of annual reports in listed companies.

Therefore, the importance of the current study, however, stems from being the first attempt to explore the perceptions of a number of external user groups regarding usefulness of annual corporate reports in making investment decisions and recommendations following the establishment of the Libyan Stock Market. These include individual investors, institutional investors, financial analysts, stockbrokers and external audits. These users are interested in financial information.

In addition, the significance of this study is that although the history of economic changes to reform and liberalisation of the economy goes back to the early 1990s', however, it is still at an early stage of development (Bribesh, 2006). Thus, empirical research studies are largely necessary to study the Libyan economic environment in different aspects, such as the usefulness of financial reporting and adequacy of disclosure. Therefore, this study attempts to assess the conflicting debate in existing empirical studies on the usefulness of corporate reports by various user groups. Furthermore, these research studies that identify the needs of the stakeholders would help both regulatory authorities in the field of corporate reports to improve such reports.

In short, highlighting the adequacy and usefulness of disclosure in financial reports of listed and unlisted companies as perceived by different groups of users in Libya will provide an additional insight into corporate reporting practice and will enhance understanding of the accounting practices of a developing country struggling to achieve an additional step on the way towards a developed economy. Additionally, the significance of the study may also be seen in the light of its contribution to knowledge in aspects such as helping in understanding corporate reporting practice in a developing country and helping in understanding the impact of changes in the Libyan economy (stock market and privatization) on the adequacy of accounting disclosure.

1.6 Summary of Data Collection and Methodology

This section provides a summary of the research methodology used to achieve the study objectives. A detailed specification of the methodology including the rationale for the selection of the research methodology is provided in chapter four. To achieve the aims and objectives of the current study it has been necessary to review previous related studies conducted in both developing and developed countries. This review is focused on the available literature related to the subject area as the first step for conducting this study. The literature review covered many sources such as books, periodicals and journals, Ph.D. theses and conference papers. Reviewing the previous research assisted the researcher in formulating the research questions. Therefore, a survey questionnaire was designed to gather quantitative data to analyse the perceptions of various user groups towards the usefulness of corporate annual reports of Libyan listed and unlisted companies. The survey questionnaire seeks to gather the respondents' perceptions about different aspects surrounding corporate reporting. This includes the importance, of corporate information, usage, understandability, the usefulness, and adequacy of disclosure and demand for additional disclosure (see appendix A). Moreover, the questionnaire as a data collection instrument has been supported by semi-structured interviews which are used to gather qualitative data. Questionnaires were personally distributed and collected. Both descriptive and parametric statistics were such as the one-way analysis of variance (ANOVA) and Duncan post-hoc comparison test used to analyse collected data and the findings of data analysis will be presented in Chapter five. In addition, a content analysis technique was used in this study to analyse the

qualitative data that were collected by semi-structured interview and the findings of data analysis will be presented in Chapters six.

1.7 Structure of the Study

The purpose of this study is to examine the usefulness of the annual reports of Libyan listed and unlisted companies. It contents of seven chapters.

Chapter one introduces the study background, problems and justification for the study and purpose of the study, sets the objectives and questions of the research and provides a summary of the study methodology and structure of the study.

Chapter two provides an overview of some aspects of the Libyan environment in relation to its economic state, the financial accounting in Libya, legal and regulatory framework of financial reporting in Libya, and describes the economic reforms undertaken by the Libyan government to improve the investment environment to attract more foreign investment, privatisation programs and create Libyan Stock Market.

Chapter three Reviews the literature related to financial reporting. This chapter presents the objectives of financial reporting, characteristics of accounting information and identifies users of financial reporting and their needs. In addition, the nature of the decision-usefulness approach and accountability approach is discussed. Moreover, chapter three proposes to highlight previous studies which relate to the usefulness of corporate annual reports to their users both in developed and developing countries.

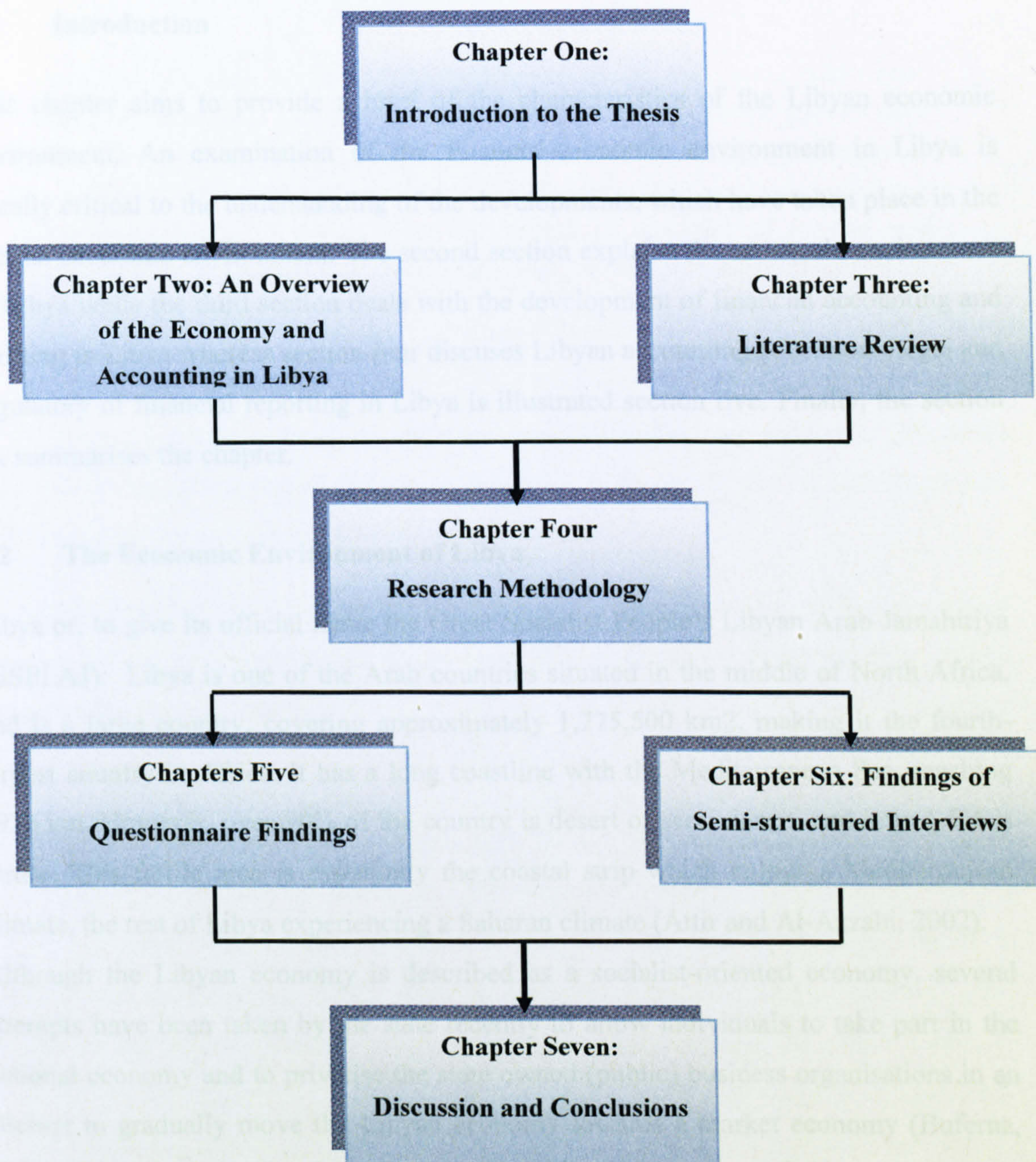
Chapter four provides a detailed discussion of the methodology including the rationale for the selection of the research methodology. The two main paradigms, (Positivist and the Phenomenological, are going to be illustrated. In addition, it discusses the two main approaches to data collection (qualitative and quantitative). It also justifies the two main data collection instruments used in this study; the questionnaire and interview. In this chapter, description of the questionnaire design and question wording and sample selection are also presented.

Chapter five accordingly, presents and discusses the results obtained from the questionnaires.

Chapter six presents the results of the data collected from the twenty-two interviews conducted with five different external user groups.

Chapter seven analyses the main findings of the data collected for the purpose of this study which are the questionnaires and the semi-structured interviews; moreover, to link the main conclusions that emerge from the research. This chapter is divided into five sections. The first section analyses the results of the study. The second section presents a conclusion to the study and recommendations while the third section highlights the contribution of the study to knowledge. Section four discusses the limitations of the study while section five illustrates the need for further research.

Figure (1.1): Structure of the Thesis



CHAPTER TWO

AN OVERVIEW OF THE ECONOMY AND ACCOUNTING IN LIBYA

2.1 Introduction

This chapter aims to provide a brief of the characteristics of the Libyan economic environment. An examination of the financial-economic environment in Libya is equally critical to the understanding of the developments, which have taken place in the Libyan economic environment. The second section explains the economic environment of Libya while the third section deals with the development of financial accounting and auditing in Libya whereas section four discusses Libyan accounting education. Legal and regulatory of financial reporting in Libya is illustrated section five. Finally, the section six summarises the chapter.

2.2 The Economic Environment of Libya

Libya or, to give its official name the Great Socialist People's Libyan Arab Jamahiriya (GSPLAJ). Libya is one of the Arab countries situated in the middle of North Africa, and is a large country, covering approximately 1,775,500 km², making it the fourth-largest country in Africa. It has a long coastline with the Mediterranean Sea, reaching 1970 km. However, over 90% of the country is desert or semi-desert, and only 1.5% is fertile. This fertile area is essentially the coastal strip which enjoys a Mediterranean climate, the rest of Libya experiencing a Saharan climate (Attir and Al-Azzabi, 2002).

Although the Libyan economy is described as a socialist-oriented economy, several attempts have been taken by the state recently to allow individuals to take part in the national economy and to privatise the state owned (public) business organisations in an attempt to gradually move the Libyan economy towards a market economy (Buferna, 2005). Therefore, in the following sub sections a summary of Libyan economic throughout the ages is presented.

2.2.1 The Libyan economy before the discovery of oil (Prior to 1959)

The main feature of Libyan economy before 1959 was great dependence on agricultural products. At the time, before the discovery of oil reserves in Libya in 1959, agriculture

was the primary sector. On December 24 1951, Libya officially became an independent state under the name the United Kingdom of Libya (Wright, 1982). At the time of independence Libya was described as one of the poorest nations in the world. Bait El-Mal et al, (1973) quoted Higgins (1959) who worked as an economic adviser to Libya in the early 1950s and described the situation in Libya as:

“Prototype of a poor country... the bulk of the people lived on a subsistence level... no sources of power and no mineral resources, where agricultural expansion is severely limited by climate conditions, where capital formation is zero or less, Where there is no skilled labour supply and no indigenous entrepreneurship Libya is at the bottom of the rank in income and resources and so provides a reference point for comparison with all other countries” (Higgins, 1959:819).

In 1952, when Libya gained its independence, all socio and economic indicators demonstrate that it was one of the poorest countries in the world. Per capita income was estimated to be no more than \$40 per annum (Mahmud, 1997).

Before the discovery of oil, the Libyan economy was heavily reliant on two sources of finance for public expenditures; these were the domestic revenues (a very simple industrial sector) and foreign aid.

2.2.2 The Libyan economy after the discovery of oil (1959-2008)

In 1955, oil exploration in Libya began with the key national Petroleum Law No. 25 enacted in April of that year. It was in 1959 when the first oilfields were discovered in Libya (at Amal and Zelten- now known as Nasser), and oil exports began in 1961(Otman and Karlberg, 2007). After the discovery of oil, the Libyan economy grew rapidly as the country became richer and the oil sector became the major source of revenues for the government. This position attracted many international companies to work in different sectors, specially the oil industry. The country’s economy has become dependent on foreign oil companies predominantly from the UK and the US and other international companies operating in different sectors such as banking, where four out of five bank branches belong to foreign banks (Buzied, 1998). In 1963, the government announced a five-year economic and social development plan from 1963 to 1968. Also

70 per cent of oil revenues allocated for development and modernisation of national infrastructure characterised the first plan in 1963. By 1968, Libya had become the second largest oil producer in the Arab World; per capita income increased from below \$40 in 1951 to \$1,250 in 1967 and to \$10,985 in 1980. These increases reflected oil production increases.

Following the change in the political system on 1 September 1969, several actions (e.g., nationalizing foreign companies that were operating in Libya, and establishing public-owned enterprises) were taken by the new administration to restructure the economy. The private sector and foreign companies disappeared and a wide range of public-owned enterprises were formed (Kilani, 1988). At the beginning of 1970s, the Libyan government's economic philosophy changed from capitalism to socialism. Kilani, (1988:55) points out that:

“the whole private sector was to be completely abolished by the end of 1981, to be replaced by people's economic committees. Indeed, the private sector is being dismantled progressively and inexorably”

In the early 1970's, the government began a drive for economic development (Aagnaia, 1997). The expansion in the hydrocarbon sector has driven the country's economy, with the contribution of oil to GDP at over 50 per cent in the 1970's and early 1980's. While the economy has largely depended on oil as the main source of wealth, the government intended to develop the non-oil industrial sectors. Thus, the non-oil sectors increased significantly, contributing over 70% of GDP in the late 1980's and early 1990's (Ahmad and Gao, 2004). Nevertheless, the country still faced difficulty in being able to produce enough capital goods and consumer goods to achieve 'selfsufficiency' and 'self-reliance' (Aagnaia, 1996).

Mahmud and Russell (1999), however, argue that Libya does not have an adequately diversified economy due to the low growth rates in the non-oil sectors. Furthermore, the Libyan economy is dominated by public sector over the economic activity. The latter might be attributable to the socialism ideology that has been adopted since the change of regime in 1969.

In 1981-1999 period, there were many important factors which influenced negatively on the Libyan economy. The first factor was the USA decision to stop importing the Libyan oil in 1981 for political reasons .The Libyan oil exports lost the US market

which had imported around 40 % of the total Libyan oil exports at that time (Alfittori, 1994). Mahmud and Russell (1999) argue that the trade ban and economic sanctions introduced by the US government against Libya in 1981 and 1986 respectively have resulted in an end to American imports of Libyan oil and a withdrawal of US companies, working in Libya. The second factor was the oil world price, which had peaked in 1979 at over US\$35 per barrel, collapsed in 1986 from \$27 to under \$10 which led to a significant reduction in the revenues from Libyan oil exports. In this regard, Fisher (1990) argues that during the 1980's, the Libyan economy was deeply affected by the low price of oil. Finally, central amongst these issues were the sanctions imposed in 1992 by the United Nations (UN) was one of the hardest difficulties and problems that faced the Libyan economy at this period and impeded the pace of economic development. All these factors led to repeat the deficit in the public budget and the balance of payments for many years during this period. In other words, all these factors severely affected Libyan economic growth.

In 2003 and 2004 when the United Nations and the United States lifted sanctions against Libya, respectively, oil companies have increased oil and gas exploration activating. Likewise, companies have tried using enhanced oil recovery (EOR) techniques to increase production at maturing fields. This led to a rise in the contribution of the oil sector to 71.28 and 69.1 per cent of GDP in 2005 and 2006 respectively (see table 2.1).

Table (2.1): Oil and Natural Gas sectors compared with other sectors in the Libyan GDP for

In addition, this position contributed to the rise in Libyan per capita GDP to (US\$14365 in 2008) which was considered as one of the highest in Africa (see table 2.2). According Porter and Yergin (2006:30), indicated that:

“Libya has registered strong growth in prosperity over the last few years, as measured by its GDP per capita, adjusted for purchasing power. It is now among the most prosperous countries in its peer group. Nevertheless, given its available resources, Libya has the potential to increase its prosperity still further and to ‘catch up’ with the income levels of the most developed countries of the world.”

Table (2.2): Per Capita GDP

2.2.3 Privatisation Programme

The first attempts at privatisation in Libya came in 1986 when the General People’s Congress (the highest official organ in Libya) passed Law No. 1, laying the ground rules for worker’s ownership through *Sharikat Musahima* (Participative Companies or Share Holding Companies). Actually the ownership transformation programme started in 1987 when the General People’s Committee issued Act No. 219 and No. 225, followed by Act No. 183 and No. 214 of 1988, regarding the transfer of certain of these factories to private shareholders (Otman and Karlberg, 2007).

In 1989 the General People’s Committee issued a new Act, No. 427, regarding the creation of machinery for implementing the transfer of state economic units to private ownership. However, in practice, all of these resolutions were ineffective and were unable to achieve their objectives, which were the transfer of ownership of state enterprises to the employees who worked in them (Otman and Karlberg, 2007).

In 1992, the Libyan government adopted a comprehensive programme for economic reforms.

Since 1992, Libya has started the policy of privatisation for its state owned (public) companies as well as encouraging the establishment of private companies. The overall aim of this policy, as stated by Saleh (2001), was to reduce public spending and gradually withdraw government subsidies, and to encourage private initiatives in different sectors. The public companies are defined as the companies that the state

owns more than 50% from their shares, whereas, the private companies are known as companies owned by individuals, families and/or institutions (Buferna, 2005).

For example, in 1992, Libyan authorities enacted Act No. 9 of 1992, which regulates and enhances the role of the private sector activities in the economy. This Act has allowed the private sector to engage in banking, manufacturing, agriculture, professional service and other businesses as individual owners or in partnerships as well as the selling of 16 public owned firms to private firms and individuals.

However, according to Otman and Karlberg (2007) those attempts have not succeeded in achieving their objectives towards privatization. To address this deficiency, the General People Committee issued Act No. 198 in 2000, regarding the establishment of the General Board of Ownership Transfer (GBOT) as a sovereign and financially independent state body similar to other Secretariats (Ministries) and under the direct supervision of the General People's Committee.

On 30/09/2003, the secretariat of the General Peoples Committee announced the privatization of more than 360 subsidiaries of the public sector with effect from first January 2004. This action was subject to the approval of the political leadership on the policy of abolishing the public sector, the shift was the largest and most important at the level of the transformations that have defined the country's economic structure and philosophy that govern economic activity since the socialist transformation of the late seventies. By the end of 2009, out of 360 companies only 110 companies have privatized from public sector to private sector (GBOT, 2009).

2.2.4 Libyan Stock Market (LSM)

The stock exchange market is the place where companies and other institutions that require funds to finance their activities come together with individuals and institutions that have money to invest (Buferna, 2005). Borda and McLeay (1996) stated that the existence of an efficient capital market will help in improving the allocation of financing sources, comparing the investment opportunities, diversifying portfolios and more importantly, converting shares to cash when required.

Generally, there are two types of stock exchange markets namely, a primary market, and a secondary market. The primary market is a market where shares are issued. Banks usually play a major role in primary markets. A secondary market is a place where

shares already in circulation are traded. In Libya, until 2005 there is only a primary market available. This may present a major barrier for Libyan companies to raise capital needed for investment (Buferna, 2005).

In 2006 and following the decision of General People's Committee No. 134 / 2006 the Libyan stock market as a joint stock company was established with a capital of 20 million Libyan dinars, divided into two million shares with a nominal value of 10 LD per share. It seeks to facilitate the development of the financial and monetary institutions and their contribution to economic activity (Central Bank of Libya, 2006). The Article No. 29 of the decision requires all public and private companies that have one million LYD capital or more must register in the LSM.

Almalhuf (2009) has summarised the main purposes and objectives of the LSM as stated in Act No.134 of 2006 as follows:

1. To prepare an appropriate investment environment in order to achieve the general welfare.
2. To encourage the saving habit and raise the investment knowledge in order to direct the reserves to the most beneficial sectors.
3. To control and observe financial transactions.
4. To serve the social and economic development.
5. To contribute in the process of privatisation of state owned enterprises.
6. To conduct research and collect statistical data about the listed enterprises.
7. To establish the required standards to ensure and secure the correctness of the financial market's transactions.
8. To develop the competence of the LSM's employees by conducting the necessary training.
9. To develop cooperative relationships with other regional and international financial markets.

The Decision 134 of 2006 has been amended by the Libyan General People's Committee issued its decision No. 436 of 2008 on the version of the new statute of the market with little changes. The main changes are the LSM's capital has increased to 50 Millions LYD, all public, private and foreign companies that operate in Libyan market with capital not less than 250, 000.00 LYD must register in the LSM (Article No. 31 of the decision 436).

Due to its recent establishment, the LSM has signed agreements with several countries' stock Exchanges in order to develop the performance of LSM's departments, systems and employees through conducting different workshop courses both locally and abroad. For example, on 18th October 2007, a cooperation agreement was signed in London between the LSM and London Stock Exchange (Almalhuf, 2009).

From the Article No. 35 of the decision 436 of 2008 the market's tables are divided into two types:

1. Main tables include the shares of companies that have met all the requirements for listing the specific rules of listing and are traded through the main market.
2. Subsidiary Tables include the shares of companies those do not meet the requirements for listing the specific rules of listing and are traded through the sub market.

In addition, the main tables are divided into two tables which are table (a) and table (b).

In the main table (a) shall be listed the securities which satisfy the following conditions:

1. The listing conditions provided for in Article (7) of the LSM regulations.
2. The issuing party of the security has issued financial statements for three years prior to the listing application, provided these financial statements are approved by a certified auditor.
3. The party's assets are evaluated by one of the well-known evaluation methods by an independent expert. The market management may repeat this evaluation.
4. The capital shall not be less than (LD 1.000.000) one million Libyan Dinar or the equivalent thereto.
5. The nominal value of the security should be fully paid.
6. The party should have exercised its activity for at least three years, and have realized a net profit from its main activity in the last two years of not less than 5% of the capita.
7. The financial conditions of the party should be safe terms of its assets, liquidity the balance of its financial structure and the efficiency of its performance. The total of fixed and current assets should not be less than 50% of the capital.
8. The party's board of directors should submit a report on its achievements and performance, the significant events which occurred and affected it since the

date of its inception until the date of the listing application, and the future plan for at least the next three years.

9. The number of shareholders should not be less than 100 shareholders, and there should be at least 100 shareholders who own not less than 50 shares each.
10. The number of free shares should not be less than fifteen per cent (15%) of the capital.

In the main table (b) shall be listed the securities of the parties which satisfy the same conditions for the main table (a), with the exception of:

1. The capital should not be less than (LD 250.000) two hundred fifty thousand Libyan Dinar, or the equivalent thereto.
2. The percentage of free shares should not be less than 10% of the capital.
3. An exception to the above conditions, the securities of the parties targeted with expanding their ownership base (privatization) shall be directly listed in the main table (b) after depositing their securities in the central depository and registration system, subject to abiding by the rules and system applied in the market.

As well, the Subsidiary Tables are divided into two types which are Subsidiary table (a) and table (b).

In Subsidiary table (a), the securities of issuing parties shall be listed which satisfy the following conditions:

1. The listing conditions provided for in article (7) of these regulations.
2. The capital should not be less than (LD 100.000) one hundred thousand or the equivalent thereto.
3. The parties should contract with one of the sponsors in the market.
4. The parties should have actually carried out their activities for at least one year, and have realized profits from their main activity in that year equal to not less than 5% of the capital.
5. The number of shareholders should not be less than 10 shareholders.
6. The percentage of free shares should not be less than 5% of the capital.

In Subsidiary table (b) the securities which do not satisfy the conditions of the main tables and the subsidiary table (a), subject to the following:

1. The listing conditions provided for in article (7) of the LSM regulations.
2. The capital should not be less than (LD 100.000) one hundred thousand Libyan dinar), or the equivalent thereto.
3. The number of shareholders should not be less than 10 shareholders.

Table (2.3) and table (2.4) show the companies included in the listed market securities in the main table (a) and in subsidiary table (a) respectively as on 30.9.2010.

Table (2.3) Companies Listed in the main table (a) in the Libyan Stock Market as at the End of

Table (2.4) Companies listed in subsidiary table (a) in the Libyan Stock Market as at the end of March 2010

1	Libyan Tobacco Company
2	Development company for medicine manufacturing and medical products
3	Development Company for manufacturing the contributing pipes
4	Development Company of plant extraction and refine contribution
5	Development company for the contributing pipeline
6	Development company for Engineering Industries
7	Development company of the contributing wires and cables
8	The Libyan development and investment company
9	Mills and Fodders company
10	Alrahela oil and services company

2.3 The Development of Financial Accounting and Auditing in Libya

The history of financial accounting in Libya is relatively short. Up to Libya's independence in 1952 there was no domestic accounting profession and most of the business firms depended upon foreign accounting firms from Italy and the UK (Bait-El-Mal et al., 1973). According to Kilani (1988) the historical development of accounting knowledge and the profession in Libya was the product of the intervention of foreign countries and companies in its internal affairs. Before the country's independence, the colonizers (Ottoman Empire from 1551 to 1911, Italy from 1911 to 1943, and Britain and France from 1943 to 1952) were responsible for running the country's affairs and implemented their laws.

For more than three centuries of the Ottoman Turkish Empire in Libya (1551 to 1911), there was no strong evidence that indicates that indicates whether the application of modern accounting or auditing was implemented or not (see for example, Almalhuf, 2009). Buzied, (1998), argued that accounting during Ottoman period of colonisation was confined to simple book-keeping (Single entry) in order to meet the requirements of the Tax and Zakat.

Kilani (1988) suggested that:

“The fact that no enterprises or industrial or manufacturing activities existed, suggests that no managerial accounting or cost accounting was practised in Libya during the rule of the Ottoman Khelapha. The same applies to governmental accounting, for there were no government departments such as education, health, agriculture, etc. One may thus conclude that the only accounting practice in Libya during the Ottoman Khelapha rule was some primitive financial accounting practice to administer Zakat collection from Libyans and its transfer to the central government in Istanbul.” (Kilani, 1988:80)

During the era of the Italian colonisation of Libya (1911-1945), Italian legal and management systems were implemented and were, to a great extent, the same as those in Italy. The important influential factors in the development of accounting in Libya during this period were the Italian accounting profession and the Italian tax law of 1923.

However, financial accounting was the only branch of accounting that existed, and there is no evidence of any auditing practices or other professional activities (Kilani, 1988).

However, the impact of Italian accounting practices in Libya was limited because most of the personnel who were appointed to managerial and accounting positions in Italian companies were Italians; Libyans were generally excluded from these positions. Moreover, Libyan labour forces were neglected and were not provided with any meaningful educational and technical training programs during this period (Bait El-Mal et al., 1973).

During the period after the Second World War, the British and French took control of administering Libya until its independence in late 1951. During this short transitional period, there was no major development of accounting.

However, since 1952, Libya has experienced political and economic changes which might have been expected to influence accounting (Kilani, 1988). In the early years of independence, British and American firms started to do business in Libya. Many big British and American companies had subsidiaries in Libya. After the discovery of oil, there were many international companies to work in different sectors, especially the oil sector. As a result, many foreign accounting firms from different countries such as Egypt, Italy, the USA and the UK opened branches in Libya in the 1950s and 1960s (Bait-El-Mal et al., 1973). These foreign companies followed the same accounting policies, standards and procedures as applied by their home country. These accounting philosophies which were used in used in foreign companies are still used by Libyan companies (Bait-El-Mal et al., 1973; Kilani, 1988 and Buzied, 1998). However, in the 1970s, many Libyan accounting firms were established. As a result of the increase of accounting firms in both number and size and the lack of regularity in accounting and auditing standards and practices, there was an urgent need to regulate and control standards and practices that were the two main forces contributing to the establishment of a professional accounting body in Libya and the development of a general accounting framework (Ahmad, 2004).

Therefore, in 1975 the Libyan Accountants and Auditors Association (LAAA) was formally established under law 116 of 1973 with the aim of achieving the following objectives:

1. To license public accountants and to maintain a register of public accountants;
2. To regulate, develop and improve the accounting and auditing profession and to raise the professional standards of accountants and auditors, academically, culturally and politically;
3. To organise and participate in conferences, seminars relevant to accounting and the auditing profession, domestically and internationally;
4. To organise educational and training programs for its members;
5. To establish a retirement pension fund for its members;
6. To increase cooperation amongst members and to protect their rights;
7. To ensure compliance with ethical codes of conduct; and
8. To take action against members who violate the traditions and ethics of the profession.

Practicing, articles No. 24, 26 and 28 of Law 116 of 1973 requested that every member of the LAAA must have to meet several requirements.

a- hold Libyan nationality;

b- University degree in accounting,

c- five years of post-qualifying practical accounting experience in an auditing firm,

d- Enjoy political and civil rights.

Other registered accountants who have a bachelor's degree in accounting with no working experience and do not intend to practise in the profession, are listed in the register of assistant accountants not in practice. Accountants who hold a degree higher than a bachelor's degree in accounting are exempt from the work experience requirement if the higher degree requires four or more years of study and training. However, after becoming a member of the LAAA, no continuing professional training is required (Ahmad and Gao, 2004) and Libyan accountants are not required to pass a professional exam to be permitted to provide public accounting and auditing services (Bengarbia, 1989). For this reason, very few Libyan accounting firms conduct training programmes for their accounting staff (Ahmad and Gao, 2004). The kind of services that accounting and auditing firms can offer in Libya include preparing financial reports (financial statements), auditing, tax services, offer bankruptcy, management consulting,

accounting system design and installation (Almalhuf, 2009).

Although it has been more than thirty five years since the establishment of the LAAA, there is a general agreement among accountants, academics and researchers that very little has been achieved by the body in terms of building a theoretical base for accounting as a profession, failure to develop accounting and auditing standards, and a much-needed Code of Ethics that would improve professional practice, is sadly missing (Kilani, 1988; Bengharbia, 1989; Mahmud, 1997, Buzied, 1998; Bakar and Russell 2003, Ahmed 2004 and Almalhuf, 2009,). Consequently, it can be argued that the LAAA has not succeeded in fulfilling its obligations as a regulatory body and is not operating in the public interest. Moreover, there have been few efforts by the LAAA to promote continuing education and training amongst accountants as a means of improving the status of the profession. Hence, the Libyan accounting profession has poor status (Sawan, 2010).

In addition, the first recognised body to govern accountancy in Libya can be traced back only to 1955. The body was called the State Accounting Bureau (SAB). The SAB was established in 1955 by Law No. 31. In 1988 and under law No. 7, the SAB become the Institute of Public Follow-Up (IPFU). The main objectives of the IPCFU, initially, were to provide the auditing services and administrative control of all the state agencies, departments, organisations aided by or in receipt of loans from the government, and any other corporation to which the state was holding more than 25 per cent of the capital. In 1996 IPFU became the Institute of the public Control and Investigation (IPCI). Recently, the IPCI once again has changed its name by law No. 3 of 2007 to be the Institute of Financial Auditing (IFA) (see for example, Bribesh, 2006 and Almalhuf, 2009).

2.4 Libyan Accounting Education

According Ahmad (2004), Libyan general education from primary to university level and accounting education were largely imported (if not totally inherited) from the first world (e. g., the UK). Before its independence, there was no formal accounting education or training for local population in Libya (Kilani, 1988; Buzied, 1998). During the period of colonisation, more than 90 per cent of the population were illiterate. Very

few Libyans had been given the opportunity to study at university and to qualify for the recognised profession at the time of independence (Stanford Research Institute, 1969 cited in Ahmad, 2004).

In Libya, the accounting education system after independence was divided into two levels: pre-university a university levels. It was 1954 when accounting education began in Libya, with the establishment of the School of Public Administration that had responsibility for training government employees in the field of accounting (SPLAJ Secretariat of Work and Civil Services, cited in Sawan, 2010). Undoubtedly, the investment in accounting education and training, made initially to satisfy the needs of the oil companies, has had a spin-off effect within the country generally, as the British and American accounting practices have been transferred from the oil and gas sector to other sectors with the movement of employees in and out of the sector (Saleh, 2001).

In 1957, in co-ordination with the UN, the School of Public Administration became the Institute of Public Administration. University level accounting education also started in 1957 with the founding of the Faculty of Economics and Commerce of the Libyan University at Benghazi (now called University of Garyounis). The accounting department in this Faculty has been the most significant force in accounting education in Libya since its founding.

In 1973 the two campuses became the Universities of Benghazi and Tripoli, and in 1976 they were renamed as the University of Garyounis and El-Fatah University.

Kilani, (1988) argued that between the years 1957-76, the English accounting curriculum was adopted in the Libyan universities, using accounting textbooks that were either British and written in English, this being the majority, or produced in Arabic, having been translated from English or written by Arabian writers who had graduated from British Universities. Mahmud (1997:267) confirms this historical development, noting that,

“the analysis of the accounting education system in Libya shows that the old system (1957-1976) was British-orientated in all its elements (curriculum textbooks and faculty members), whereas the new one (1979 present) is American orientated”.

This was explained by Kilani (1988:175) as resulting from the fact that,

“Since 1977 with the return of Libyan nationals from the US, the American accounting system was adopted in Libyan universities instead of the British education system in the Libyan universities”.

Until the early 1970s, most of the accounting teachers were Egyptian nationals who had graduated from British Universities while a few were American and Canadian (Sawan, 2010). According to Kilani (1988), the move from British-oriented textbooks to American-oriented materials came about, from the fact that most university teachers undertook their education in American Universities. Since 1976, the accounting programme offered by the Faculty of Economics and Commerce at University of Garyounis has been shifted to the American model. The new system is based on two sixteen-week semesters instead of a full nine monthly academic year (The University of Garyounis, 1976). In both systems, the program focuses heavily on financial accounting topics, in particular on the technical or mechanical aspects of accounting, dealing with external reporting, taxation and external auditing. The only difference between them is that the old system was British orientated, while the new one is American orientated. Little effort has been made to integrate the accounting education system with Libya's environmental needs (Buzied, 1998).

After the 1969 Revolution, much more attention was paid to Higher Education, and consequently, several accounting Faculties were established in different cities in Libya during the 1980s' and 1990s'. In 1985 a Faculty of Accounting at al-Jabal al -Gharbi University was opened in Gharyan. In 1991, a Faculty of Economics and Political Science at Nasser University (now called Elmergib University) was established in Zliten, and accounting departments was one of six departments in this faculty.

This led to the problem that there was an acute shortage of academic accounting staff. To overcome this problem, lecturers from various Arabic countries were appointed to teach at these institutions.

Generally, the founding lecturers of these newly established accounting departments came from the accounting department of Garyounis University and obviously these newly established departments have more or less the same accounting programmes and delivery systems and even textbooks as Garyounis. The education system in Garyounis

University has been developed through time from the old accounting programme to new one (Ahmad and Gao, 2004).

As for Postgraduate Courses, the Department of Accounting at the University of Garyounis has been offering a Masters programme since 1988. The programme is organised into three components: core subjects, electives and a dissertation.

The majority of the faculty members are Libyans graduated from the US or the UK and most textbooks are either American or British books (e. g., cited in Ahmad and Gao, (2004) Mautz and Sharaf, 1961; Drury, 1983,), or Arabic books translated from American and British books (e. g., Hajaj and Saeud, 1989) or written by Arabic authors (e. g., Al-Nage, 1992; Holwa, 1992 cited in Saleh, 2001) who graduated from the US, the UK or Egyptian universities. The Postgraduate Courses are also offered by the Faculty of Accounting at Al-Jabal al - Gharbi University in Gahrian since the 1990s with almost the same textbooks and a similar curriculum of those of the University of Garyounis.

The Academy of Postgraduate Studies was founded in 1988 under the name “Institute for Advanced Studies in Economic Sciences” and started in Autumn 1989, with three scientific departments: Accounting Department - Department of Administration and Management - Economics Department and during 1995 it was renamed as the Academy of Postgraduate Studies and includes Degrees awarded by the Academy, a Graduate Diploma and Masters and Doctor of Philosophy (PhD). The Academy of Postgraduate Studies have clearly contributed in improving the accounting education of Master level while there is no any progress on PhD level. Therefore, it can be said that, until now no university in Libya had offered a PhD programme in accounting, which is regarded as important for the development of the accounting faculty and the efficiency of accounting profession. Staff members with a PhD are all from abroad (mostly from the UK and US); they were either foreigners or Libyans who were educated in these countries. The lack of a PhD programme is one of the main factors that have contributed to the slow development of accounting education and research in Libya (Ahmad and Gao, 2004).

2.5 Legal and Regulatory of Financial Reporting in Libya

There are many laws and decisions which are organised financial reporting practises in Libya. The legal and regulatory framework for financial reporting in Libya is very limited in scope and is expressed in loose and general terms (Dardor, 2009). Therefore, the following sup sections are presented these laws and decisions.

2.5.1 The Libyan Commercial Code (LCC)

The Libyan Commercial Code (LCC) was issued in 1953 and has been partially amended several times to meet changing domestic and global requirements. The last modification was made in 1970 via the Commercial Act. It covers rules on corporation books and record keeping and financial reporting. According to the commercial law, Libyan companies are required to have three bodies: an Administration Board, a General Assembly and an independent Controlling Committee. The Administration Board runs the company in the light of the general policy that should be adopted by the General Assembly, while the Controlling Committee are required to make sure that the company's management enforces its activities in accordance with the rules. The General Assembly consists of a company's shareholders, and it is usually considered as the place where the shareholders can exercise their rights, such as, voting for directors and on major company issues (see Buferna, 2005). The LCC stipulates requirements for the accounting practices, systems and reporting methods used by Libyan firms (Buzied, 1998). The LCC version 1972, Article No. 58, requires that each enterprise must have at least the following books: a journal, an inventory book and a balance sheet book. However, before being used, the books must be notarised by the Court of First Instance. According to the statement made by the government in 1972, Article No. 570 corporations (joint-stock companies) are required to keep the following records:

1. a register of members;
2. a register of bondholders;
3. a minute book of members' meetings;
4. a minute book of director's meeting;
5. a minute book of statutory auditor's meetings;
6. a minute book of executive committee's meetings and
7. a minute book of bondholders' meetings.

In addition, the LCC requires companies to prepare a balance sheet and profit and loss account at least once a year. The responsibility for the preparation of accounts is assigned to the companies' directors who are also required to prepare a report about the company's performance. Article (573) of LCC details the items of assets and liabilities that must be reported in any corporation's balance sheet. The financial statements are to be reported to the general assembly of shareholders for approval (Libyan Government, 1972 Article 572). According to Libyan Commercial Law (LCL) section 2/572 all companies must prepare their financial reports within 120 days after the year-end. In addition, All annual reports are required to be made available at the company's headquarters to its shareholders at least fifteen days before the general assembly meeting at which the reports are to be attested (Article 580 of the LCC). A copy of the approved balance sheet and profit and losses account along with the directors' and auditors' report must be submitted to the Commercial Register (CR) within thirty days of its approval. This is to be accompanied by the director's report and auditing board report (Libyan Government, 1972, Article 583).

2.5.2 Tax Law

As discussed earlier, the Italian Income Tax Law of 1923 was the first tax law used in Libya, and it was used for many years, albeit with some modifications to suit the Libyan situation, until the first Libyan Income Tax Law was enacted in April, 1968. The second an attempt of a tax law to suit the Libya was in 1973. According to Bait-El-Mal (1981), the new tax law No. 64 1973 shows no significant differences from the previous one. It was in turn cancelled in 2003 (Almalhuf, 2009).

Given the statutory power of Libyan tax officers to require that financial statements are prepared in accordance to the Tax Law - and because of the generally low demand for financial statements from other parties- many Libyan companies adopted the Income Tax Law requirements and guidelines as the basis of internal and external financial reporting practices (Bait El-Mal et al., 1973 and Kilani, 1988). Thus, the application of Libyan Income Tax Law has had a major impact on accounting practices in Libya (Bait El-Mal et al., 1973).

Specifically, Libyan Income Tax Law No. 11 of 2004 clarifies the different kinds of direct taxes. This Law replaced the Income Tax Law No. 64 of 1973, which replaced the

Income Tax Law No. 21 of 1968, with very minor changes. However, the new Income Tax Law No, 11/2004 has major changes to the Libyan taxation system and was introduced as part of the programme to encourage both national and foreign capital to invest in Libya by reducing the burden of taxation on these businesses, (Mukhtar et al, 2008). These taxes are imposed on various profits that companies make. Using the kind of activity, this law classifies the taxes on profits into seven categories. According to Article No. 1 of 2004 Tax Law, all income that is generated from any activity in Libya, are subject to this Tax Law. Also this part focuses on the procedures of preliminary and final assessments of tax. According to Articles No. 2, 3, 4 and 39 of 2004 Tax Law state that each taxpayer should submit a tax declaration to the Tax Authority. This Law defines companies as national limited companies and branches of foreign companies. This law requires companies to submit financial statements audited by certified public accountants and to provide the tax authorities (within seven months of the fiscal year end) with their balance sheet, trading account, profit and loss account, depreciation statement and a detailed statement of the company's expenses that appear in the profit and loss account (Article 59).

Article 34 exempts all incomes that are gained from the following sources: non-profit organizations, savings accounts in banks, student scholarships, agricultural activity for ten years from the establishing date of this Tax Law, export activity and authorship. The incomes of the last three sources were previously included in both previous 1973 and 1986 tax Laws, (Article No. 2. of 1973 tax law).

According to the article No. 72 of 2004 all income of national companies and branches of foreign companies registered in Libya are subject to this tax. It also states that all income generated by branches of Libyan companies operating outside Libya are subject to this tax. Article No. 76 allows the Tax Authority in Libya to estimate the incomes of the foreign companies' branches on the basis of the percentage from the total revenue of the foreign company, as compatible with the outcome of works of the branch, provided that this income shall be estimated in similar way to that specified in this Law.

The Laws (11/2004, 64/1973 and 21/1968) did not define the meaning of income that was to be subject to tax nor the accounting standards and principles that should be adopted in determining the taxable income. The new law excluded the general tax on income. This tax was included in both previous laws. This tax imposed on public and

private companies and on the same taxable income after deducting specific taxes. Its annual rates were from 15% to 60%.

Finally, final provisions which determine the responsibility of organizations such as administrative offices, public and private firms, and partnership to inform the Tax Authority of any business that deals with collecting tax and transferring it to the Tax Authority before completing the business. The public or private corporations, partnerships or individuals shall not pay any due amounts or providing services to any contractor or dealer, except after submission of a certificate proving payment of the tax liabilities (Article, 99 of the Law 2004). The Article No. 102 of 2004 Tax Law and the Article No. 43 of its executive regulation determine the any company or taxpayer should keep the following journals:

1. General daily journal.
2. Journal of inventory and balance sheet.
3. Stock journal.

These journals should be stamped and signed by the Tax Authority before use them.

2.5.3 Banking Law

The first Libyan banking law was enacted in 1955 to establish the NBL as the nation's central bank. Since then, a number of laws have been published to regulate banking activities in Libya, most recently Banking Law No.1 (2005). This law includes 3 chapters. Chapter one deals with the functions of the Central Bank of Libya (CBL) and includes the articles from 1 to 64, chapter two deals with commercial banks and includes the articles from 65 to 100 and chapter three covers penalties and includes the articles from 101 to 121.

The Banking Law No. 1 of 2005 has been passed giving more autonomy and role for the CBL in the practice of monetary and credit policy and banking supervision, so as to be consistent with international standards and requirements.

In addition, based on Law No. 1 article 83 each commercial bank is required to assign the annual auditing of its accounts to two chartered accountants selected by the bank's general assembly. Each auditor is required to prepare his report and send a copy to the CBL within the period set by the governor. The required reports are (Article 83):

1. A report on the bank's annual financial statements. The report should include the methods used to ascertain the existence and value of assets, the method for appraising existing commitments, and the extent to which the audited transactions comply with the law.
2. A semi-annual report monitoring the bank's financial and administrative performance and compliance with domestic and international banking criteria.

Additionally, each commercial bank is required by the Law to submit a copy of its most recent audited financial statements within four months of the end of its fiscal year to the CBL (Article 85).

2.5.4 Disclosure Requirements of the Libyan Stock Market (LSM)

As is well known the importance of the stock market to the national economy, which is made available to the joint-stock companies follow the rules of disclosure and clarity to the different owners and investors, as it helps these companies to seek sources of funding for its activities by offering shares to the public in which, as the market listed companies to be more interest by the public, investors and businessmen, and the various media, which contributes to the increased demand for shares of the company, and undoubtedly help in increasing the volume of business and expand its activities.

As explained above, the LSM was established based on the decision of General People's Committee No. 134 / 2006. Article (55) of the decision No.134 would require compliance with International Accounting Standards (IAS). Since its establishment in 2006, the LSM has laid down several rules regarding disclosure form and content. Therefore, the LSM required that listed companies prepare their financial statements according to IAS and that these statements be verified according to International Auditing Standards. The Article No. 64 of the decision 436 of 2008 also emphasised that all listed companies' financial reports should be prepared and audited according to IASs and international auditing standards (Article No. 8 of the decision 436).

In addition, listed companies are required to publish their financial statements, notes to the financial statements and auditor's report in at least two widespread domestic

newspapers within a week of their ratification by the company's general assembly. In addition, listed companies are now required to publish quarterly financial reports with a summary form external auditor's report attached.

2.6 Summary

This chapter provided a descriptive overview of Libya's economic development and describe some characteristics of the Libyan economy. In addition, the chapter discussed the development of accounting profession and its related regulations.

It was revealed that after the discovery of oil in 1959 Libya had changed from one of the poorest countries in the world to become one of the richest countries. With a stable democracy, the country has earned one of Africa's highest per capita incomes forecast to reach US \$14365 in 2008 (see table 2.2 above). Crude oil and natural gas revenues have made a tremendous impact on the development of the Libyan society.

With the development of the oil and gas industry, the accounting profession and accounting education have been influenced by the UK and the USA, whose standards and procedures have been imported. Therefore, the accounting profession in Libya is oriented towards accounting in the UK and the USA.

Libyan economy faced many important events which affected negatively on its development. Such as the stopping of the USA importing the Libyan oil in 1981 due to political reasons, the sharp drop in world price of oil and the sanctions imposed in 1992 by the United Nations (UN). Therefore, in recent years, there have been some changes economic structures in Libya. For example, Libya has made some significant progress on the policy of privatisation for its state owned (public) companies as well as encouraging the establishment of private companies and foreign investment. In addition, the establishment of the Libyan Stock Market is considered one of the important economic changes in Libya.

For such a development to be successful, it has to depend on an effective system of comprehensive and integrated information, an important part of which is corporate financial reporting. Further, useful financial information about Listed and Unlisted companies helps the authorities, and internal and external users in decision making in many respects including the investment, the allocation of its resources in the most

effective manner, the control of development plans, the finance of economic activities, and accountability. The following chapter reviews the background and academic literature of financial reporting.

CHAPTER THREE

LITERATURE REVIEW

3.1 Introduction

This chapter aims to review the literature related to financial reporting. Reviewing accounting literature concerning the area of the study is designed to understand the past and to increase mastery of the present (Napier, 1989). Therefore, it will help in forming the research structure. Also common conclusions and recommendations may be found in previous studies that can be related to this study's area or its aspects (Cook, 1989). Analysis and review of previous studies can also help in identifying the appropriate research techniques to be employed in conducting this study. Sekaran, (2003:63) states that *"the purpose of the literature review is to ensure that no important variable is ignored that has in the past been found to have had an impact on the problem"*. This means that the researcher should collect, read, understand and synthesise a lot of the literature. Moreover, it is also important in providing a framework for analysing and comparing the results of a study with previous studies and explaining what the similarities and differences are and why they have occurred (Creswell, 1994). This chapter presents the objectives of financial reporting, characteristics of accounting information and identifies users of financial reporting and their needs. In addition, the nature of the decision- usefulness approach and accountability approach is discussed. Moreover, this chapter proposes to review previous studies which relate to the usefulness of corporate annual reports to their users both in developed and developing countries.

3.2 Objectives of Financial Reporting

Many attempts have been made to examine the objectives of financial reports. The American Institute of Certified Public Accountants (AICPA) sought to develop financial reporting objectives. In 1958, the AICPA appointed Maurice Moonitz to began work on the: "The Basic Postulates of Accounting" (1961). In his study, he defines the objectives of financial statements as:

“the provision of data to be used as a basis for choosing between available economic alternatives and for checking and evaluating progress and results” (Moonitz, 1961).

One of the committees and associations that have offered definitions of the objectives of financial statements include the American Accounting Association (AAA), which defined the objective of financial reporting as follows:

“Financial reports are intended to provide information that is useful in making business and economic decisions” (AAA, 1966).

In October 1970, the (AICPA) in a statement No. 4 of the Accounting Principles Board (APB), focused on the benefits from information. It defines accounting as follows:

“Accounting is a service activity. Its function is to provide quantitative information, primarily in nature, about economic entities that is intended to be useful in making economic decisions.” (AICPA, 1970)

The purpose of Statement No 4 was to state fundamental concepts of financial reporting to serve as a foundation for opinions of the Accounting Principles Board (APB) (Wolk, et al., 2000). However, the AICPA (1970) lists in the Statement No 4 the general objectives of financial accounting and financial statements as:

1. To provide reliable financial information about economic resources and obligations of a business enterprise;
2. To provide reliable information about changes in net resources (resources less obligations) of an enterprise that result from its profit directed activities;
3. To provide financial information that assists in estimating the earning potential of the enterprise;
4. To provide other necessary information about changes in economic resources and obligations; and
5. To disclose, to the extent possible, other information related to the financial statements that is relevant to the users' needs.

Wolk et al (1992) argue that, these objectives focused primarily upon the views of the preparers of financial statements and were not significantly concerned with identifying the informational needs of users. However, in spite of some limitations, the Statement

No 4 was a step in the development of financial accounting and paved the way for further studies about the objectives of financial reports. It has directly influenced both the Trueblood Report and the Corporate Report in their search for the objectives of financial statements.

The AICPA created the Trueblood Committee to develop some basic objectives of financial statements. In 1973 the Trueblood Report (AICPA, 1973) reached a number of conclusions on the desirable goals of the financial accounting process:

1. The basic objective of financial statements is to provide information useful for making economic decisions.
2. An objective of financial statements is to serve primarily those users who have limited authority, ability, or resources to obtain information and who rely on financial statements as their principal source of information about an enterprise's economic activities.
3. An objective of financial statements is to provide information useful to investors and creditors for predicting, comparing, and evaluating potential cash flows to them in terms of amount, timing, and related uncertainty.
4. An objective of financial statements is to provide users with information for predicting, comparing, and evaluating enterprise earning power.
5. An objective of financial statements is to supply information useful for judging management's ability to utilise enterprise resources effectively in achieving the primary enterprise goal.
6. An objective of financial statements is to provide information useful for the predictive process. Financial forecasts should be provided when they will enhance the reliability of users' predictions.
7. An objective of financial statements is to report on those activities of the enterprise affecting society which can be determined and described or measured and which are important to the role of the enterprise in its social environment. (p. 61-66).

As can be seen from the above, these objectives are a mixture of disclosure standards, valuation methods and behavioural assumptions (Most, 1982). Buzby (1974a) states that any inclusive study of the nature of adequate disclosure depends in part on the objectives of financial accounting and although there is no unique set of objectives gaining agreement among accountants and users, there is a certain amount of common ground. There is a sensibly wide acceptance that one of the chief objectives of accounting is to provide appropriate information to users for the purpose of making economic decisions relating to the reporting corporation.

In 1974 the Accounting Standards Steering Committee of the Institute of Chartered Accountants in England and Wales was created to re-examine the scope and aims of published financial reports. In 1975 a discussion paper, "The Corporate Report", was published. The Corporate Report (1975:28) defines the objectives of corporate financial reporting as:

"to communicate the economic measurement of and information about the resources and performance of the reporting entity useful to those having reasonable rights to such information." (The Corporate Report, 1975:28).

The Corporate Report defines users as those having a reasonable right to information and whose information needs should be recognised by financial reports. The users are identified as: the equity investor group, the loan creditor group, the employee group, the analyst-advisor group, the government, and the public. The Corporate Report gave more attention than the Trueblood Report to the identification of the groups of users who are interested in corporate reports and a statement useful for evaluating the social performance of a reporting enterprise.

In November 1978 the Financial Accounting Standards Board (FASB) issued SFAC No.1: Objectives of Financial Reporting by Business Enterprises. According to SFAC No.1 (1978), the main objective of financial statements is to provide relevant information for users to make useful decisions. The objectives of financial reporting, according to this were identified as follows:

1. Financial reporting should provide information that is useful to present and potential investors, creditors and other users in making rational investments, credit and similar decisions. The information should be comprehensible to those

who have a reasonable understanding of business and economic activities and are willing to study the information with reasonable diligence (Paragraph.34).

2. Financial reporting should provide information to help investors, creditors and others assess the amount, timing and uncertainty of prospective net cash inflows to the related enterprise (Paragraph.37).
3. Financial reporting should provide information about the economic resources of an enterprise, the claims on those resources and the effects of transactions, events and circumstances that change resources and claims on those resources (Paragraph.40).
4. Financial reporting should provide information about an enterprise's financial performance during a given period (Paragraph.42).
5. Financial reporting should provide information on how an enterprise obtains and spends cash, on borrowing and repayment of loans, its capital transactions, including cash dividends and other distributions of an enterprise's liquidity or solvency (Paragraph.49).
6. Financial reporting should provide information about how the management of an enterprise discharges its stewardship responsibility to owners (stockholders) for the use of enterprise resources entrusted to it (Paragraph.50).
7. Financial reporting should provide information that is useful to managers and directors in making decisions in the interests of owners (Paragraph.54).

The objectives of the FASB (Statement No.1) presented above are generally a diluted version of the Trueblood Report with some necessary value judgements as well as redundant statements. The Trueblood Report in the second objective may be the most misunderstood of all the objectives. In this objective the report describes the primary users being served by financial statements. Identifying these users depend on the understanding of the term "limited ability" used in this objective; whereas the Statement No.1 of the FASB singles out investors and creditors among external users, and it maintains that external financial reporting must be general purpose in nature and it must be directed toward the common interest of various groups of users, rather than oriented toward specific needs or a particular group of users. Although the primary concern is to provide useful information to external users through the general purpose financial

statements, the FASB paid attention to the provision of useful information to managers and directors in making their decisions, as financial reporting does not separate management performance from enterprise performance (FASB, 1999).

There are also other attempts around the world, which have made great efforts to set standards and define the objectives of financial reports. In June 1980, the Canadian Institute of Chartered Accountants (CICA) asked Professor Edward Stamp to carry out a research study to determine the objectives of corporate reporting. The CICA's study on "corporate Reporting" reported that the fundamental objective of corporate financial reporting is

"To provide adequate information about the economic position and performance of an enterprise to all potential users who need such information to make decisions." (1980: 32).

Published corporate financial reports primarily aim to provide useful information from management to both equity and debt investors about management's performance, in addition to its success (or otherwise) in achieving the goal of implementing a satisfactory economic performance by the enterprise and maintaining it in a strong and healthy financial position. Therefore, company financial reports should disclose financial information relevant to the needs of the users of such information and they should be complete in the sense that they contain sufficient information to enable users to make rational decisions (CICA). CICA's study focused primarily on the economic position and performance of the reporting enterprise as a wider objective including information above and beyond financial information. Also, the study asserted that the contents of corporate reports should meet certain criteria, that is, possess certain qualitative characteristics.

Solomons (1989:9) argues that financial reporting should provide information that is useful to all those who have an interest in the following aspects:

1. Assessing the financial performances and the position of the organisations;
2. Assessing the performance of those responsible for its management; and
3. Making decisions about investing, lending or extending current.

In July 1989, The IASC published its framework for the preparation and presentation of financial statements. This framework includes a statement on the objective of financial statements which is:

“to provide information about the financial position, performance and changes in financial position of an enterprise that is useful to a wide range of users in making economic decisions” (IASB, 1989)

In addition, over the last few years the UK Accounting Standards Board (ASB) and the International Accounting Standards Board (IASB) have developed conceptual frameworks for accounting that have many common elements. These frameworks have relied on the earlier pioneering work undertaken by the Financial Accounting Standards Board (FASB).

The financial reporting objectives provided by the UK Accounting Standards Board (ASB) (1991), for example, sets out the following principles:

“The objective of financial statements is to provide information about the reporting entity’s financial performance and financial position that is useful to a wide range of users for assessing the stewardship of the entity’s management and for making economic decisions” (ASB, 1991).

The ASB published a statement on “objectives of financial statements” and identified the general objectives of financial statement as follows (ASB, 1991):

1. To provide information about the financial position, performance, and financial adaptability of an enterprise that is useful to a wide range of users in making economic decisions.
2. To show the result of the stewardship of management, that is, the accountability of management for the resources entrusted to it.

Based on these purposes the statements do not provide all the information that users may need to make economic decisions. They provide for common needs of users (general-purpose statements), and emphasises that since the financial statements portray the financial effects of past events and do not necessarily provide non-financial information.

Finally, there were many attempts to developing an acceptable framework for financial reporting objectives. These attempts were intended to improve disclosure of information in corporate financial reports.

In 2002 the IASB agreed with FASB to work jointly on future standards and align their existing standards (Whittington, 2008). The IASB and FASB published a discussion paper in 2006, which says that the objective of financial statement is to:

“provide information that is useful to present and potential investors and creditors and others in making investment, credit, and similar resource allocation decisions” (DP, 2006, OB2: 18).

It can be seen from this statement how closely the objective of financial reporting is tied to decision making. In effect, the IASB and FASB agreed that the objective of financial reporting is to provide useful information to current and prospective providers of finance. This objective is assumed to be met by providing the information that will help in the prediction of the future cash flow of an entity, also the same set of information is assumed to be used by wider group users of financial information.

In accounting literature, there are different approaches to the possible reporting objectives of financial statements. The first approach is termed the “decision-usefulness approach”, under which financial reports should provide information that is useful for decision-making. The second approach is labelled the “accountability approach”, where the aim of financial reports is to provide information which might assist in the enforcement of a “contract” between various parties.

The choice between these two approaches could affect any analysis or any conclusions reached about financial reporting. In this context, Collison et al. (1993) state that:

*“Any deductive analysis of financial reporting ideally starts with specification of the purpose that financial statements serve. Such specification is problematic, because there appear to be two major alternatives which could generate different analyses and conclusions. These are “decision usefulness” and “accountability”. The latter might be alternatively described as “control” or “stewardship”
Collison et al.1993:2).*

Accordingly, in accounting, both the type of analyses and results of a research study depend on which of these approaches or schools of thought the author selects for his/her research. Therefore, the nature of these two approaches is discussed in the following two sections.

3.2.1 Accountability Approach

Accountability or stewardship refers to the responsibility of management to stakeholders (CICA, 1991). Ijiri (1975: ix) gives a general definition:

“Accountability presumes a relationship between two parties, namely someone (an accountant) is accountable to someone else (an accountee) for his activities and their consequences.”

According to Gassen, (2008) management is accountable to a wide range of stakeholders, e.g. clients, creditors, and suppliers.

In exposure draft an improved conceptual framework for financial reporting of IASB (2008:17, OB12): reported that,

“Management is also accountable for ensuring that the entity complies with applicable laws, regulations and contractual provisions. Management’s performance in discharging its responsibilities, often referred to as stewardship responsibilities, is particularly important to existing equity investors when making decisions in their capacity as owners about whether to replace or reappoint management, how to remunerate management, and how to vote on shareholder proposals about management’s policies and other matters. Because management’s performance in discharging its stewardship responsibilities usually affects an entity’s ability to generate net cash inflows, management’s performance is also of interest to potential capital providers who are interested in providing capital to the entity.”

The accountability relation may exist inside a firm or outside a firm. A firm, officers and employees are accountable to their respective supervisors based on the organizational hierarchy of authorities and responsibilities. Within a firm may be accountable to external users of information such as shareholders, creditors, government, or to the public in general (Ijiri, 1983). Gjesdal (1981) quoted from Rosefield (1974) that:

“an objective of financial statements is to report on the control and use of resources by those accountable for their control and use to those to whom they are accountable.” (1974:209).

The financial statements are therefore used as a basis for the shareholders to ascertain that the stewards properly accounted for the assets and liabilities of the business. An extension of the stewardship function of the financial statements was its use as a basis for evaluating the performance of the stewards.

This definition is quite different from the general decision usefulness, although it does provide information on how management has used the resources to the shareholders, who may be facing a decision about the management team. Gray et al. (1991) stress that stewardship is essentially a special simple case of accountability. Under it, the steward provides an account of the uses to which the resources entrusted to him/her have been applied.

Shillinglaw (1989) suggests that accountability incorporates the perception that accounts are intended to allow the owners to evaluate managers' performance. In the same way, Perks (1993) states that:

“What happens if the Principal is dissatisfied with the Agent's account? In addition to information, accountability requires that principals have effective sanctions that can be used when Agents are not meeting the Principal's requirements.” (Perks, 1993:25)

Therefore, it says nothing about the effects of these uses or about the objectives behind the entrusting of the resources to the steward. Accountability, by contrast, requires an account of the extent to which the objectives for which the resources were entrusted have been achieved.

The word that best describes the relationship between a company and its management, on the one hand, and the external users of the company's published financial reports, on the other hand, is “accountability”. A company reports to outsiders, because it feels it is accountable.

(Ijiri, 1983) points out that, based on the underlying accountability relation, the accountee has a certain right to know; at the same time, the accountant has the right to protect privacy. However, more information about the accountant is not necessarily better. It is perhaps better from the standpoint of the accountee, but not necessarily from

the overall accountability relation. In addition, information can seriously damage the interests of the accountant, even if it is highly useful to the accountee. The accountant can suffer a variety of losses in recording and reporting certain information. The mechanical cost of preparing records and reports, as well as getting them audited and the potential loss of the accountant's competitive advantage, are some examples of such damage.

Although the stewardship function is still important, there is a gradual shift away from this traditional role of financial statements. The traditional perspective of stewardship and past events orientation of financial reporting has changed to that of providing information for decision making (Anton, 1976). In particular, the modern era has seen the "dawn of the age of the user in financial reporting" (Lee and Tweedie, 1981); that is reports and statements are now being conceived and aimed specifically in terms of uses and user needs.

3.2.2 Decision Usefulness Approach

It is generally accepted that the underlying purpose of accounting is to provide financial as well as non-financial information about the economic entity to those who need such information. Financial reports such as profit and loss accounts, balance sheets.. . etc., are the output of any accounting information system.

Ijiri (1983: 75) states that:

"in a decision based framework, the objective of accounting is to provide information useful for economic decisions. It does not matter what the information is about. More information is always preferred to less as long as it is cost effective. Subjective information is welcome as long as it is useful to the decision makers."

The decision usefulness approach might be considered more appropriate than the accountability approach. Hodgson et al (1992) argues that since the early 1960's, the stewardship function of accounting data has been replaced by the decision-making function.

The decision usefulness approach has achieved a greater recognition as the primary purpose of financial reporting following the publication of a number of important studies in the late 1960's, (e. g., AAA, 1966; Beaver et al., 1968).

The decision usefulness approach has long been recognised. According to this approach, the function of accounting statements is to aid various user groups (in particular, shareholders and creditors, both actual and potential) in making decisions about holding, buying or selling company shares... etc. Sterling (1972) concluded that it seems that every one agrees that the objective of accounting is to provide useful information. The Accounting Standards Board in the UK (1991, paragraph 12) adopted the decision usefulness approach when it states that financial statements are intended

“to provide information about the financial position, performance and financial adaptability of an enterprise to a wide range of users in making economic decisions.” (1991: Paragraph 12)

Zairi and Letza (1994) found that the purpose of a company report should be to convey information which is useful to those who have an active interest in the organisations concerned, mainly the shareholders.

In addition, in 2006, the IASB and FASB published a discussion paper which says that the objective of financial statement is

“to provide information that is useful to present and potential investors and creditors and others in making investment, credit, and similar resource allocation decisions” (DP, 2006, OB2. P. 18).

Recently, the Conceptual Framework for Financial Reporting issued by the International Accounting Standards Board (IASB) in September 2010 reported that,

“The objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity” (2010:10).

As mentioned above the IASB and FASB agreed that the objective of financial reporting is to provide decision usefulness information to current and prospective providers of finance. Thus, it can be said that:

“the needs for stewardship are assumed to be met within the decisions usefulness objective” (Whittington, 2008:498).

The essential aim of financial reports is to supply their users with significant and appropriate information to help them in making their decisions. For achieving this aim an adequate system of disclosure is required (Rawy, 2003).

There are two main methods of research for the evaluation of the usefulness of accounting information and other financial disclosures to investors in making their decisions. Firstly, “investor surveys” which examine how an individual makes decisions in response to accounting information. Secondly, the efficient market hypothesis (EMH) which examines the decision makers’ behaviour in the aggregate by focusing on the reactions of stock markets to accounting information (Dyckman et al. 1975 and Gray et al. 1987). Since the early 1970s, writers such as Gonedes (1972) and Beaver et al. (1979) recommended that researchers concentrate upon the market reaction to accounting information rather than the response of individual users, when assessing the usefulness of financial information.

In terms of shareholders’ survey methods; there are two types which determine the usefulness of financial information. The first type is to ask investors how they use annual reports. The main concern of this type of survey is how users of financial information understand, use, and make decisions on such information and what, if any, financial or non-financial information they need (Wolk et al., 2000). Examples of these studies include Baker and Haslem (1973); Chang and Most (1977); Anderson (1981); Ahmad (1988); Abdelsalam (1990); Bence et al. (1995); Al-Mubarak (1997); Al-hajji (2003); Rawy, (2003); Alattar and Al-Khater, (2007) and Al-Ajmi, (2009)

The second type of survey asks investors to weigh the importance of different items of financial information. The focus of this type of survey is whether the information on certain items of financial information is adequate for investment decisions. Examples of such studies include Singhvi and Desai (1971), Buzby (1974b); Firth (1978); Belkaoui et al. (1978); Chow and Wong-Boren (1987); Streuly (1994); Al-Razeen (1999) and Mirshekary and Saudagaran (2005).

Glautier and Underdown (2001) refer to these types of surveys as behavioural accounting research, which aims to understand, explain, and predict human behaviour within an accounting context.

Hofstedt and Kinard (1970: 43) defined behavioural accounting research as:

“the study of the behaviour of accountants or the behaviour of non-accountant as they are influenced by accounting functions and reports.”

However, in the present study, the first type of shareholders' survey was selected to determine the usefulness of financial information contained in the annual reports of Libyan Listed and unlisted companies in making investment decisions.

3.3 Qualitative Characteristic of Financial Information

By identifying and defining the qualities that make accounting information useful, SFAC No.2 (1980) develops a number of generalizations or guidelines for making accounting choices and also provides a terminology which should promote consistency in standard setting(Most, 1982). There are certain characteristics that the information must be useful in making decisions. In this respect, the FASB's goal in setting standards is to enhance the usefulness to investors and creditors of the information that entities report in financial statements and other financial reporting. In assessing whether the usefulness of information would be improved, the FASB considers the “qualitative characteristics” that make accounting information useful to users. FASB Concepts Statement No. 2, Qualitative Characteristics of Accounting Information, identifies those qualities, defines them, and explains how they interact with one another (Johnson, 2005).

In May 2008, the FASB and the IASB therefore published an exposure draft of ‘An improved Conceptual Framework for Financial Reporting’ (IASB, 2008; FASB, 2008a). This Conceptual Framework represents the foundations of the accounting standards.

“The application of objectives and qualitative characteristics should lead to high-quality accounting standards, which in turn should lead to high-quality financial reporting information that is useful for decision making” (FASB, 1999; IASB, 2008).

SFAC No. 2 (referred to above) identifies primary and secondary qualitative characteristics of accounting information that distinguish better (more useful) information from inferior (less useful) information for decision-making purposes. The primary qualities that make accounting information useful for decision making are

relevance and reliability. The secondary qualities identified are comparability and consistency.

According to the exposure draft of an improved conceptual framework for financial reporting (IASB, 2008), qualitative characteristics can be distinguished as fundamental or enhancing characteristics, depending on how they affect the usefulness of the information. Based on this distinguishing relevance and faithful representation (reliability) are fundamental qualitative characteristics and comparability, verifiability, timeliness and understandability are enhancing qualitative characteristics regardless of its classification, each qualitative characteristic contributes to the usefulness of financial reporting information. However, providing useful financial information is limited by two pervasive constraints on financial reporting materiality and cost. The following subsections discuss these principal qualitative characteristics.

3.3.1 Relevance:

To be useful the information provided by financial statements must be relevant to the decision-making needs of users. Information has the quality of relevance when it influences the economic decisions of users by helping them to evaluate past, present or future events or confirming, or correcting, their past evaluations (Alexander et al. 2005) If the information has no influence on the decisions made by decision makers, it is not relevant. In defining the meaning of relevance in financial reporting, the FASB, in its Statement of Financial Accounting Concepts No.2 (FASB, 1980) states that:

“To be relevant to investors, creditors, and others for investors, credit, and similar decisions, accounting information must be capable of making a difference in a decision by helping users to form predictions about the outcomes of past, present, and future events or to confirm or correct expectations” SFAC No. 2, paragraph:47: 21).

The ASB (1999:35) indicates that:

“Information is relevant if it has the ability to influence the economic decisions of users and is provided in time to influence those decisions”
(paragraph 3.2)

Thus to be relevant, accounting information must have predictive feedback value or both. The IASC (1989) in its Framework states that:

“To have predictive value, information need not be in the form of an explicit forecast. The ability to make predictions from financial statements is enhanced, however by the manner in which information on past transactions and events is displayed. For example, the predictive value of the income statement is enhanced if unusual, abnormal and infrequent items of income or expense are separately disclosed” (paragraph 28).

Therefore, relevant information, helps investors, creditors, and other users (a) make predictions about the outcome of past, present, and future events (predictive value); (b) confirm or correct prior expectations (feedback value), However, to be able to have predictive value and feedback values, the information must be presented on a timely basis.

3.3.2 Timeliness

According to the FASB’s analysis, timeliness that is, having information available to be available to a decision maker before it loses its capacity to influence their decisions, has long been recognised to be of vital importance to the usefulness of financial reporting. It is one of the characteristics to decide the relevance of accounting information. The more promptly the information is disclosed to decision-makers is, the more relevant such information will be to them. Users need timely information so as to enable them to make a timely review and update the information. FASB (1980) included that for information to be relevant, it must be timely which means that it must be

“available to decision makers before it loses its capacity to influence decisions”. However, “Timeliness alone cannot make information relevant, but a lack of timeliness can rob information of relevance it might otherwise have had.” (SFAC No. 2 Pararaph56)

Although it seems there is a conflict between timeliness and other functions of relevance as information can be more complete and accurate if the time constraint is relaxed, several authors such as Gilling (1977), Curtis (1976), Dyer and McHugh (1975) and Whitted (1980) provide compelling evidence for the improvement of timeliness in the provision of disclosures in order to ensure relevance.

In the UK, the Corporate Report (1975) indicates that the final statement information should be timely:

“The (accounting) information presented should be timely, in the sense that the date of its publication should be reasonably soon after the end of the period to which it relates, so that it contributes meaningful new information about the entity, and in the sense that corporate reports are more useful if they contain up-to-date measures of value” (paragraph. 3.9)

In emerging economies, the provision of timely information in the corporate report assumes more importance since other non-financial statement sources such as media releases, news conferences and financial analysts are not well developed and the regulatory bodies are not as effective as in Western developed countries (Wallace, 1993).

3.3.3 Reliability or (Faithful Representation)

Reliability is one of the primary characteristics of useful accounting information; however, the users should have a high degree of confidence in the information presented to them. Reliability implies that users of accounting information can depend on the information included in financial statements with a degree of confidence and an accounting system output can be used with a degree of trust. The FASB in its SFAC No. 2 defines reliability as:

*“The quality of information that assures that information is reasonably free from error and bias and faithfully represents what it purports to represent.”
(SFAC No. 2: 10)*

In addition, to be reliable, information must have representational faithfulness and it must be verifiable and neutral. (FASB, 1980, SFAC No. 2) the ASB (1991) states that

“information has the quality of reliability when it is free from material error and bias and can be depended upon by users to represent faithfully in terms of valid description that which it either purports to represent or could reasonably be expected to represent” (Paragraph. 26).

The accounting standard-setters for corporate reports make the following observation concerning the reliability of information in financial reports:

“The credibility of the information contained in corporate reports is enhanced if it is independently verified, although in certain circumstances it

may be useful for an entity to supply information which is not verifiable in this way” (The Corporate Report, 1975:29).

Therefore, as indicated in paragraph 59 of FASB, 1980, SFAC No. 2, reliability of accounting information stems from two characteristics that it is desirable to keep separate, representational faithfulness and verifiability. Neutrality of information also interacts with those two characteristics to affect its usefulness. Wolk et al, (1992) indicated that, Reliability of accounting information stems from the following three characteristics: representational faithfulness, verifiability, and neutrality.

Representational faithfulness refers to the correspondence or agreement between accounting data and the resources and events that those data are purported to represent.

Verifiability, which according to the American Accounting Association (AAA, 1966:10)

is: “it allows qualified individuals working independently of one another to develop essentially similar measures or conclusions from an examination of the same evidence, data, or records.”

The FASB in its SFAC 1980, No. 2:11 defines verifiability as:

“The ability through consensus among measurers to ensure that information represents what it purports to represent or that the chosen method of measurement has been used without error or bias.”

This definition implies that verifiability should ensure that the measurement rule used is applied cautiously and without personal bias.

Neutrality of information also interacts to affect its usefulness. It refers to the absence of bias in the presentation of accounting data. According to the APB (1970, para. 91), Statement No. 4 defines neutrality as being *“directed toward the common needs of users and is independent of presumptions about particular needs and desires of specific users of the information”*. Neutrality means that, in formulating or implementing standards, the primary concern should be the relevance and reliability of the information that results, not the effect that the new rule may have on a particular interest. A neutral choice between accounting alternatives is free from bias towards a predetermined result. The objectives of financial reporting serve many different information users who have

diverse interests, and no one predetermined result is likely to suit all interests (FASB, 1980, SFAC No. 2).

3.3.4 Completeness

The users should be given a total picture of the reporting business as far as possible.

The FASB defines the completeness as:

“The inclusion in reported information of everything material that is necessary for faithful representation of the relevant phenomena.” (SFAC No. 2:10)

According to the FASB (1980), completeness of information also affects its relevance. Relevance of information is adversely affected if a relevant piece of information is omitted, even if the omission does not falsify what is shown.

3.3.5 Comparability

Comparability was suggested by the FASB (S FAC No. 2) as a secondary quality. It is not a primary characteristic of useful information in the same sense that relevance and reliability are. Accounting information that is not reliable, or that is not relevant, will not be useful information. Such might or might not be the case with this secondary quality, because although it may add to the usefulness of information, its absence will not imply that the information is useless (Kieso et al. 2003). Comparability means that users of information are able to distinguish between and/or evaluate similarities in the nature and effects of transactions, at one time and over time. However, it means that accounting information should be comparable with similar information about other enterprises. This also includes consistency from year to year. The FASB (S FAC No. 2; 1980:9) emphasised the user’s perspective when it defines comparability as:

“the quality of information that enables users to identify similarities in and differences between two sets of economic phenomena.”

The ASB in the UK reported that information in an entity’s financial statements gains greatly in usefulness if it can be compared with similar information about the entity for some other period or point in time in order to identify trends in financial performance and financial position. Information about the entity is also much more useful if it can be

compared with similar information about other entities in order to evaluate their relative financial performance and financial position (ASB, 2008: 3.21).

3.3.6 Consistency

Consistency of information means that a company applies the same methods of accounting to similar accountable events from period to period. It does not mean that a particular method cannot be changed once it is adopted. The FASB statement No. 2 (1980) notes that the consistent use of accounting principles from one accounting period to another enhances the usefulness of financial statements by facilitating analysis and understanding of comparative accounting data. However, consistency does not mean that a company cannot change its method of financial reporting. Companies can change methods, but they must disclose the rationale and the benefits behind the change (Belkaoui, 1992).

3.3.7 Understandability

For corporate information to be useful, it should be presented in an understandable manner. This reality was emphasised by Buzby (1974a), suggests that to make disclosure adequate and readable, information should be presented in an understandable and grouped manner and organised appropriately. In addition, Underdown and Taylor (1985:98) point out that:

“the key user-specific quality is understandability. Information can only be useful if a decision maker can understand it.”

Pizzey (1998) encapsulated this sentiment when he states that:

“A useful financial statement will present its information as simply as possible and in a format, which is easy to assimilate”.

However, the understandability of the information provided by the financial report does not necessarily mean simplicity but users need to be able to perceive its significance (ASB, 2008). Wolk et al (1992) argue that even if users are assumed to be knowledgeable, information itself can have different degrees of comprehensibility.

The FASB in its SFAC No. 2 defines understandability as:

“the quality of information that enables users to perceive its significance”

(ASB, 1980:11)

ASB (2008) in its 3.27 paragraph suggests that, whether financial information is understandable will depend on:

- a) The way in which the effects of transactions and other events are characterised, aggregated and classified. For example, information that does not properly reflect and communicate the substance of transactions and other events will not help users to understand the entity’s financial performance or financial position.
- b) The way which the information is presented.
- c) The capabilities of users. Those preparing financial statements are entitled to assume that users have a reasonable knowledge of business and economic activities and accounting and a willingness to study with reasonable diligence the information provided.

Moreover, the ASB (1991) emphasises that:

“information about complex matters should be included in the financial statement because of its relevance to the economic decision-making needs of users and should not be excluded merely on the grounds that it may be too difficult for certain users to understand” (ASB, 1991, Paragraph 3.8).

This reflects the idea that the users have different levels of understanding of the financial information (Wolk et. al., 1992; Thomas, 1991; Benjamin and Stanga, 1977; Baker and Haslem, 1973).

3.3.8 Materiality

Materiality implies that insignificant items should not be given the same emphasis as significant items. The insignificant items are by definition unlikely to influence decision or provide useful information to decision-makers, but they may well cause complication and confusion to the user of accounting information. Their detailed treatment may also involve a great deal of time and effort for no useful purpose (Alexander and Britton, 2005).

The above characteristics will help us to decide whether the financial information is useful or not. However, in making a final decision we need also to consider whether the financial information is material or not. The financial information is material, when the

omission or misstatement of this information might influence the economic decision for users (Elliott and Elliott, 2009).

Finally, the problems facing the development of both the objectives and the qualitative characteristics of financial reporting might be causing the shortcomings of existing corporate reporting systems. According to Zairi and Letza (1994) financial reports are deficient in the following areas:

1. There is high suspicion of the quality of information provided, and whether the type of information included in reports is of much benefit to the end-users.
2. The information included in the reports tends to be of a historical nature, based on compiled data which reflect business behaviour and performance in a retrospective manner. As such, the information is lacking in terms of timeliness, flexibility and an ability to respond effectively to the end-user, with little or no feedback.
3. There is too much emphasis on single earnings numbers and very little attention given to organisations' "state of health" in terms of cash flow and liquidity.
4. The structure, design and content of most company reports is more concerned with complying with legal conditions than reflecting business and economic performance.
5. Vital information on future plans/intentions and commitments for improved performance levels tends to be absent.

Al-Mubarak (1997) indicates that the difficulty facing the development of an accounting framework is the lack of knowledge about users' needs. It is generally acknowledged that the underlying objective of publishing annual reports is to satisfy the perceived information needs of external users of such reports. One of the most difficult problems faced by management, who issue annual reports, is that of balancing the information needs of different audiences. A balance must be struck between the needs of different investor groups and also between the needs of individual investors and non-investors. The users of financial reports and their needs will be discussed in the following section.

3.4 Users of Financial Reporting and Their Needs

There are many potential user classes with a direct or indirect interest in financial accounting information (Buzby, 1974a). The users of financial reports are heterogeneous in their objectives and their capability of handling financial information (Wolk et. al., 1992; Thomas, 1991; Benjamin and Stanga, 1977; Baker and Haslem, 1973).

Among the potential users of corporate information are owners, lenders, suppliers, potential investors and creditors, employees, management, directors, customers, financial analysts and advisors, brokers, underwriters, stock exchanges, lawyers, economists, tax authorities, regulatory bodies, legislators, financial press and reporting agencies, labour unions, trade associations, business researchers, teachers and students, and the public. Except for management, all the other user groups mentioned above can be classified as external users. People demand financial statements because the data reported in them improve decision making (Revsine et. al., 2002). The determination of the users of the financial reports should lead to what financial information should be included in annual corporate reports and the level of disclosure of this information for rational decision-making process (Moonitz, 1961). Devine (1985) points out that the fact that different users have different objectives is behind the need to determine the classes for whom the information is being disclosed.

The Accounting Principles Board (APB, 1982), in its Statement No.4 indicates that:

“Financial accounting information is used by a variety of groups and for diverse purposes. The needs and expectations of users determine the type of information required. Users groups may be broadly classified into (1) those with direct interests in business enterprises and (2) those with indirect interests” (APB, 1982: 477).

The identification of users assists in defining user class characteristics and in turn, leads to determination of the specific types of information to be disclosed and the best manner of presentation (Buzby, 1974a).

Accounting focuses on providing useful information for its users; and the principal step for preparing the financial reports is determining to whom financial reports must be issued. These groups and their needs are identified by the IASC (1989) as follows:

1. **Existing and potential investors:** The providers of risk capital and their advisers are concerned with the risk inherent in, and the return provided by their investments. They are interested primarily in future income flows. Investors need information to help them determine whether they should buy, hold or sell. Shareholders are also interested in information which enables them to assess the ability of the organization to pay dividends.
2. **Lenders:** Lenders such as banks are interested in the financial situation of their actual and potential customers. They are interested in information which enables them to determine whether their loans, and the interest attaching to them, will be paid when due.
3. **Suppliers and other trade creditors:** Suppliers and other creditors are concerned with information that enables them to determine whether amounts owing to them will be paid when due. Suppliers in general are likely to be interested in an enterprise over a shorter period than lenders, unless they are dependent upon the continuation of the enterprise as a major customer.
4. **Employees:** Employees and their representative groups are interested in information about the stability and profitability of their employers. They are also interested in information which enables them to assess the ability of the enterprise to provide remuneration, retirement benefits and employment opportunities.
5. **Customers:** customers are the major concern of a company; they need information about the continuance of an enterprise, especially when they have a long-term involvement with, or are dependent on the enterprise.
6. **The analyst-adviser group** including financial analysts and journalists, economists, statisticians, researchers, trade unions, stockers and other providers of advisory services, such as credit-rating agencies.
7. **Government:** governments require financial information on businesses for tax computation, regulation and the awarding of government contracts. It is also used as the basis for national income and similar statistics.
8. **The public:** the public, including taxpayers, ratepayers, consumers and other community and special interest groups, such as political parties, consumer and environmental protection societies and regional pressure groups.

Accounting information users and their purposes in using information are summarised in Table 3.1.

3.5 Previous Studies on the Usefulness of Corporate Annual Reports

Corporate annual financial reports are an important translator of financial information to users. Several users make economic decisions based on their relationship and knowledge about a business enterprise, but these users are also interested in the information provided by financial reporting.

As mentioned earlier, the IASB and FASB published a discussion paper in 2006, which says that the objective of financial statement is

“To provide information that is useful to present and potential investors and creditors and others in making investment, credit, and similar resource allocation decisions” (DP, 2006, OB2:18).

“Usefulness” is a term as used in this study means to what extent the corporate annual reports provide information which facilitates the decision-making process as perceived by users (Pankoff and Virgil, 1970).

The accounting standards in the UK (1991) explain the usefulness statement in terms of providing *“information about the financial position, performance and financial adaptability of an enterprise to a wide range of users in making economic decisions”*.

One of the methods to determine the usefulness of financial information is by conducting a survey to know how users (investors) of financial information understand, use, and make decisions of such information and what, if any, financial or non-financial information they need.

Reviewing the previous studies is important to help establish a structure for the research. This will make out the general conclusions drawn from the previous studies that could be related to the questions of this study. The analysis of previous studies also helps in indicating the different procedures and methodologies used to determine appropriate research methodologies to be employed in this study.

In fact, the study of the usefulness of financial reports is an important concern of researchers in financial reporting because the annual report is considered as the most valuable communication tool. It has long been considered as a barometer to measure a company's performance and, in general, to signal the state of the economy (Macalister, 1994).

In accounting literature several studies are replicated in both developed and developing countries, although a majority of studies focus on developed countries. The findings of these studies have revealed conflicting evidence on the relative importance of corporate annual reports in providing useful information for decision-making.

Although there is substantial literature in developed countries about what information users must find useful for their decision making activities, in contrast, little research has been done in developing countries. In this regard, Wallace (1990:37) indicates that,

“Literature would be enriched if accounting academics increased the rate of discovering and testing accounting hypotheses relating to developing countries so that they could confirm or refute some of the many concepts and beliefs which still pervade discussion on the state of accounting in developing countries. Regrettably, little has, so far, been done in this regard.”

Some previous studies relating to investors and the usefulness of financial information appearing in annual reports of companies are presented in the following sub-sections.

3.5.1 Relative Importance of Corporate Annual Reports

Previous studies showed that corporate annual reports were generally considered as important sources of financial information if not the most important source (Mautz, 1968; Mason, 1971; Lee and Tweedie 1981; Anderson, 1981; Arnold and Moizer, 1984; Chang and Most, 1985; Day, 1986; Ahmad 1988; Anderson and Epstein, 1995; Gniewosz, 1990; Abdelsalam, 1990; Ibrahim and Kim, 1994; Abu-Nassar and Rutherford, 1996; Bartlett and Chandler, 1997; Naser et al. 2003; Rawy, 2003; Mirshekary and Saudagaran 2005; Alattar and Al-Khater, 2007 and Al-Ajmi, 2009).

In the US, Mautz (1968) aimed in his study to learn from the users of published annual reports the ways in which they use these reports and the deficiencies they find in it. In his study, financial analysts were asked to rate the importance of the annual reports as a source of information for analysing the results of segments of diversified companies. These financial analysts gave financial statements the highest rating among the other sources of information. Mason (1971) found that stockbrokers rated company annual reports as the most important source of information for investment decisions. Chang and Most (1977), conducted a survey of individual investors in two countries, U. S (Florida) and New Zealand. They reported that respondents in US (Florida) rated corporate annual reporters as the most important source of information. Chang and Most (1981) investigated the perceived usefulness of quantitative and qualitative data contained in annual reports in three countries; the USA, the UK and New Zealand. They surveyed three user groups included individual investors, institutional investors and financial analysts. They found that the corporate annual report is the most important source of information for investment decisions.

In Australia, Anderson (1981) investigated the usefulness of the annual reports to institutional investors in Australia by asking their investment objective, information sources used and readership and importance of sections contained in corporate reports, and their desire for additional information. He found that Australian investors relied mostly on the annual report when making their investment decisions. A similar result was reached by Gniewosz (1990) which indicated that corporate annual reports were considered to be one of the most useful sources of financial information for investment decisions. In the USA Epstein and Pava (1993) found that individual investors significantly rely on the annual reports more than they did in 1973 and have become more self-reliant and now rely significantly less on stockbrokers. Lee and Tweedie

(1981) pointed that corporate annual reports were perceived to be the most important source of information. Day (1986) conducted a project to investigate the use and usefulness of the information contained in annual reports to investment analysts. Day discovered that a majority of the financial analysts agree that the financial statements of companies are an important source of information. She also found that the analysts are especially interested in additional or improved disclosures in segment information, detailed half yearly and quarterly reports and the Chairman's Statement to be made more detailed including such data as management's intentions.

However, in developed countries some studies found that corporate annual reports were not considered the most important source of financial information. In the USA, Baker and Haslem (1973) study is one of the pioneering studies to have attempted to discover the information needs and sources of such information. They reported that respondents demoted financial reports to a position of slight importance. In addition, the majority of the individual investors rely heavily on stockbroker's advice as their main source of information about companies. Similar results were found in the UK by Lee and Tweedie (1975) which found in their study that many parts of the annual report were not well read and not well understood by private shareholders. Epstein (1975) concluded that corporate annual reports were not very useful to stockholders for investment decisions. He found that only 15 % of the respondents relied on annual reports as their primary basis for investment.

In the Australian environment Anderson and Epstein (1995) extended their research by providing a useful investigation. They found that the annual financial report was less useful as the basis of investment decision making than stockbrokers and financial newspapers and magazines. Bartlett and Chandler (1997) concluded that much of the annual report was largely ignored by shareholders and the relatively low readership of much of the corporate annual reports might be a reflection of the passive nature of many individual investors and their lack of interest in much of the detailed disclosure.

In developing countries there are studies examining the relative importance of corporate annual reports as a source of information. In Malaysia, Ahmad (1988) evaluated the importance of the annual reports and the information contained therein for investment decisions. The main conclusion of the study was that the investment analysts ranked company annual reports as the most important source of information for investment

decisions. This study also showed that the investment analysts made considerable use of the company annual reports for investment analysis. In Saudi Arabia, Abdelsalam (1990) indicated that 67.5% of investors rated corporate annual reports as the most important source of information when making their investment decisions. Similar conclusions were reached by Al-Mubarak (1997) who found that investment analysts ranked corporate annual reports as the most important source of information for their investment activities. In Jordan, Abu-Nassar and Rutherford (1996) revealed that the corporate annual report was the most important source of corporate information to all of the participating user groups except the bank loan officers group, who considered visits to the company and communication with management as the most important, followed by corporate annual reports. Naser et al. (2003) provided empirical evidence on the usefulness of the annual reports to external Kuwaiti users. The questionnaire method was used for data collection in their study. They found that the annual financial report was ranked as the first source of information, followed by information directly from the company and specialist advice. The same conclusion was reached by Al-Hajji (2003) who reported that the corporate annual report is the most important source of information for the institutional investors and the customers of Islamic financial institutions. In Iran, Mirshekary and Saudagaran (2005) revealed that the annual reports are regularly used as a basis for making investment and other economic decisions. Their study found that annual reports were rated as the most important source of financial information.

There are no published studies which focus on the usefulness of corporate annual reports of Libyan companies. Alattar and Al-Khater (2007) found that the annual report is the primary source of information to user groups in Qatar for investment decisions. This result is similar to the result reported by Al-Ajmi, (2009).

However, a number of previous studies compared annual reports with other sources of financial information. Mason (1971) found that the advice of stockbrokers was perceived to be the most important source of information for investment decisions. This result was supported by Anderson, (1979). Epstein (1975) found that nearly 50% of surveyed respondents rated stockbrokers' advice as the most important source of information for investment decisions, confirming Baker and Haslem's study (1973) which revealed that 47% of USA respondents ranked stockbrokers as their most useful

source of information. Similar findings by Anderson and Epstein (1995) extended this research. They found that the Australian investor relied more on the advice of their stockbroker and financial newspapers and magazine than annual financial reports for making investment decisions.

In addition, financial newspapers and magazines were perceived to be the most important source of information available on companies in the UK, by 52.4% of the respondents in a study by Lee and Tweedie (1975). Chang and Most (1985) found that about 57% of respondents in New Zealand rated newspapers and magazines as the most important source of information. This result confirmed their study's results in (1977). Chang and Most (1977) found that the New Zealand survey indicated different results. The data revealed that newspapers and magazines were the most important source of information followed by stockbrokers' advice and company annual reports ranked third.

Pike et al. (1993) reported that discussions with company personnel and analysts meeting in-company to be the most relevant source of information. Barker (1997) found that direct contact with company's management was perceived to be the most important source of information by financial analysts and fund managers in the UK.

In the current study therefore nine information sources were investigated and the following question was developed: *How important is the corporate annual report as a source of information among other sources for respondents to make investment decisions or recommendations about Libyan listed and unlisted companies?*

3.5.2 Relative Importance of Each Section of Corporate Annual Report

In previous studies which examined the usefulness of corporate annual reports for meeting users' information needs focused upon the relative importance of each section of the corporate annual report. The respondents in the majority of these studies consider that the most important section of corporate annual reports is the income statement or the profit and loss statement section, followed by the balance sheet.

In Australia, Anderson (1981) found that the profit and loss account was perceived to be more important than the balance sheet. In the US Chang and Most (1985) found that the income statement and the balance sheet were considered as the most useful as a source of information. This finding is similar to findings by Epstein and Pava (1993)

who reveal that American individual investors read and use the income statement and balance sheet more than any other parts of the annual report.

This finding is similar to findings in developing countries by Ahmad (1988) who indicated that the investment analysts in Malaysia regarded the balance sheet and profit and loss account as the most important sections of the annual reports. In Saudi Arabia, Abdelsalam (1990) study revealed that the profit and loss account is the most important section followed by the balance sheet section. This result was supported by Al-Mubarak (1997) and Al-Hajji (2003) who found that the income statement was ranked as the most important section of the corporate annual report and the balance sheet was ranked the second most important section. In Saudi Arabia, Al-Razeen and Karbhari (2004 and 2007) also examined the relative importance of each section of the corporate annual report. They found that the balance sheet and the income statement are the most important sections of the annual report to most of the Saudi user groups. It is also consistent with the findings of Abu-Nassar and Rutherford (1996) who surveyed multiple groups of users of Jordanian annual corporate reports. In Egypt, Rawy (2003) indicated that the income statement was perceived as the most important section in corporate annual reports followed by the balance sheet as the second most important section. In Bahrain, Al-Ajmi, (2009) found that the means of the responses indicate that the income statement and the balance sheet are perceived as the two most important sections of the annual report, as the respondents view these sections as very important.

However, this is different from Lee and Tweedie (1975) who studied British individual investors. They reported that the profit and loss account was ranked first, while the balance sheet was ranked third. Anderson and Epstein (1995) found that about 58% of the shareholders in Australia consider the income statement useful for their investment decisions, and about 54% of the shareholders use the balance sheet. The income statement was ranked second, while the balance sheet was ranked fourth in their study.

Bartlett and Chandlers' (1997) study reported different results from the above studies, when they found that the profit and loss account was ranked third and the balance sheet was ranked ninth in their study. It is consistent with the findings of Mirshekary and Saudagaran (2005) who reported that the income statement was ranked first, while the cash flow statement was ranked second and the balance sheet was ranked third out of

the three most important sections of corporate annual reports. Alattar and Al-Khater (2007) found that the eight sections of the annual report were considered remarkably important to user groups in Qatar, implying that they are all relevant for investment decision making with the balance sheet being of the most important and the income statement was ranked fourth.

Regarding the other sections of the annual reports some of the previous studies showed that the individual investors consider the cash flow statement as less important. For example, this statement was put in the eighth place out of ten in the Anderson and Epstein's (1995) study of Australian individual investors. The statement of cash flow was put in the eleventh place of rank out of thirteen in the Bartlett and Chandler (1997) study of British individual investors. Al-Attar and Al-Khater, (2007) found that the audit report was ranked the second most important section followed by statement of cash flow as the third most important section by the user groups. In New Zealand, Wilton and Tabb (1978) found that the chairman's report was considered as the most thoroughly read section of the corporate annual reports. The board of directors' report was ranked as the least important section of the annual reports in Al-Hajji (2003), Al-Razeen and Karbhari (2007) and Al-Attar and Al-Khater, (2007) Al-Ajmi, (2009) studies.

Therefore, for the purpose of the current study, it is important to investigate the most important sections of the corporate annual reports. Thus the respondents in the current study were asked to evaluate the importance of seven sections included in the annual reports in making their investment decisions or recommendations that was to answer the following question: *What is the most important section of corporate annual reports of Libyan listed and unlisted companies for respondents?*

3.5.3 Users' Understanding of Information Included in the Corporate Annual Reports

As mentioned earlier, for financial information to be useful, it should be presented in an understandable manner. This actuality was emphasised by Buzby (1974a), who confirmed that the annual report could be adequate and readable if the information contained in it is presented in an understandable manner and organized and grouped in some logical manner.

Understandability was examined by many previous studies related the usefulness of corporate annual reports both in developed and developing countries. The approach investigates how improved understanding has been taken up by several researchers e. g. (Hamill, 1979; Lee and Tweedie (1976 and 1977), Wilton and Tabb, 1978; Smith and Taffler, 1984; Abdelsalam, 1990; Epstein and Pava, 1993; Anderson and Epstein, 1995; Abu-Nassar and Rutherford, 1996 and Naser et al. 2003; Hung et al., 1995; Alattar and Al-Khater, 2007 and Al-Razeen and Karbhari, 2007).

In New Zealand, Lee and Tweedie (1977) investigated users' understanding of sections of corporate annual reports. They found that Chairman's report considered as the first most understandable section in the annual reports followed by the auditor's report. Balance sheet was the third most understandable section and the profit and loss account was the fourth. In the USA, Epstein and Pava (1993) for individual investors the auditor's report was found to be more difficult to understand than the income statement. In Australia Anderson and Epstein, (1995) found that the shareholders had more difficulty in understanding the main financial statements with the balance sheet perceived as the most difficult. The cash flow statement was ranked second in difficulty the auditor's report is the easiest part to understand in the annual report for the individual investors.

Abu-Nassar and Rutherford's study (1996) examined users' beliefs about their understanding of the content of reports in Jordan; respondents were asked to indicate the level of difficulty they experienced with each of eight sections included in the corporate annual report. They found that all eight sections were considered generally to be easy to understand, with the auditors' report the least difficult section. Naser et al. (2003) investigated to what extent different Kuwaiti users of the annual report understand the information contained in annual financial reports. They found that all participants agreed that financial statements and notes to the accounts are relatively difficult to understand. In addition, they reported that the auditor's report is the easiest part to understand in the annual report. Their results were not surprising and are consistent with Abu-Nassar and Rutherford's study (1996). However, these results are somewhat different to most of the findings found by Al-Razeen and Karbhari (2007) who stated that when attention is turned to the technicality of the language of the annual report, the descriptive statistics generated showed the auditor's report to be fairly complicated to the Saudi individual investors.

Other studies investigated the understandability of the information within the corporate annual report in general question for example, In the UK, Lee and Tweedie (1976) found that the respondents in his study thought that they understand reported accounting information and find it relevant.

In Egypt, Rawy (2003) investigated in general respondents' perceptions of the degree of understandability of information provided in corporate annual reports of listed companies. Rawy (2003) indicated that 63.4% of the respondents in his study indicated that the information of the annual reports is either understandable or very understandable.

Therefore, in the current study the respondents were asked to indicate their level of understanding in two questions. In general, question 2.3.3 in the questionnaire asked the respondents to give a level of agreement with the following "*the information within the annual reports are easy to understand*". In order, in question 2.4 the respondents were asked to rate the understanding level of the sections of the corporate annual report. That was to answer the following question: *What is the level of understandability of corporate annual reports sections published by Libyan listed and unlisted companies?*

3.5.4 Users' Perceptions of the Qualitative Characteristics of Financial Information

Qualitative characteristics of financial information were examined by many previous studies related the usefulness of corporate annual reports both in developed and developing countries. (Lee and Tweedie (1976), Mason, 1971; Lee and Tweedie 1981; Anderson, 1981; Arnold and Moizer, 1984; Smith and Taffler 1984; Chang and Most, 1985; Day, 1986; Ahmad 1988; Epstein and Pava 1993; Anderson and Epstein, 1995; Gniewosz, 1990; Abdelsalam, 1990; Ibrahim and Kim, 1994; Abu-Nassar and Rutherford, 1996; Bartlett and Chandler, 1997; Al-Razeen, 1999; Naser et al. 2003; Al-Hajji, 2003; Rawy, 2003; Mirshekary and Saudagaran 2005 and Al-Attar and Al-Khater, 2007).

In Jordan, Abu-Nassar and Rutherford (1996) examined nine of the characteristics of useful corporate information. In their study, respondents were asked to indicate their satisfaction with current financial reporting in Jordan in terms of nine characteristics. These nine characteristics were that comparability within the company over time, comparability between different companies within a single industry, consistency in accounting methods within the company over time, consistency in accounting methods

between different companies within a single industry, completeness, credibility, materiality, neutrality and timeliness. Their findings suggest two areas of major weakness which were lack of comparability and consistency in accounting methods between different companies within a single industry and lack of reliability expressed in terms of neutrality and credibility which were found to score as low as 2.93 and 3.03 respectively.

In Kuwait, Naser et al. (2003) investigated users' perceptions regarding some of qualitative characteristics of financial information in two ways. Firstly, they asked their respondents to rate the importance of seven criteria of corporate information quality. In this regard, their respondents rated all of the criteria in the list (timeliness, availability of specific information, understandability, neutrality credibility, easy access to sources of information and independent verification) as being highly important. With that credibility and timeliness were viewed as the most important characteristic of characteristics of useful corporate information. Secondly, in Kuwait, Naser et al. (2003) investigated users' perceptions about understandability and timeliness and credibility. In order to determine the degree of the credibility of information contained in the annual reports, user groups were asked to rank the degree of the credibility that they attach to various sections of the annual reports. Regarding credibility their findings revealed that all user groups view financial statements as the most credible part of the annual report followed by the auditor's report. The directors' report received the lowest ranking. In addition, they found that the corporate annual reports were very useful to help investors to evaluate company's performance over time (comparability within the company over time) and to make a comparison between a company's performance with other companies.

In Saudi Arabia, Al-Razeen (1999) investigated the credibility of information included in the four major sections of the annual report (the board of directors' report, the auditor's report, the financial statements and the notes to the financial statements). He used a five point scale that extends from one "not credible at all to five "very credible". Al-Razeen (1999) found that all four parts gave mean score between 3.282 from directors' report and 3.942 from the financial statements. In addition, he reported that there are significant differences between the individual investors' group on the one hand

and the other groups on the other. He indicated that, the individual investors did not rate the parts of the annual reports as highly as the other groups.

Al-Hajji, (2003), concluded that all qualitative characteristics investigated in his study (Simplicity of the presentation, timeliness of the information, neutrality of the information, credibility of the information, comparability of the information, consistency of the information) were perceived as important by all the groups of respondents. However, the credibility and timeliness of information were perceived to be the most important characteristics for all the groups of respondents. In the other way, he asked the respondents to indicate their degree of agreement or disagreement with the qualitative characteristics of financial information of Islamic financial institutions. He found that the institutional investors and customers believe that the financial report of Islamic financial institutions have all of the listed qualitative characteristics. Therefore, to investigate the usefulness of Libyan corporate annual reports in the present study, it is important to investigate users' perceptions about to what extent the Libyan corporate annual reports meet the qualitative characteristics of financial information.

3.5.5 Users' and Preparers' Perceptions of the Usefulness of Information Items

A number of empirical studies have been conducted, both in developed and developing countries, to examine perceptions of the users and preparers about the usefulness of information items which are disclosed within corporate annual reports or could be disclosed (e.g. Baker and Haslem, 1973; Buzby, 1974; Lee and Tweedie, (1975, 1976); Chang and Most, 1985; Anderson and Epstein, 1995; Abdelsalam,1990; Ibrahim and Kim, 1994; Abu-Nassar and Rutherford, 1996; Bartlett and Chandler, 1997; Naser et al. 2003; Al-Hajji, 2003; Rawy, 2003; Al-Razeen, 1999; Mirshekary and Saudagaran, 2005; and Al-Attar and Al-Khater, 2007). Such studies were designed to examine the private investors' needs for information, to test the degree of consensus among user groups and preparers of information items, to evaluate corporate disclosure adequacy, and generally to investigate users' perceptions of the usefulness of corporate annual reports and other disclosure of financial information.

Such studies based their investigation on aggregations derived from lists of information items, whose content and wording was compiled and refined from a review of literature sources, from discussions with various user groups and from reactions faced through

pilot testing (Courtis, 1992). In most of the previous studies, respondents were asked to evaluate each information item in the light of an appropriately given decision context such as bank loan decision and investment decisions, using Likert ranking scales.

In the US, Baker and Haslem (1973) found that individual investors were primarily concerned with information relating to future expectations. In Canada, Courtis (1992) confirmed this finding, as he indicated that users and preparers perceived information of an expectation orientation to be more important than historical and current information. Anderson and Epstein (1995) reported that Australian investors required additional disclosure in the annual reports; such as pending litigation, unasserted claims, management audit, and information on change of auditor.

Buzby (1974b) examined the correlation between the extent of disclosure in corporate annual reports and a company's characteristics, listing status and asset size. 44 listed as well as unlisted companies in the stock market were selected. The corporate annual reports of 88 companies were obtained. He developed a checklist of 39 items based on previous studies. The checklist was then sent to financial analysts to assign a weight to each item. He concluded that there was a positive association between asset size and the extent of disclosure. No relation was found between the listing status and the extent of disclosure.

In the US Stanga and Tiller (1985) conducted an empirical study to determine whether the informational needs of bank loan officers are the same from large or small companies. They analysed the responses of 230 loan officers who were asked to rate the importance of 40 information items that could be disclosed in a company annual reports. They found high similarity between the two groups of loan officers in terms of their rating of the importance of the selected information items. According to their results, they suggested that the users' informational needs are not affected by 'the size of the companies.

Thomson (1993) focused on the changes in financial reporting in the UK electricity supply industry which was privatised over the period 1989–92. The first area considered is the voluntary disclosure of financial and performance related information, and the major finding is a sharp decline in quantity in 1991, the first year after privatisation, together with a change in presentation, and some change in content.

Ibrahim and Kim (1994) examined the perceived importance of a set of 42 financial items in Egypt. A survey questionnaire was used to gather data from a sample of 311 subjects representing four different user groups. He reported that the overall level of consensus among four user groups was about 57 per cent. The level of consensus between accountants and managers was the highest of 67 per cent.

Naser et al. (2003) investigated the perception of various user groups of financial information about corporate annual reporting in Kuwait. The questionnaire method was used for data collection in their study. Eight user groups were surveyed and found there is a high degree of importance for all disclosure items expected to be reported in the annual report under the IASs. Naser and Nuseibeh (2003) study examined the extent to which Saudi firms comply with stated accounting measurement and disclosure requirements. The study also compares the extent of corporate disclosure before and after the creation of the Saudi Organization of Certified Public Accountants (SOCPA). They found that the Saudi companies included in the study comply with the standards and disclose more than the minimum information required by law. The level of voluntary disclosure, however, is relatively low that showed that the creation of SOCPA has had little impact on corporate reporting in Saudi Arabia.

In Iran, Mirshekary and Saudagaran (2005), investigated users' perceptions about 81 information items using the questionnaire survey. Their results revealed that respondents rated 19.8% of items as being of great importance and 67.9% as being of moderate importance. The first most important item was cost of goods sold followed by total revenue and breakdown of different sources of revenue. In addition, Mirshekary and Saudagaran (2005) found that there is a significant difference at the 5% level for 64 items (79%) and there is no significant difference for 17 remaining items (21%). The results provide an indication of which items are of interest to user-groups and ought to be disclosed in annual reports.

However, Stanga and Tiller (1985) in US indicated that there was a similarity between respondents in their perceptions of the relative importance attached to information items surveyed.

Cook (1993) investigated the extent of disclosure in a sample of 48 Japanese listed and non-listed companies in the Commercial Code (CC) account and Securities and

Exchange Law (SEL) accounts. The study examined the relationship between listing status and CC and SEL. Checklists of 195 information items of obligatory and voluntary disclosure were developed based on previous studies and the International Accounting Standards Committee and requirements by Japanese's authorities. Cook reported that the SEL accounts disclosed more information than the CC accounts. Furthermore, there is no association between listing status and the extent of disclosure in both the CC and SEL accounts.

To avoid replication of the information items which were used as a list in the Bribesh study (2006) in Libya, the present study selected a set of information including seven elements of information which were thought to contribute generally in improving disclosure practice in corporate annual reports of Libyan companies (see the last question in the questionnaire). This question was investigated for the first time in the Libyan context. In addition, a study of the whole corporate annual report's adequacy and usefulness as perceived by different groups of users may provide more significant information of the quality of published annual reports in a country than the study of selected items of information (Wallace, 1988b).

Regarding improvement in the quality of financial reporting, some studies investigated the development of accounting practices and disclosures and the factors that affect such practices and disclosures. Ashraf and Ghani (2005) examined the development of accounting practices and disclosures in Pakistan and factors that influenced them. They found that the adoption of IFRSs as national standards in Pakistan has shown no improvement in the quality of financial reporting. They suggested that the significant factors that affect the state of financial reporting in Pakistan can be summarized as: lack of investor protection, judicial inefficiencies, and weak enforcement mechanisms. In their study Abu-Nassar and Rutherford (1996) investigated users' views about adequacy of financial reporting in Jordan. They found that most users felt that financial reporting was at least moderately useful, with the position having improved over the previous decade. There was widespread agreement that the amount of information disclosed remained inadequate. Abu-Nassar and Rutherford (2000) provided evidence about the difference between views of users and preparers of corporate annual reports in Jordan. Their study indicated that users placed a low value on information relating to disclosure of forecasts and all future-oriented disclosures. Unlike this, results indicated by Streuly (1994) which was designed to address the importance, adequacy and the usefulness of

corporate annual reports. He concluded that the majority of respondents indicated that the information disclosed in annual reports is adequate for investment decisions.

Rawy (2003) asked respondents to indicate whether they get adequate information for their securities investment activities. He used a five point scale, with “1” meaning totally inadequate and “5” meaning very adequate. Rawy (2003) found that only 13.6% of the respondents in the overall sample indicated that disclosure of information is either adequate or very adequate. In contrast, about 44% of respondents indicated that the current disclosure of information is inadequate and roughly 43% of them did not clearly indicate their attitude towards disclosure adequacy (Neutral).

It appears from the above discussions that, the findings of these studies have conflicting evidence on the relative importance of corporate annual reports as a source of information that is useful and appropriate to make investment decisions. In addition, it also showed incompatible evidence regarding the difference among various groups’ perceptions. In the other words, most previous studies did not reach a consensus on a specific item or items of information. In this regard, Courtis (1992) noted that there are a number of underlying reasons behind little or no agreement that can be expected to be found in such studies. Among these reasons, the differences of time and cultural principles inherent in these studies; the task settings are not completely identical; and the data-gathering instruments, which are basically lists of information items, are not identical in terms of length, descriptions of the agenda, and kinds of information included. The survey also set in a number of different groups: financial analysts, accountant, bankers, individual investors, institutional investors, stockbrokers, report preparers, regulators and academics.

3.5.6 Different Groups Surveyed in Previous Studies

There were different groups surveyed for investigating perceptions on the usefulness of corporate annual reports in previous studies. Some of the studies investigated one group of respondents. For example, Cerf (1961); Mautz (1968); Buzby (1974b); Streuly (1994); Moizer and Arnold (1984); Day (1986); Ahmad (1988) and Al-Mubarak, (1997) examined the perceptions of financial analysts group. Some other studies examined investors (individual or institutional) for instance, (Mason, 1971; Baker and Haslem,

1973; Epstein; 1975; Lee and Tweedie, (1977, 1981); Anderson 1981; Chang and Most, 1985; Abdelsalam, 1990; Anderson and Epston, 1996; Bartlett and Chandler 1997). Some previous studies surveyed a variety of groups, including financial analysts, accountant, managers, bankers, individual investors, institutional investors, stockbrokers, qualified auditors, regulators and academics. Such these studies included for example (Wallace, 1988a; Ibrahim and Kim, 1994; Abu-Nassar and Rutherford, 1996; Naser et al. 2003; Rawy, 2003; Al-Razeen and Karbhari (2004 and 2007); Mirshekary and Saudagaran 2005; and Al-Ajmi, 2009).

Previous studies have showed conflicting evidence on the difference between the perceptions of different groups. Regarding the similarity of the importance of the information items between surveyed groups, In New Zealand, McNally et al. (1982) and in the US, Stanga and Tiller (1985) indicated that there was a similarity between respondents in their perceptions of the level of the importance attached to information items surveyed. McCaslin and Stanga (1986) in the US supported this finding.

However, Ibrahim and Kim (1994) attempted to measure the perception of various user groups (accountants, shareholders, managers, and financial analysis) of annual corporate reports in Egypt about the importance of a set of information items that could be disclosed in an annual corporate report. Using a survey questionnaire, they analysed the responses of 311 individuals. The respondents were asked to rate the importance of 42 information items that could be disclosed in the annual corporate report. They indicated that there were significant differences in perceptions between the four users groups included in their study regarding importance placed on selected items of information. The same findings were concluded in Nigeria by Wallace (1988a). In Jordan, Abu-Nassar and Rutherford found (2000) substantially few less consensus between users and preparers. This was supported by the results found by Chandra (1974) and Benjamin and Stanga (1977) in the US.

In the current study, five user groups namely individual investors, institutional investors, financial analysts, stockbrokers, external audits are surveyed. In addition, differences in perceptions between these five groups of respondents in Libya regarding the relative importance placed on different sources of information, sections of corporate annual reports and some items of information and understandability of information included in the corporate annual reports were investigated.

3.6 Previous Studies on the Usefulness of Annual Reports of Libyan Unlisted Companies

There are limited studies in the accounting literature which focus on the usefulness of annual reports of unlisted companies. The most of all previous studies as presented in the last section were regarding usefulness of information on listed companies. Therefore, this section focused on those studied undertaken in Libya related unlisted companies.

Bribesh (2006) investigated the quality of corporate annual reports before Libyan Stock Market established. He attempted in his study firstly to investigate the usefulness of corporate annual reports by analysing the users' perceptions towards corporate annual reports in Libya. Secondly, it seeks to measure the quality of annual reports by analysing the extent of disclosure, timeliness, understandability and reliability of the corporate reports published by Libyan companies. The survey questionnaire covered seven groups, mainly individual investors, institutional investors, academics/researchers, government employees, bank credit officers, chief executives and accounting professionals.

Bribesh (2006) study revealed that corporate annual reports are the most important source of financial information for user groups in Libya. Obtaining information directly from companies was also an important source for many of the respondents. Regarding the importance of annual corporate report's sections, the users considered that the balance sheet and the income statement are the most important sections of the annual reports.

Concerning to the understandability of the information included in annual reports, almost all respondents in his study agreed that financial statements and notes to the accounts are relatively easy to understand. However, individual investors consider cash flow statements to be difficult to understand.

Bribesh, (2006) examined how the various target user groups perceive the importance of criteria that might affect the quality of corporate information sources. He reported that all target groups in his study rated all of the criteria in the list (Credibility of the source;

timeliness; neutrality; independent verification; accessibility of source; presence of specific information and simplicity) as being important and very important. Furthermore, his results revealed that the credibility of information was the most important criteria, followed by timeliness of the information.

Bribesh (2006) using a questionnaire survey investigated users' perceptions about the importance of a set of 65 information items for making a decision about a company. He indicated that the vast majority of respondents at an individual level, as well as the whole sample level, rated all disclosure items that appeared in the questionnaire as either important or very important. The result shows that the top five information items were: provision of current and previous year figures, net income, gross margin, classification of assets and liabilities into current and noncurrent and administrative and general expenses.

Bribesh (2006) also, analysed the responses of 217 users of corporate annual reports including seven groups mainly, individual investors, institutional investors, academics/researchers, government employees, bank credit officers, chief executives and accounting professionals. Bribesh (2006) analysed the level of consensus between user groups regarding importance of 65 information items for making decisions about a company. Bribesh (2006) indicated that there is a significant difference at 10% level regarding 57 items (88%) and there is no significant difference for 8 items (12%).

Dardor, (2009) investigated the extent of publishing delay and its determinants in Libya. Secondly, sought to find out how useful the annual report is to five user groups in Libya namely the Tax Authority, Academics, Auditors, Banks and the Auditing Authority.

Dardor (2009) was about Libyan public companies (Unlisted); the results indicate that the average publishing delay is 154.86 days. The publishing delay period is far too long compared to that reported in other Arab countries such as Bahrain. The results also, show that there is a significant association between publishing delay and company size, company age, and number of accountants, accountant qualification, accounting system and audit opinion.

The results of the usefulness of the annual report indicate that the balance sheet is perceived as the most important section of the annual report with a mean rating of 4.18. This is followed by the income statement with an average rating of 4.01. In third place

is the external auditors' report, on average rated 2.44. The least useful sections of the annual report according to the five user groups are the statement of sources and applications of funds and the management report with mean ratings of 1.69 and 1.41 respectively.

The results of the perceptions of qualitative characteristics suggest that the academics and auditors perceived the annual report as being free from material error most positively. The academics and auditors, however, perceive the Libyan annual report negatively (e.g. completely disagree with the statement put to them) in terms of consistency and completeness. The results of the Mann-Whitney test to find out if there are significant differences in the way the Libyan annual report is perceived to possess the nine qualitative characteristics of useful information show significant differences in the mean ranking of predictive value, confirmatory value, faithful representation, neutrality, free from material error, prudence, consistency and disclosure.

3.7 Limitation of the Literature Review and Motivation for the Present Study

Previous studies regarding perceptions of the usefulness of the corporate annual reports and the relative importance of these reports to investment decisions or recommendation were undertaken in developed and developing countries but not in Libya especially after the contemporary changes in the Libyan economic environment. Although, Bribesh's study (2006) and Dardor (2009) were undertaken in Libya which is the same environment as the current study, it did not investigate the usefulness of annual reports in listed companies. In addition, Bribesh (2006) overlooked an important group which is the external (qualified) auditors who have a relevant important experience regarding financial reporting practices. Financial analysts and stockbrokers groups were not covered by Bribesh's study (2006) and Dardor (2009). In addition, Bribesh (2006) and Dardor (2009) asked the participants in their study to answer the questions without specifying the type of decision about the company which means that, they did not set up the appropriate decision context under which the respondents had to determine their answers. In the current study, an appropriate decision context was established in the questionnaire instructions. The decision context for all surveyed groups was a stock investment decision or recommendation.

Dardor, (2009) did not investigate the information needs of users of the annual corporate reports. In other words, the study did not study the users' demands for making investment decisions.

Additionally, previous studies have not investigated users' perceptions about the usefulness of annual reports of listed and unlisted companies in the same study.

This study therefore attempts to fill in this gap by seeking to conduct the first study in the area of usefulness of the annual financial reports in Libya. In recent years Libya has made some economic changes and several changes in the environment of financial reporting practice. Among these basic changes was issue of the Law No. 5/1997 for Promotion of Investment of Foreign Capital and a Law (PIFCL) No. 21/2001 on Exercise of Economic Activities (EEA). Moreover, the Libyan government adopted a privatisation program. Therefore, there are many companies that have been privatized in order to broaden the base of ownership and thus allow the private sector to participate in economic development. Another change in the Libyan environment is that the stock-market has been established following the decision of the General People's Committee (GPC) No. 134/2006. However, the additional disclosures in the annual reports now required by the stock exchange may go some way towards the satisfaction of users' requirements (Bartlett and Chandler, 1997). In addition, adoption of IASs and IFRS by the Libyan government is being considered in financial reporting practice in Libya. The decision of (GPC) No. 134 /2006 in article No.55 indicated that accounts should be prepared and audited based on the IASs and IFRs and International Standards on Auditing (ISAs).

In the light of the above literature review, it can be concluded that previous studies have on the whole provided useful insights and have highlighted several gaps which this study aims to fill. The present study investigates users' perceptions on the usefulness and practices of corporate annual reports in Libyan companies (listed and unlisted). Therefore, the objectives of the present study can be outlined as follows:

1. To examine the importance of the corporate annual reports for external users to make investment decisions or recommendations in Libyan listed and unlisted companies.

2. To determine the perceptions of external users of corporate annual reports in Libya towards the use and usefulness of these reports.
3. To analyse the external users' perceptions of the adequacy of current disclosure in the published annual reports of Libyan listed and unlisted companies.
4. To investigate the need for additional disclosure, and what kind of information external users would like to be disclosed for the purposes of investment decisions.

3.8 Summary

This chapter presented the development and the objective of financial reports over time especially the focus on decision making, characteristics of accounting information and identifies users of financial reporting and their needs. In addition, the nature of the decision- usefulness approach and accountability approach has been discussed. Moreover, this chapter analysed previous studies which relate to the usefulness of corporate annual reports to their users both in developed and developing countries. Therefore, it can be concluded that firstly, the financial reporting provides information that is useful to potential investors, creditors, and others in making investment, credit, and similar resource allocation decisions. Secondly, for accounting information to be useful for decision-making, it must have certain qualitative characteristics. These main characteristics included relevance, reliability (faithful representation), comparability, and understandability. Thirdly, the accountability and the decision usefulness are considered as the main two approaches associated with the objectives of financial reporting. Finally, the limitation of the previous studies and motivation for the present study was presented. Next chapter well covered the research methodology of this study.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Introduction

This chapter discusses the methodology used in this study. In addition, it will outline the two main approaches to data collection (qualitative and quantitative). It will also justify the two main data collection instruments used in this study; the questionnaire and interview. In this chapter, description of the questionnaire design and question wording and sample selection are also presented.

4.2 The Objectives of the Study and the Research Questions

As stated in chapter one, the main aim of this study is to investigate the usefulness of annual financial reporting of LJSC following the economic changes in Libya and to determine external users' perception (individual investors, institutional investors, financial analysts, stockbrokers and external auditors) of demands for additional information in annual financial reports published by Libyan listed and unlisted companies. The objectives of this study can be outlined as follows:

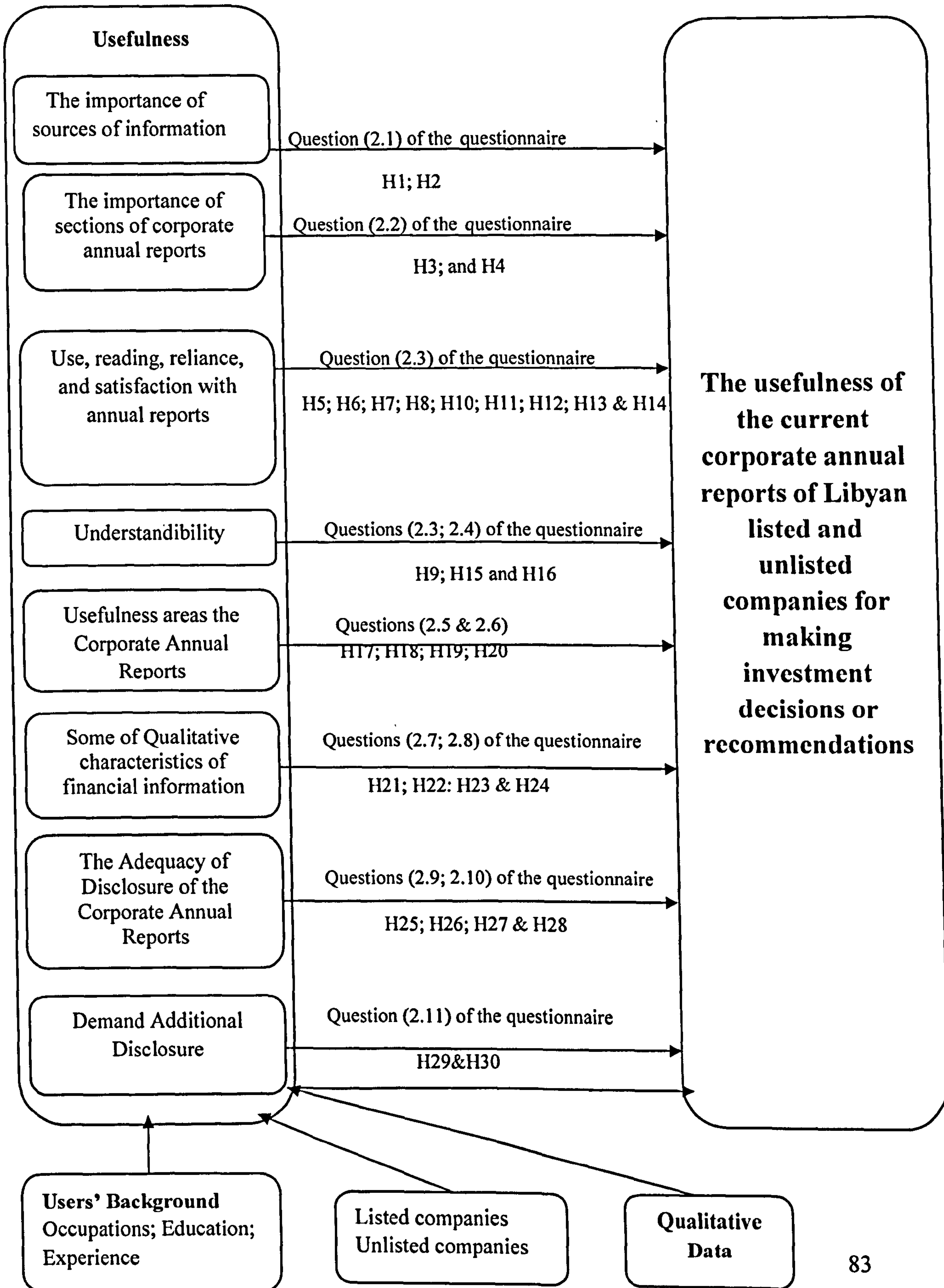
1. To examine the importance of the corporate annual reports for external users to make investment decisions or recommendations in Libyan listed and unlisted companies.
2. To determine the external users' perceptions of corporate annual reports in Libya towards the use and usefulness of these reports.
3. To analyse the external users' perceptions of the adequacy of current disclosure in the published annual reports of Libyan listed and unlisted companies.
4. To investigate the need for additional disclosure, and what kind of information external users would like to be disclosed for the purposes of investment decisions.

In order to fulfill the above objectives, this study seeks to answer the following questions:

1. How important is the corporate annual report as a source of information among other sources for respondents to make investment decisions or recommendations about Libyan listed and unlisted companies?
2. What are the most important sections of corporate annual reports of Libyan listed and unlisted companies for respondents?
3. How do respondents evaluate the use, the understandability and the usefulness of the current corporate annual reports of Libyan listed and unlisted companies regarding making investment decisions or recommendations?
4. How do respondents evaluate the improvement in the adequacy of disclosure and assess the current disclosure of the annual reports published by Libyan listed and unlisted companies regarding making investment decisions or recommendations?
5. Do respondents demand additional disclosure in the annual financial reports published by Libyan listed and unlisted companies?

The theoretical framework of the study is shown in figure 4.1:

Figure 4.1: Theoretical Framework of the Study



4.3 The Research Philosophy and Methodology

Research methodology is a scientific approach used for the purpose of gathering information that helps in answering the research questions and to meet the research objectives (Creswell, 1994). Prior to considering the overall research strategy, however, philosophical foundation should be determined before constructing the research design (Collis and Hussey, 2009). Easterby-Smith *et al.*, (2002) indicate that research philosophy is very useful and important for the following reasons: (i) It can sustain in clarifying research design; (ii) It can help the researcher to recognise the suitable design for the research; and (iii) It can help the researcher to identify and create designs that may be outside researchers past experience.

Easterby-Smith *et al.* (2002) and Collis and Hussey, (2009) suggest that there are two main research paradigms or philosophies which are positivist and phenomenological. In general, a paradigm in simple terms is a set of assumptions about how the world can be known and what they do when they conduct research (Gilbert, 2008).

It must be noted that different authors may use other terms. Some authors prefer to use the term interpretivism rather than phenomenological because it suggests a broader philosophical perspective. Moreover, Riege, (2003) indicate that these terms linked with deductive and inductive approaches that showed that positivism is associated with quantitative and deductive approaches whereas phenomenology is associated with qualitative and inductive approaches.

Collis and Hussey, (2003) summarise some of the more common terms as follows in table (4.1).

Table (4.1) Alternative terms for the two main research paradigms or philosophies

According Collis and Hussey (2003), the positivist paradigms implying the quantitative, objective, scientific, experimentalist and traditionalist approach; on the other side the phenomenological paradigm implying the qualitative, subjectivist, humanistic and interpretivist approach. However, the most popular terms are quantitative and qualitative (Collis and Hussey, 2003).

The positivist paradigm is explained by Bryman (2007) as:

“An epistemological position that advocates the application of research methods of the natural sciences to the study of social reality and beyond”
Bryman (2007:11).

Central to the idea of the positivistic paradigm is that

“The social world exists externally, and its properties should be measured through objective methods and not through sensation, reflection or intuition”. Easterby-Smith et al. (2008: 57)

Gilbert (1993) also describes positivism as he stated:

“This positive tradition posits that society can be explained ‘scientifically’ according to laws and rational logics-whether these are based on social stages, social facts or on social systems is not the point here. However much they differed in their outlook, for each sociology offered a positive, scientific tool for explaining social events.” (Gilbert, 1993:7)

Therefore, in the studies that use the positivistic approach are interested in finding the facts or causes of social phenomena with little regard to the subjective state of the individual. In these studies also, laws provide the basis of explanatory element of social phenomena, able to predict their occurrence and, thus, making it possible to control these. Therefore, social and natural worlds are both regarded as being bound by certain fixed laws in a sequence of cause and effect (Collis and Hussey, 2009).

On the other hand, the phenomenological paradigm is concerned with understanding human behaviour from the participant’s own frame of reference (Bryman, 2007 and Collis and Hussey, 2009).

The phenomenological or interpretivism paradigm developed as a result of criticisms of the positivistic paradigm. Positivist paradigm facing some criticisms as it is impossible

to treat people as being separate from their social contexts and they cannot be understood without examining the perceptions they have of their own activities. Furthermore, researchers are not objective, but part of what they observe is; thus they bring their own interests and values to the research. As well as, capturing complex phenomena in a single measure is at best misleading (Collis and Hussey, 2003). In contrast, the phenomenological approach stresses the subjective aspects of human activity by focusing on the meaning rather than the measurement, of social phenomena (Collis and Hussey, 2003). Therefore, the phenomenological approach's role is more to do with finding the different constructions and meanings that people place upon their own experience, which means the focus should be on what people think and feel and to the ways they communicate with one another. Researchers, therefore, should concentrate their efforts on trying to understand and explain people's different experiences instead of searching for causal relationships through external factors including fundamental laws (Easterby-Smith et al., 2008).

Saunders *et al.*, (1997:74) summarised the advantages and disadvantages of both paradigms as in table (4.2).

In this respect, Saunders et al. (2007) do not suggest which research philosophy is better. They stress that one should be thinking that they are better at doing different things therefore, a researcher should not fall into the trap of believing that one research approach is better than another because this would miss the point. In addition, Gilbert (2008) recommends that in many situations it will be necessary to generate a range of data types.

Moreover, Collis and Hussey (2003) argue that neither of these two paradigms is considered better than the other, and thus, it is useful to think of them as being on a continuum.

Table (4.2) Key advantages and disadvantages of the positivism and phenomenological approaches

Therefore, positivist (quantitative) and phenomenological (qualitative) are employed in this study.

As noted above, the most popular terms across authors are two distinct methods in the social sciences called quantitative and qualitative approaches or some mix of the two (Hussey and Hussey, 1997, Collis and Hussey, 2009 and Saunders *et al.*, 2009).

Quantitative research represents use of numerical data which is objective in nature which contains testing a theory, measured with numbers, and analysed using statistical techniques (Hussey and Hussey, 1997). On the other hand, Qualitative research, however, is nominal or non-numerical data that is subjective in nature and includes examining and reflecting on perceptions so as to gain an understanding of social and human beliefs (Hussey and Hussey, 1997).

“A quantitative approach involves collecting and analysing numerical data and applying statistical tests. Some researchers prefer the qualitative approach, which is more subjective in nature and involves examining and reflecting on perceptions in order to gain an understanding of social and human activities” (Hussey and Hussey, 1997:12).

In this study, the quantitative approach is represented by the personally administered questionnaire as the main method in the current study. In addition, the qualitative approach is represented by semi-structured interviews and used to corroborate the

findings of the quantitative approach. The justification for this combination is that each paradigm has strengths and weaknesses.

Employing a mixture of paradigms would maximise the advantages and minimise the disadvantages of each one. In the other words the two approaches are both constructive and complementary to each. In addition, Gilbert, (2008) stated:

“The view is that research that explicitly mixes paradigms leads to a fuller understanding of the social world. For instance, Sale et al. (2002) suggest mixed methods in a study of complex social phenomena because complexity itself consists of both ‘interpretivist’ and ‘positivist’ aspects. (Gilbert, 2008:139)

Therefore, a mix of quantitative and qualitative methods for collecting data is used in this research. The use of different research approaches, methods and techniques in the same study is known as triangulation (Denzin, 1978; Nachmias and Nachmias, 2000; Neuman, 1997; Collis and Hussey, 2003 and Borg and Gall, 1996; Saunders et al., 2007). Thorpe and Low (1991) identify four types of triangulation as explained in table (4.3):

Table (4.3) Types of triangulation

Triangulation is defined by Sim and Sahrp (1998) as:

“A research strategy that aims to enhance the process of empirical research by using multiple approaches, it is claimed that by using multiple approaches, the strengths of one will compensate for the weaknesses of another, thereby improving the quality of data-particularly its validity and reliability”.

According to Saunders et al (2007:139) triangulation is

“The use of different data collection techniques within one study in order to ensure that the data are telling you what you think they are telling you. For example, qualitative data collected using semi-structured group interviews may be a valuable way of triangulating quantitative data collected by other means such as a questionnaire”

The justifications for using a mixed methods are as follows, Collis and Hussey (2003:77) claim that it is perfectly possible, and even advantageous, to use both qualitative and quantitative methods for collecting data. Moreover, Tashakkori and Teddlie (2003) outline the reasons to conduct mixed methods research:

- Mixed methods research can answer research questions that other methods cannot.
- Mixed methods research provides better inference (validation of data obtained by one approach with data obtained by another)
- Mixed methods research provides the opportunity for representing a greater diversity of views (for instance, by collecting data from different sources).

In addition, the triangulation approach tends to be commonly used in business and management research as a way of overcoming the limitations of each individual method and be able to cross-check findings (Bryman and Bell, 2007).

Therefore, the next sections will address the two data collection methods used in this study, namely questionnaire and interview.

4.4 Data Collection Methods

This study aims to adopt both the quantitative approach which will be the personally administered questionnaire as the main method and the qualitative approach which is represented by semi-structured interviews and both of these methods are discussed in detail in the following sub-sections.

4.4.1 Questionnaire

A questionnaire survey has been one of the most widely used method of primary data collection in business and management research (Collis and Hussey, 2003; Creswell, 2003; Sekaran, 2003; Saunders et al., 2000). In addition, surveys have high external validity when random sampling is used (Brownell and Trotman, 1988).

The questionnaire is defined by Collis and Hussey (2003:173) as follows:

“A questionnaire is a list of carefully structured questions, chosen after considerable testing, with a view to eliciting reliable responses from a chosen sample”.

A questionnaire is mainly a quantitative method using closed questions (A positivistic approach) and some questionnaires can be a qualitative method by providing open ended questions (phenomenological approach), (Collis and Hussey, 2003).

A questionnaire survey is a popular method for collecting data. It is cheaper and less time-consuming than conducting interviews and very large samples can be taken (Collis and Hussey, 2003). A questionnaire is a highly structured data collection method and can be administered personally, mailed to the respondents, or electronically distributed.

A personally administered questionnaire is a good mechanism to collect data when the researcher is willing and able to assemble certain groups to respond to the questionnaire at the workplace (Sekaran 2003). Moreover, the personally administered questionnaire has advantages and disadvantages. Sekaran, (2003) outlines the main advantages and disadvantages of the personally administered questionnaires. He suggests that, questionnaires are best administered personally to respondents because of the following advantages:

1. The researcher can collect all the completed responses within a short period of time.
2. If the respondents have any doubts or ambiguity on any question could be clarified on the spot.
3. The personally administered questionnaire affords the opportunity to introduce the research topic and motivate the respondents to offer their frank answers to a researcher.

4. Administering questionnaires to a large numbers of individuals at the same time is less expensive and consumes less time than interviewing and
5. It does not require many skills to administer the questionnaire as conducting interviews.

On the other hand, there are a number of disadvantages of the personally administered questionnaire. The respondents are often unable or disinclined to allow work hours to be spent on data collection. In addition, employees may be given blank questionnaires to be collected from them personally on completion after a few days.

However, the main advantages of the mail questionnaires are a wide geographical area can be covered in the survey. In addition, it is cheap to conduct in comparison with face to face interviews and personally administered questionnaires. Another main advantage of the mail questionnaires is that respondents can complete the questionnaire at their convenience, in their homes and at their own place.

On the other hand, there are some disadvantages of the mail questionnaires. The rates of response to mail questionnaires are usually low. However, with very low return rates it is difficult to reflect the perception of the sample because those responding to the survey may not represent the population they are supposed to. Another disadvantage of the mail questionnaires is that if the respondents have any doubts or there is ambiguity, it cannot be clarified (Sekaran 2003).

Questionnaires are considered a competent data collection method when the researcher knows exactly what is required and how to measure the variables of interest (Sekaran, 2003). A questionnaire survey is the most widely used technique for gathering primary data concerning the respondents' attitude towards corporate annual reports and other sources of information. For getting people's responses to questions on matters of opinion, the common method is to use questionnaires (Mangan, 1995).

In the accounting literature there are many previous studies that used the questionnaire method to investigate the usefulness of the information included in corporate reports; for example, Baker and Haslem (1973); Lee and Tweedie (1975, 1976); Chang and Most (1985); Anderson and Epstein (1995); Abdelsalam (1990); Ibrahim and Kim (1994); Abu-Nassar and Rutherford (1996); Bartlett and Chandler (1997); Naser et al.

(2003); Rawy (2003); Al-Razeen and Karbhari (2004 and 2007); Mirshekary and Saudagaran (2005); and Zayoud, et al. (2007).

Based on the advantages of the personally administered questionnaires explained above and the difficulty of getting personal details (e.g. email, telephone number, post) for the target respondents the personally administered questionnaire was chosen as the research tool in this study.

4.4.1.1 The Study's Questionnaire Design

The sound design of the questions and structure of the questionnaire are very important to achieve the internal validity and reliability of the collected data and the response rate (Saunders et al., 2007). In this respect, Sekaran (2003) suggests that the questions asked, the language used, and the wording should be appropriate to tap respondents' attitudes, perceptions, and feelings. Internal validity refers to the ability of the questionnaire to measure what it intended to measure. It can be achieved by maintaining clarity about the exact kinds of data required in the study to ensure its relevance (Saunders et al., 2007). In this regard, Foddy (1994:17) stresses that:

“the question must be understood by the respondent in the way intended by the researcher and the answer given by the respondents must be understood by the researcher in the way intended by the respondent”

Therefore, there are four stages that should be followed for the preparation of valid and reliable questions as shown in figure 4.1:

Figure 4.1 Stages that must occur if a question is to be valid and reliable:

In this respect Collis and Hussey (2003) state that the responses to research questions may turn out to be highly reliable but the results will be worthless if the questions do not measure what the researcher intended them to measure; in other words validity is low. For this reason, the first question should be when designing questionnaire is what is the information that should be collected to answer the research questions? In this study, the researcher followed the guidelines of several researchers (e.g. Kervin 1992; Oppenheim, 1992; Vaus, 1996; Aaker et al. 2001; Collis and Hussey 2003; Sekaran, 2003; Moore, 2006; Saunders et al., 2007 and Easterby-Smith et al., 2008) very closely in order to design the best possible research questionnaire.

In addition, a wide review of the accounting literature was examined concerning financial reporting and study of the questionnaires that were conducted by previous studies on disclosure and financial reporting, especially in the usefulness of corporate reports for providing their users' needs for information such as (Anderson and Epstein, 1995; Abu-Nassar and Rutherford, 1996; Naser et al. 2003 and Mirshekary and Saudagaran, 2005, Al-Razeen, 1999; Rawy, 2003 and Bribesh, 2006) and many supervisors' comments on the questionnaire drafts helped in producing a valid product. In addition, a focus group of ten Libyan PhD accounting students in the UK (seven at Liverpool JMU and one at Liverpool University two at Huddersfield University) were used to discuss the design of the questionnaire and setting suitable questions that were presented to participants by questionnaires and interviews.

4.4.1.2 Language and Wording of the Questionnaire

Writing a good questionnaire to work for the study objectives is not an easy task. It is a very important stage. This is because of the low response rates associated with badly written and designed questionnaires. Good questionnaire design principles should focus upon the principles of wording. Kervin (1992) indicates that good question wording will ensure measurement validity. In the composition of the questionnaire of this study the following checklist of factors (Gadsden and Quincey, 1989; Vance, 1996 and Sekaran, 2003 and Moore, 2006) was carefully considered while it was of a major help in avoiding the most obvious problems involved in questionnaire wording:

- 1- Simple language:** Attempt to avoid jargon and technical terms as much as possible. Use common concepts wherever possible.

- 2- **Short Question:** Try to make the questions short and direct, because long questions are difficult to understand, consume the respondent's time. Indirect questions increase the possibility of the question being misunderstood.
- 3- **Double-Barrelled Questions:** Attempt to prevent those questions which have sub parts (ask more than one question at one time) and can also be seen as too long, confusing and ambiguous.
- 4- **Leading questions:** Attempt to avoid phrasing questions in such a way that they lead the respondents to give responses that the researcher would like or want them to give.
- 5- **Biased question:** Attempt to avoid a biased question which makes one response more likely than another, regardless of the respondent's opinion.
- 6- **Negative Questions:** Attempt to avoid negative question because these may confuse the participants, especially when asking them to indicate whether they agree or disagree with a particular statement.
- 7- **Ambiguous Questions:** Avoid ambiguous wording, so that all respondents understand the questions in the same way.
- 8- **The order and flow of questions:** Consider when constructing the questions, they should be logical to the respondents, rather than follow the data requirements. Asking the right question at the right time can raise respondents' commitment to the survey instrument and reduce item non-response (Kervin, 1992). In addition, a radical jump between topics can tend to disorientate the respondents and hence can affect the answers given (Curwin and Slater, 1991). In addition, Sekaran (2003: 242) suggests that

“the sequence of questions in the questionnaire should be such that the respondent is led from questions of a general nature to those that are more specific, and from questions that are relatively easy to answer to those that are progressively more difficult”

4.4.1.3 Type of Questions and Scaling of the Questions

The type of question refers to the way in which the questions are presented in the questionnaire, whether the question will be open-ended or closed (Sekaran, 2003). The questions described as open-ended, where each respondent can answer the question in any way they choose. A question can be described as closed, where the respondents are

asked a question and required to choose their answer from a number of predetermined alternatives (Moore, 2006).

Each type of the questions (open-ended and closed) has both advantages and disadvantages (Sekaran, 2003). Collis and Hussey (2003) indicate that the open-ended questions allow the respondents to give their opinions as precisely as possible in their own words and to provide more information. In addition, open-ended questions are usually used in studies that use a qualitative methodology; open-ended questions can be useful in questionnaires if the researcher is unsure of the response, such as in exploratory research, when the researcher requires a detailed answer or when the researcher seeks to find out what is uppermost in the respondent's mind (Saunders et al., 2007 and Remenyi et al 2002). However, open-ended questions may tend to favour the articulate and educated sections of the community, who are able to organise and express their thoughts and ideas quickly. Another problem with open questions is that whilst there may be much valuable information there may also be much useless and irrelevant data and they can be difficult to analyse and time-consuming (Easterby-Smith et al., 2008).

Unlike open questions, closed questions refer to questions which the respondents choose their answer from a number of predetermined alternatives. Closed questions are very convenient for collecting factual data. All items using a nominal, ordinal, or Likert or ratio scale are considered closed; the most common approach for such questions is Likert rating scale, in which the researcher asks the respondents to rate their answers (Sekaran, 2003). Closed questions are helpful for collecting certain types of data, and are simple for the respondent to complete and easy to analyse since the range of answers is limited (Moore, 2006 and Collis and Hussey, 2003). In addition, because of the speed in answering them, it is possible to ask a large number of such questions, and given the standardisation of the responses, the answers can be compared across respondents. On the other hand, Vaus (2001) has observed that, the respondent must make a choice even though it may not be appropriate. In this respect, it is noted that frustration may arise among respondents because they cannot give their opinions as they would prefer (Denscombe 2003). Therefore, Moore (2006) recommends that when close questions are designed the researcher should make sure that all the likely answers are provided to choose from and that the choices are equally exclusive so there should be no ambiguity.

Closed questions were used in this study. The first part of the questionnaire focused on eliciting demographic data about respondents. In other parts the participants were asked to indicate their level of agreement; with the statement in the form of a five point Likert scale; (For example, (1 referred to 'strongly disagree' and 5 to 'strongly agree'); useful, understandable, agree... e.g.). In addition, to avoid forcing respondents to give opinions on issues in which they have no opinion, it was decided to use number 3 which referred to the "neither agree or nor agree...e.g." Moreover, a space for additional views and comments was provided at the end of the questionnaire. The Likert scale is a method designed to measure people's attitudes (Nachmias and Nachmias, 2000).

4.4.1.4 The Translation of the Questionnaire

Several studies indicate the semantic problems in accounting (see for example, Oliver, 1974). On the other hand, the existing literature suggests that the problems involved in the translation of words from English to other languages are similar to those found in the translation of accounting terms (Gaertner and Rueschoff, 1980). These problems arise because a word or phrase can have several meanings. The translation of the questionnaires from language into another language is akin to entering a series of mine fields (Oppenheim, 1992). However, since most of the relevant writings were in English language, the questionnaire of the current study was originally constructed in English and then translated into Arabic. In order to prevent problems mentioned above, several steps were undertaken to construct the Arabic version, namely: a) Study and review the available questionnaires of some previous studies on disclosure and financial reporting in Arab countries that were in the beginning written in English and then translated into Arabic for data collection. Such a review enabled choice of the most appropriate translation of some accounting terms and expressions used in such questionnaires and relevant to the questionnaire intended for this study. b) The first draft of the Arabic copy of the questionnaire of this study was discussed in detail, question by question, with a focus group of seven Libyan PhD students at Liverpool John Moores University and two the University of Huddersfield and one University of Liverpool whose are interested in accounting. c) The English copies of the questionnaire and the Arabic copies were given to two Libyan PhD students who are interested in English-Arabic translation and they have proofread it.

d) To avoid any problems in the translation of the accounting terms the English copies of the questionnaire and the Arabic copies were given to two Libyan staff members in the Accountancy Department at AlFateh University in Libya who obtained their PhD degree in accounting from the UK.

4.4.1.5 The Content of the Questionnaire

The questionnaire was designed to answer the research questions of the study. The questionnaire was divided into two main sections.

The first section is about general information and personal data. The respondents were asked to indicate by choosing among the six options provided their present occupation and place of work. Also, respondents were asked to choose the categories of their highest education level and experience in accounting and finance. These three characteristics of the respondents could be used when analysing the data as the independent variables to see whether personal characteristics had any impact on the respondents' answers on the questions included in the questionnaire.

The second section was divided into three parts as follows:

The first part of the second section in the questionnaire has two questions which are Q2.1 and Q2.2. Question 2.1 investigates the importance of the corporate annual reports and other sources of financial information for external users to make investment decisions or recommendations in Libyan listed and unlisted companies. The respondents were asked to evaluate the importance of nine sources of financial information to make investment decisions about Libyan listed and unlisted companies. In question 2.2 respondents were asked to assess the importance of seven sections of the annual reports of Libyan listed and unlisted companies. In both of the questions (2.1 and 2.2) respondents were asked to rate the importance of these nine sources and seven sections using the Likert scale, where 1 refers to 'not important at all' and 5 to 'very important'.

The second part focuses on the use and usefulness of the information provided in financial reports and adequacy of the disclosure in the annual financial reports of Libyan listed and unlisted companies. Therefore, it was necessary to ask the participants questions about several aspects of annual financial reports as usage, understandability, and satisfaction with annual financial reports of LJSC. In Question 2.3 respondents

were given five statements (sub-questions) and asked to indicate their agreement level with each one. Sub-questions 2.3.1 and 2.3.2 were designed for participants to indicate to what extent they use and read the annual reports of Libyan listed and unlisted companies in making investment decisions or recommendations. In Sub-question 2.3.3 was designed to generally evaluate respondents' understanding the information contained in the annual reports. The reliance on the annual reports was investigated in Sub-question 2.3.4. In addition, Sub-question 2.3.5 was designed to explore users' satisfaction with the annual financial reports of Libyan listed and unlisted companies. The question 2.4 was designed to evaluate respondents' understanding of the annual reports sections.

The question 2.5 asked respondents to rate in general the usefulness of the information provided in the current annual financial reports. Question 2.6 included seven statements. They concern possible areas that the annual financial reports of Libyan companies are useful and the respondents were asked to indicate their agreement level with each statement.

The second part also includes questions which examine the extent to which current annual reports of Libyan listed and unlisted companies display some qualitative characteristics of financial information, such as credibility, consistency in accounting methods, materiality, neutrality and timeliness (Q2.7 and Q2.8).

The main objective of these questions (2.3, 2.4, 2.5, 2.6, 2.7 and 2.9) was to determine the attitudes of external users of corporate annual reports in Libya towards the use and usefulness of these reports.

In addition, questions 2.9, 2.10 indicate participants' evaluation of the improvement and the adequacy of disclosure of the annual reports published by Libyan listed and unlisted companies in the light of the establishment of the Libyan stock-market and privatization program.

The third part is based on participants' demands for additional disclosure. Participants in question 2.11 were asked to define the usefulness level of seven items that are not currently published in the annual reports of Libyan companies.

In the second and third parts of the questionnaire, participants are asked to separate their answers regarding listed companies from unlisted companies. This aims to give ability to compare between participants' views about annual reports of listed and unlisted companies.

4.4.1.6 The Pilot Study

The purpose of the pre-test is to refine the questionnaire to enable the participants to complete the questionnaire without any problems. The importance of the pilot study is to double check whether the questions are well understood by the pilot sample which should be representative of the eventual participants and to look at the questionnaire's continuity, flow, and experiment with question sequencing and patterning (Zikmund, 2000 and Sekaran, 2003). Piloting the questionnaire is required to lessen response bias due to poor questionnaire design.

The pilot study enables some assessment of the questions' validity and likely reliability of the data that will be gathered (Saunders et al., 2007). Moreover, gathering criticism from the participants in the pilot study, with regard to the study subject, may be used to improve the main study (Borg and Gall, 1989).

Testing the questionnaire can be formally conducted by piloting it on a small number of respondents or at least informally or it can be carried out consulting friends and colleagues. Collis and Hussey (2003:175) point out that,

“At the very least, have colleagues or friends read through it and play the role of respondents, even if they know little about the subject”.

The two versions of the questionnaire (English and Arabic) of this study were subjected to extensive scrutiny and pre-test. It was subject to test in the UK before conducting the pilot study to satisfy the requirements to transfer from MPhil to PhD. The first version of the questionnaire was piloted using a focus group of Libyan PhD students in the UK who are interested in accounting. They were asked to provide constructive criticism on questions wording and order, question type, redundant and missing questions, content and purpose of the questions. In addition, they were asked to give their comments on the language of the questionnaire whether it was clear and understandable by respondents.

As a result, they provided many comments on some aspects regarding the length of the questionnaire and language problems. Therefore, some modifications were made to the questionnaire to improve the clarity of some of the questions included.

The final step in pre-testing the questionnaire was the pilot study itself and was conducted in Libya. The questionnaire was distributed to five external user groups identified for the main study including the following: individual investors, institutional investors, financial analysts, stockbrokers and external audits.

The questionnaire was distributed to ninety respondents. There were 62 (68.89%) questionnaires received including 5 incomplete questionnaires which were excluded from the analysis. 56 (62.22%) questionnaires were completed which are included in the analysis. All questions were answered clearly, the participants in the pilot study were asked to provide their comments regarding the questionnaire. In general, very few modifications were made. Therefore, the final version of the questionnaire is ready for the main survey.

4.4.1.7 Population and Sampling of the Study

The term population refers to the whole set of entities that decisions relate to; while the term sample refers to a subset of those entities from which evidence is gathered. In other word, a sample is the selection of a small number of units from among a larger population, to make a conclusion about the whole population (Easterby-Smith et al., 2008). Sekaran (2003:265) defines the population as:

“The entire group of people, events, or things of interest that the researcher wishes to investigate”

The population of the present study is all those who use the annual corporate reports for making investment decisions or recommendation (external users) in Libya. They are individual investors, institutional investors, financial analysts, stockbrokers, external audits.

Collis and Hussey (2003:56) define a sample as:

“A subset of a population and should represent the main interests of the study.”

Accordingly, Miles and Huberman (1994) state that you cannot study everyone everywhere, doing everything. Samples are very commonly used and it is difficult for a researcher to contact every element in the population related to the study in the survey research (Easterby Smith et al., 2008). In addition, the collection of data using samples instead of entire populations reduces the requested time and cost, especially when it extends the community in large geographical areas.

Easterby Smith et al. (2008) suggest that the correctness of conclusions drawn from a sample depends on whether it has the same characteristics similar to the population from which it is drawn since if the sample is methodically different in some way, then the sample is biased.

Therefore, determining the study sample is very important because asking the right question of the right people is critical to the success of the study. Thus, any sampling technique must make sure that all of the five external user groups indicated above are included in the study sample.

Relying on extensive review of the literature and the objectives of this study the choice of these five external user groups was made on the grounds that they are the main regular users of the annual reports (see, Anderson, 1981; Chang and Most 1985; Abdelsalam, 1990; Epstein and Pava 1993; Abu-Nassar and Rutherford, 1996; Naser et al. 2003; Mirshekary and Saudagaran, 2005; Al-Razeen and Karbhari, 2007 and Alattar and Al-Khater, 2007). The questionnaire was personally administered to the five external user groups in Libya over a period of three months and a half from fifteenth of November 2008 to the end of February 2009.

In selecting the respondents for the main survey (questionnaire) and also for the interviews, certain criteria were taken into consideration, in order to avoid bias as much as possible, such as:

1. Each Respondent must be directly involved in both Libyan listed and unlisted companies activities.
2. Respondents must be significantly involved in the auditing of both the annual reports of listed and unlisted companies.
3. Respondents must be from as wide a variety of user groups as possible.

4. Respondents must belong to different firms in different activities.

Concerning sample size, Saunders et al (2009) reported that a sample size of 30 or more usually will result in a sampling distribution for the mean that is very close to a normal distribution. In addition, they indicated that samples of larger absolute size are more likely to be representative of the population from which they are drawn than smaller samples; and in particular, the mean for the sample is more likely to equal the mean for the population. On the opposing, Cohen and Manion (1980) consider that there is no exact number or percentage that can be universally prescribed to be adopted in all studies. Some authors however, suggested that there are considerations to be borne in mind when deciding the size of the selected sample such as the kind of statistical analysis that is planned, the expected variability within the samples and the results, based on experience, the traditions in the particular research area regarding appropriate sample size, the size of the entire population and time and cost (Sekaran, 2003; Easterby-Smith et al., 2008; Collis and Hussey, 2009 and Saunders et al., 2009;).

After considering the above information about selecting the right size of the sample to whom the questionnaires would be distributed, the sample sizes of each targeted population (five groups of the external users of the annual reports) in the present study were as presented in table (4.4).

Table (4.4), Number of the distribution questionnaires for each group.

	Individual investor	Institutional investor	Financial Analyst	Stockbroker	Qualified Auditor	Total
Distributed Questionnaires	127	90	60	60	90	427

The target groups of external users of this study and the justification for selecting these groups, and questionnaires distribution and collection will be discussed in the following:

The individual investors: Individual investors' perceptions were studied by the majority of the previous studies about financial reporting. This means that the perceptions of this particular user group are very important for this subject. Individual investors became involved in the Libyan market as a result of the foundation of the LSM in Libya and many companies have been privatized in order to broaden the base of

ownership. As explained above, each respondent must be directly involved in activities of both Libyan listed and unlisted companies. Therefore, it was very difficult to indicate this group. Despite this, the researcher was able to distribute 127 questionnaires to Libyan individual investors who have shares in both listed and unlisted companies. This was through random visits to the Libyan Stock Market and the Libyan Business Men Board in Tripoli. In addition, the main places to find the individual investors are the meetings of the General Public of Libyan listed companies which are being advertised and the headquarters of the General Board of Ownership Transfer (GBOT) in Tripoli.

The institutional investors group consists of a large number of investors who have different educational backgrounds that might affect their views about the use and usefulness of corporate annual reports (Baker and Haslem, 1973). This study will involve all institutional investors in Libya. Because the number of institutional investors in Libya is small, the researcher has included all the institutional investors. Therefore, in the main study; the questionnaires were distributed to 90 managers; those who are working as institutional investors operating in Libya (see table 4.5) and take investment decisions, such as managers of investment departments.

Table (4.5), the institutional investors operating in Libya which involved in this study

institutional investors	Number of the questionnaires distributed
The Libyan development and investment company	4
The Libyan company for preparation and urban development	4
Oyia company for development and tourism investment	4
Libyan Stock Market	4
National investment company	4
Libyan state and private banks	50
Libyan Insurance companies	10
Total	90

Financial analysts are considered primary users of the annual financial reports. They often prepare the financial information in a modified form under the financial reports to help other users to get more accounting information (Fogarty and Rogers, 2005).

Financial analysts often use the annual financial reports to give their professional opinions and recommendations to individual investors. In addition, financial analysts, as sophisticated users of corporate reports, work for many firms that participate in the Libyan stock market, such as commercial banks and insurance companies, brokerage firms, investment funds, securities valuation rating and analysing firms. Moreover, in Libya, some accounting firms provide financial advice.

The Financial analysts group was studied by most prior studies in developed and developing countries, but not in Libya. It is important to find out how this group evaluates the usefulness of the annual reports. Therefore, for the purpose of this study, financial analysts group was one of the target groups. It was difficult to determine the actual number of the financial analysts in Libya because there is not an official register or record. Although, a total of 60 questionnaires were personally distributed to financial analysts, those working in the institutional investors and some accounting offices as presented in the table (4.6) below.

Table (4.6) questionnaires distribution to financial analysts group

Firms	Numbered of questionnaires distributed
Brokerage companies	12
Libyan Stock Market	6
National investment company	3
Libyan state and private banks	21
Insurance companies	5
Accounting offices	7
Libyan central bank	6
Total	60

Stockbrokers The profession plays a key role in the financial markets, where investors wishing to buy and sell securities can be achieved only through a licensed brokerage company. Consequently, the stockbroker is considered a new profession in Libya where there are no more than fifteen brokerage companies working in the Libyan market (Nov.2008). 60 questionnaires were distributed to the stockbrokers who work in Libyan brokerage companies. This was through random visits to the Libyan financial market and the headquarters of those companies.

External Auditors are basically responsible for audits of the financial statements of companies and are required to express their opinions as to whether the accounts show a true and fair view of the company's operations. Users of financial information rely on

the external auditor to present an unbiased and an independent evaluation on such entities. Therefore, external auditors have good experience of financial reporting of companies, hence their views are very important, especially when regarding the quality of disclosure in corporate annual reports. In addition, they are responsible for determining whether companies prepare their reports according to the Companies Act and accounting standards.

Although the membership directory of the Libyan Accountants and Auditors Association (LAAA) was available to be used for selecting a sample, the researcher decided not to depend upon this directory. This is due to different reasons such as retirement, death, stopping practising accounting and auditing. Also, not all of the external auditors significantly involved in the auditing of both the annual reports of listed and unlisted companies. The number of Libyan accounting and auditing offices those concerned in the auditing of the annual reports of listed companies in both years 2008 and 2007 was twenty one offices. All of these offices were targeted in this study. Therefore, a total of 90 questionnaires were personally distributed to qualified auditors in these offices. From three to five questionnaires were distributed in each office.

The table (4.7) below summarises of the number of the distribution and collected questionnaires for each group. An average response rate of 67% was achieved.

Table (4.7) summary of the number of the distributed and collected questionnaires for each group

	Individual investor	Institutional investor	Financial Analyst	Stockbroker	Qualified Auditor	Total
Distributed Questionnaires	127	90	60	60	90	427
Usable questionnaires	82	57	44	43	60	286
Percentage	65	63	73	72	67	67

4.4.1.8 Validity and Reliability

One of the criteria for the quality of a question is the degree to which it elicits the information that the researcher seeks. This criterion is called validity (Sudmon and Bradburn, 1983). Validity is the ability of the measurement tool to assess what it is supposed to measure (Aaker et al, 2001). The quality of the conclusions of an empirical study is dependent on the quality of the data collected for such research (Huck and Cormier, 1996). Therefore, the researcher must design a high quality instrument, to be a

valid instrument. A high quality instrument is one that measures what it purports to measure. The validity of the questionnaire in this study was obtained from stages that should be followed for the preparation of valid and reliable questions see section 4.4.1.1 above. In addition, the Cronbach's Alpha test was employed to further refine the instrument and test its reliability and construction (Rosenthal and Rosnow, 2008). "Most researchers use a test of internal reliability known as Cronbach's Alpha" Bryman and Bell, (2003:77). Pallant (2007) states that Cronbach's Alpha test is one of the most commonly used to test internal consistency.

Cronbach's Alpha takes a value between 1 denoting perfect internal reliability and 0 denoting no internal reliability. The literature suggests 0.70 as an acceptable level with the preferable amount being 0.80 or above (Rosenthal and Rosnow, 1991 and Bryman and Bell, 2003). In this regard, the Cronbach's Alpha was calculated for each question group as well as for the whole sample. The results of measuring the reliability of the measurement in the current study are summarised in table (4.7). The results indicated that, the value of Alpha obtained ranged from 0.70 for the scale used to measure the importance of financial information sources, to 0.98 for the scale used to measure the understandability of each section of the corporate annual report. The Cronbach's Alpha for the whole sample is 0.932. Therefore, it is fair to say that, the reliability of the measurement in the current study is very high.

Table (4.8) Summary of Cronbach's Alpha test

	Name of construct	Number of items	Cronbach's Alpha
Q2.1	The importance of financial information sources	18	0.70
Q2.2	The importance of sections of corporate annual reports	14	0.796
Q2.3	Usage of the annual reports	10	0.826
Q2.4	The understandability of each section of corporate annual report	14	0.898
Q2.5& Q2.6	Users' perceptions on the usefulness of the current annual financial reports in making investment decisions	18	0.888
Q2.7	The users' perceptions about the credibility of the information contained in the diverse sections of the annual report	8	0.878
Q2.8	The users' perceptions about the quantitative characteristics of the information contained in the annual report	12	0.828
Q2.9 & Q2.10	Users' perceptions of the adequacy of disclosure in annual reports of Libyan companies	4	0.814
Q2.11	Respondents' demands for additional disclosure	14	0.847
	The test for all items in the scale	112	0.932

4.4.2 The Interview Instrument

One method of collecting data is to interview respondents to obtain information on the issues of interest. In this study the interviews were used as a qualitative method for gathering information. The interview plays an important role in collecting data, as

“Every step of an interview brings new information and opens windows into the experiences of the people you meet” (Rubin and Rubin, 1995:1).

The interview is a research method for gathering information and obtaining data, which varies from personal interviews face-to-face, over telephone or on-line interviews (Hussey and Hussey 1997; Sekaran, 2003). Interviews could be structured, semi-structured or unstructured (Collis and Hussey, 2003; Sekaran, 2003 and Saunders et al., 2007). Interviews are used to complement the questionnaire method to explore and understand the research issues (Saunders et al., 2007).

Sekaran, (2003) points out that, structured interviews are those conducted when it is known at the outset what information is needed. In this kind, the interviewer has a list of predetermined questions to be asked of the respondents. In addition, each person is asked questions in the same way so that any differences between answers are then assumed to be real ones and not the result of the interview situation itself (May, 2001). This type involves a series of closed questions which have been prepared beforehand and those either have yes-no answers or can be answered by selecting from among a set of short-answer choices (Borg and Gall, 1996). The structured interviews with closed questions are the preferred strategy with positivists (Collis and Hussey, 2003).

Semi-structured interviews involve asking some structured questions and then probing more intensely using open form questions to get additional information (Borg and Gall, 1996). Semi-structured interviews are useful when undertaking exploratory discussions as a means to revealing ‘what’, ‘how’, and ‘why’ (Saunders et al, 2002). Unstructured interviews do not involve a detailed interview guide. In other words, the interviewer does not enter the interview setting with a planned sequence of questions to be asked (Sekaran, 2003). Instead, the interviewer asks questions that regularly lead the respondent to give the desired information (Borg and Gall, 1996).

A phenomenological (qualitative) approach suggests unstructured questions, where the questions have not been prepared before. In other words, a phenomenological approach

suggests open-ended questions. Open-ended questions may be used to explore an answer in more depth (Collis and Hussey, 2003). Although interviewing has the advantage of flexibility in terms of adapting and changing the questions, questionnaires have the advantage of obtaining data more efficiently in terms of research time, energy and cost (Burns and Bush, 2000; Sekaran, 2003). In addition, semi-structured interviews provide you with the opportunity to probe answers, where you want your interviewees to explain, or build on their responses. It enables the researcher to gather a rich and detailed set of data (Saunders et al, 2007).

On the other hand, in unstructured or semi-structured interviews there may be problems with recording the questions and answers, and it is time consuming (Collis and Hussey, 2003).

Based on recommendation to use mixed methods for the data collection and in view of some related previous studies, the interviews were used as a method to collect data regarding the usefulness of information included in corporate reports (Lee and Tweedie, 1981; Day, 1986; Al-Hajji (2003); Rawy, 2003 and Alattar and Al-Khater, (2007)). This study used semi-structured interviews to support the questionnaire method; to collect data which provides triangulating evidence to the study findings and which could not be obtained by questionnaires. Semi-structured interviews allow space for discussion and encourage participants to raise and elaborate on important related issues (Almalhouf, 2009). A total of twenty-two personal semi-structured interviews with randomly selected members of the five targeted groups were displayed to provide supporting evidence for the study. This was very useful in helping to understand, support and interpret the questionnaire results. The limited number of the interviews was because of the time constraints of the researcher and the respondents. The interviews were arranged with the interviewees during the distribution of questionnaires in Libya between December 2008 and February 2009. At the beginning of each interview, the researcher explained to the interviewees the objective of the interview and the interviewee was informed that all the information would be confidential and would be used only for the purpose of the current study.

4.5 Statistical Methods of Data Analysis

There are many techniques for analysing experimental data and the basic objectives in data analysis are to answer the study questions and to test the hypotheses developed for the study. Therefore, the statistical methods should be adapted based on the nature and types of questions in the questionnaire. As already mentioned, the participants were asked to indicate their level of agreement (important or not important, useful or not useful... e.g.) with the statement in the form of a five point Likert scale. Whereas, number 1 was assigned to 'not important at all', number 2 to 'not important', number 3 to 'neutral', number 4 to 'important', number 5 to 'very important'.

Therefore several techniques were adopted which included Descriptive statistics and parametric tests.

4.5.1 Descriptive Statistics

Descriptive statistics are the transformation of raw data into a form that would provide information to describe a set of factors in a situation (Sekaran, 2003). Expressing the analysis results as percentages and presenting the frequency distribution in percentage form is an effective use of descriptive statistics (Weisberg and Bowen, 1977). Therefore, descriptive statistics such as frequencies, percentage, means and standard deviation were used in this study. Frequencies and percentages used to describe the study sample. In addition, the percentage used to describe the respondents' answers. However, the overall mean value of each question attached from five user groups was used to rank the respondents' mean to a question or issue.

The standard deviation measures average spread around the mean; it is the most typical distance of scores from the mean (Easterby-Smith et al., 2008). Sekaran (2003) suggests that the standard deviation seeks to develop an indicator to measure the variability of an individual of the standard deviation of the respondents' answers measures how much the outcome vary above or below the expected outcome of the mean. In this study, standard deviation was used to describe the extent to which the answers are dispersed around the mean in addition while the mean scores is equal, rank based on the lowest standard deviation.

4.5.2 Statistical Tests

Within data analysis, it is possible to distinguish between parametric and non parametric statistical tests used in data analysis. Non parametric techniques can be used on not normally distributed data as far as the data measured on nominal (categorical) and ordinal (ranked) scales, they are also useful when the sample is very small (Pallant, 2001).

On the other hand, parametric techniques of statistical analysis applicable to interval scales are considered more powerful than non-parametric techniques (Oppenheim, 1992; Pallant, 2001 and Collis and Hussey, 2003) because they have more stringent assumptions in order to characterise the population parameter (Bryman and Cramer, 2002). However, according to if one of the parametric techniques used, there are some assumptions that need to be met (Pallant, 2007 and Field, 2009).

Firstly, the dependent variable is measured by using a continuous scale as a five- point Likert scale. In this study all questions in the questionnaire use a five- point Likert scale which is an interval scale (see appendix 1). Secondly, the use of a randomly selected sample from the targeted population; this also was met in this study for all groups see section (4.4.1.7). Thirdly, the use of parametric statistics is based on the assumption that the population from which the sample is drawn is normally distributed and data are collected on an interval or ratio scale (Sekaran, 2003). The normality can be tested by many ways. Hair et al. (2003) indicated that skewness values contained by the range of -1 to +1 and kurtosis values contained by -3 to +3 indicate an acceptable range for normality whereas values falling outside the range of skewness and kurtosis indicate a substantial skew from a normal distribution.

For the purpose of this study, the normality assumption was tested statistically using the Kurtosis and Skewness value tests. The values of kurtosis full between the acceptable ranges for all variables (see appendix 4). In addition, skewness full between the acceptable ranges for 89.2 % of the variables (see appendix 4). Moreover, many authors such as Pallant (2001 and 2007) believed that most of the parametric techniques are reasonably robust or tolerant of violations of this assumption. The violation of this assumption should not cause any major problems with large size of samples (e.g. 30+). However, (Collis and Hussey, 2003 quoting on Oakshott, 1994) suggest that:

“If normality cannot be assumed, a large sample size will ensure that the sampling distribution of the means is approximately normal” Collis and Hussey, 2003:234.

Consequently, the parametric technique was verified for use in this study. Based on the objectives of the study the one way (ANOVA) test was employed to investigate if there are any statistically significant ($P < 0.05$) differences in the mean score of the several user groups according to their perceptions regarding a number of issues related to the usefulness of the current corporate annual reports. Moreover, the Welch test was undertaken to establish if there is a mean differences effect due to group size (for further explanation see Field, 2009). In each case of significance for Welch test maps for significance for ANOVA (see appendix 5). Therefore, there is no effect due to unequal group size.

However, the one way ANOVA test does not tell us which group is different. Therefore, multiple comparisons test was used in this study to point to which groups differ from which. However, there are a number of post-hoc test. A post hoc test using a Duncan was used to explain this significant difference between groups and Tukey was used as the support when a Duncan test was unable to do so. A Duncan and Tukey are the most commonly used post-hoc tests.

In addition, a Paired t-test was used to investigate if there are significant differences in opinions' of respondents as one sample towards Libyan listed and unlisted companies.

4.5.3 Content Analysis

To understand, support and interpret the questionnaire results content analysis was used in this study to analyse the qualitative data that were collected by semi-structured interview. Content analysis represents a formal approach to qualitative data analysis (Collis and Hussey, 2003).

For this study, the cross-case analysis that explored by Patton (1990) was adopted in analysing the interviews. In the cross-case or cross- interview analysis means grouping together answers from different people to common questions or analysing different perspectives on central issues (Patton, 1990). Therefore, the answers from different people were grouped by topics and from the guide. Content analysis was used manually rather than using NVIVO software. This is because as mentioned earlier the size of the

interview sample was small (twenty-two interviews with five targeted groups) and was manageable to be manually analysed.

4.6 Summary

This chapter has outlined the research methodology adopted in this study. It has examined positivistic and phenomenological research paradigms, and considered the most suitable approach for this study. The chapter discussed two methods which are quantitative and qualitative. The questionnaire method and semi-structured interview method used in this study to collect quantitative and qualitative data. The advantages and disadvantages of each method were examined. In addition the justifications behind the use of these methods were presented.

The questionnaire is considered as the main method and the semi-structured interview method was used as the support the questionnaire method. It has been shown that through careful piloting, the validity and reliability of the research instruments was confirmed. Moreover, statistical techniques used in this study were examined in this chapter. The following two chapters present the findings of the questionnaire survey and the semi-structured interview.

CHAPTER FIVE

QUESTIONNAIRE FINDINGS

5.1 Introduction

The main aim of this study is to investigate the usefulness of annual financial reporting of LJSC following the economic changes in Libya and to determine the external users' perception of demands for additional information in annual financial reports published by listed and unlisted companies in Libya. This chapter, accordingly, attempts to provide reports on the results of the questionnaire analysis. To report the findings of this analysis, this chapter is divided into the following sections:

- a. Respondents' Profile
- b. The importance of various information sources about Libyan listed and unlisted companies for respondents to make investment decisions or recommendations.
- c. The importance of various sections of the corporate annual report of Libyan listed and unlisted companies.
- d. Usage of the annual reports of Libyan listed and unlisted companies
- e. The Understandability of each section of corporate annual report
- f. Users' perceptions on the Usefulness of the current annual financial reports in making investment decisions
- g. Users' perceptions of the adequacy of disclosure in annual reports of Libyan companies
- h. Respondents' demands for additional disclosure

5.2 Respondents' Profile

This section will provide a profile of the questionnaire respondents who participated in this study. As can be seen from table 5.1, the questionnaire was distributed to 427 respondents. There were 325 questionnaires (76%) received including 39 incomplete questionnaires (9%) which were excluded from the analysis. 286 questionnaires (67%) were completed which are included in the analysis.

Table (5.1) Distribution of the Questionnaire

Distributed Questionnaire	Received Questionnaire		Uncompleted		Usable Questionnaire	
N	N	%	N	%	N	%
427	325	0.76	39	0.09	286	0.67

In part one of the questionnaire respondents were asked information about their occupation, level of education and years of work experience in accounting and finance. The answers are summarised in tables (5.2, 5.3 & 5.4).

5.2.1 The Respondents' Occupation

With regard to occupation, respondents were asked to select one of five occupation groups. These were five groups of users of corporate annual reports in Libya: individual investors, institutional investors, financial analysts, stockbrokers and qualified auditors as presented in table 6.2 below.

Table (5.2) Respondents Occupation

	Individual investor	Institutional investor	Financial Analyst	Stockbroker	Qualified Auditor	Total
Frequency	82	57	44	43	60	286
Percent	28.67%	19.93%	15%	15.03%	20.98%	100%

Table (5.2) above shows that, 82 respondents (28.7%) were individual investors group. 57 of the respondents (19.93%) belonged to the institutional investors group. Financial analysts were 44 of the respondents (15%). The stockbrokers group were 43 of the respondents (15.03%). 60 belonged to the external auditor (21%).

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5.2.2 The Respondents' Highest Level of Education

Table (5.3) indicates that the sample as a whole can be considered well educated, with 65.4% being of university level participants; 20.6% hold masters; and 7.3% hold PhD degrees and 6.6% have less than university level.

Table (5.3) highest education level

	Less than university level	University level Bachelor	Master or postgraduate diploma	PhD	Total
Frequency	19	187	59	21	286
Percent	6.60%	65.40%	20.60%	7.30%	100%

5.2.3 The Respondents' Years of Work Experience

Regarding work experience in accounting and finance of the respondents, table (5.4) below shows that 70% had over five years of experience; the remaining 30% of the respondents had less than five years of experience and 5.2% who did not have any experience in accounting and finance.

Table (5.4) the respondents' work experience

Years of experience	None	Under 5 years	From 5 to 10 years	From 11 to 15	Over 15 years	Total
Frequency	15	71	88	43	69	286
Percent	5.2%	24.8	30.8%	15%	24.1%	100%

5.3 The Importance of Financial Information Sources

One of the main objectives of this study is to examine the importance of the annual financial reports for external users to make investment decisions or recommendations in Libyan listed and unlisted companies. Therefore, the first question of this study is: *How important is the corporate annual report as a source of information among other sources for respondents to make investment decisions or recommendations about Libyan listed and unlisted companies?* To answer this question, the respondents were given nine sources of information in question 2.1 of the questionnaire, and were asked about their opinion, when making investment decisions or recommendations about Libyan listed and unlisted companies. They were asked to rate the importance of these nine sources using the Likert scale, where

1 referred to 'not important at all' and 5 to 'very important'. In addition, to address this objective some related hypotheses of the study will be tested in this section.

5.3.1 The Results of Descriptive Analysis

Tables (5.5 and 5.6) present the percentage to describe the respondents' answers. However, the overall mean of each source attached from five users groups was used to rank the information sources. The respondents considered the annual reports of listed companies as the most important source of information with a mean score of 4.7 (between important and very important). 97.2 % of respondents believed that the annual reports are important or a very important information source about listed companies. On the other hand, they ranked the annual reports as the most important source regarding unlisted companies with a mean score of 4.1 (between important and very important). 81.5 % of respondents believed that the annual reports are an important or a very important information source about unlisted companies.

These results indicate that external user groups who take part in the survey in Libya rely mainly on corporate annual reports of Libyan companies to make their investment decisions or recommendations. A possible reason behind this view will be discussed in the interview analysis chapter six section (6.2).

Table (5.5) Importance of various sources of information about Libyan listed companies (The overall sample) (Occupation)

Various Sources of Information	Not important at all (1)	Not important (2)	Neutral (3)	Important (4)	Very important (5)	(4+5)	Mean	Std. Deviation	Ranking
	%	%	%	%	%	%			
Annual reports of companies	0	0	2.8	20.6	76.6	97.2	4.7	0.5	1
Interim reports	0.7	2.1	21.3	37.1	38.8	75.9	4.1	0.859	2
Advisory services	0.7	5.2	30.4	40.2	23.4	63.6	3.8	0.881	3*
Direct information from the company	2.1	10.5	21.0	42.0	24.5	66.4	3.8	1.005	4*
Financial Newspapers and magazines	2.1	13.3	36.4	34.6	13.6	48.3	3.4	0.956	7
Government Publications & statistics on companies	2.1	9.1	25.9	33.2	29.7	62.9	3.8	1.034	5*
Personal recommendations and advice.	10.1	38.5	39.9	9.1	2.4	11.5	2.6	0.884	8
Market rumours	23.1	29.7	26.6	15.0	5.6	20.6	2.5	1.163	9
Internet	3.1	6.3	33.2	36.4	21.0	57.3	3.7	0.981	6

* As the mean scores were equal, rank based on the lowest standard deviation.

Table (5.6) Importance of various sources of information about Libyan unlisted companies

(The overall sample) (Occupation)

	Not important at all (1)	Not important (2)	Neutral (3)	Important (4)	Very important (5)	(4+5)	Mean	Std. Deviation	Ranking
	%	%	%	%	%				
Annual reports of companies	0.3	5.6	12.6	42.0	39.5	81.5	4.1	0.870	1
Interim reports	7.3	18.2	39.9	31.1	3.5	34.6	3.1	0.963	5
Advisory services	4.9	18.5	37.1	26.9	12.6	39.5	3.2	1.049	4
Direct information from the company	0.7	9.4	18.5	41.3	30.1	71.3	3.9	0.960	2
Financial newspapers and magazines	6.3	36.4	29.4	23.4	4.5	28.0	2.8	1.004	6
Government publications and statistics on companies	4.9	14.0	33.2	29.7	18.2	47.9	3.4	1.089	3
Personal recommendations and advice.	13.6	28.7	31.5	22.4	3.8	26.2	2.7	1.071	8*
Market rumours	27.3	33.9	24.5	11.2	3.1	14.3	2.3	1.081	9
Internet	11.2	34.3	31.8	22.0	0.7	22.7	2.7	0.965	7*

* As the mean scores were equal, rank based on the lowest standard deviation.

Table (5.7): Comparing between the mean importance and ranking of the sources regarding Libyan listed and unlisted companies attached by target user groups

(The overall sample)

Financial information sources	Regarding Listed companies			Regarding Unlisted companies		
	Mean	Std. Deviation	Ranking	Mean	Std. Deviation	Ranking
Annual reports of companies	4.7	0.5	1	4.1	0.870	1
Interim reports	4.1	0.859	2	3.1	0.963	5
Advisory services	3.8	0.881	3*	3.2	1.049	4
Direct information from the company	3.8	1.005	4*	3.9	0.960	2
Financial newspapers and magazines	3.4	0.956	7	2.8	1.004	6
Government publications and statistics on companies	3.8	1.034	5*	3.4	1.089	3
Personal recommendations and advice.	2.6	0.884	8	2.7	1.071	8*
Market rumours	2.5	1.163	9	2.3	1.081	9
Internet	3.7	0.981	6	2.7	0.965	7*

* As the mean scores were equal, rank based on the lowest standard deviation.

In table (5.7) above the results indicated that the interim report was considered as the second most important source when they make their investment decisions or recommendations about listed companies with a mean score of 4.1. It was ranked as the fifth most important source of information about unlisted companies with a mean score of 3.1.

However, “*advisory services*”, “*the direct information from the company*” and “*government publications and statistics on companies*” were given a same mean score of 3.8. Nevertheless, the standard deviation was different in these three sources (0.881, 1.005 and 1.034) respectively. The standard deviation used to describe the extent to which the answers are dispersed around the mean.

On the other hand, they ranked “*direct information from the company*” as the second most important source with a mean score of 3.9 from unlisted companies. 71.3 % of respondents believed that direct information from the company is an important or a very important information source about unlisted companies, table (5.6). “*The government publications and statistics on companies*” were believed to be the third most important source of information regarding unlisted companies with a mean score of 3.4. “*The advisory services*” source was the fourth most important source with a mean score of 3.2.

“*Internet source*” was considered as the sixth most important source of information about listed companies with a mean score of 3.7 but it was ranked as the seventh most important source about unlisted companies with a mean score of 2.7. This may be because there is more published information about listed than unlisted companies.

In addition, the results show that “*the financial newspapers and magazines*” as a source of information was ranked as the seventh most important (mean, 3.4) about listed companies and the sixth regarding unlisted companies but with a mean score of 2.8.

Personal recommendations and advice were considered as the eighth most important source about listed companies with a mean score of 2.6. As well, it was ranked as the eighth most important source of information about unlisted companies with a mean score of 2.7.

Similarly, the respondents ranked market rumours as the least important source with a mean score of 2.5 about listed companies and a mean score of 2.3 about unlisted companies.

Therefore, generally, there is agreement among all external user groups surveyed in this study that corporate annual reports were considered as the most important source of information about Libyan listed and unlisted companies. However, it is important to

note that all five groups of external users ranked corporate annual reports as the most important source of information about listed and unlisted companies see table (5.9) and (5.10).

5.3.2 The Significance Level between User Groups Regarding the Importance of Different Sources of Financial Information

A One way ANOVA test was employed to test the followed hypotheses and the results summarised in the table (5.8):

H1.1₀: There are no significant differences in the importance of various sources of financial information about Libyan listed companies when factored by occupations of users.

H1.1_A: There is at least one significant difference in the importance of various sources of financial information concerning Libyan listed companies when factored by occupations of users.

H2.1₀: There are no significant differences in the importance of various sources of financial information about Libyan unlisted companies when factored by occupations of users.

H2.1_A: There is at least one significant difference in the importance of various sources of financial information concerning Libyan unlisted companies when factored by occupations of users.

Regarding listed companies, the results presented in table (5.8) indicate that there are no statistically significant ($P > 0.05$) differences in the mean of the several user groups of six out of nine information sources regarding listed companies while there are with three sources which are the interim reports and direct information from the company and Internet.

It can be seen from table (5.9) all user groups considered that the annual reports are the most important source of information about listed companies. These results were supported by the results of One-way ANOVA which indicate that there are no statistically significant differences between means of the user group ($p = 0.931$) see table (5.8). In addition, the results show that all the external user groups gave a high mean of importance of annual reports of listed companies.

The interim report as a source of financial information was a position of significant differences. A Duncan post hoc test was used to determine these differences (appendix 3). According to the Duncan test, appendix 3, Table (2), all of the different groups can be placed in three subsets where the mean differences are not significantly different. Thus, the external auditor is placed in group one and the subsets' mean values are significantly different than subsets two and three. A Duncan post hoc test indicated that the external auditor group was given the lowest important mean of 3.9 which is statistically different with the highest mean given by the institutional investor group 4.4 and financial analyst group 4.3.

Table (5.8): Significance level between user groups regarding the importance of different sources of financial information (One- Way ANOVA Test) (Occupations)

	Regarding Listed companies				Regarding Unlisted companies			
	F	P. value	$\alpha=0.05$	Hypothesis supported	F	P. value	$\alpha=0.05$	Hypothesis supported
Annual reports of companies	0.213	0.931	NS	H1.1 ₀	2.620	0.035	S	H2.1 _A
Interim reports	3.184	0.014	S	H1.1 _A	1.921	0.107	NS	H2.1 ₀
Advisory services	1.831	0.123	NS	H1.1 ₀	1.479	0.209	NS	H2.1 ₀
Direct information from the company	4.740	0.001	S	H1.1 _A	2.415	0.049	S	H2.1 _A
Financial Newspapers and magazines	1.460	0.214	NS	H1.1 ₀	1.129	0.343	NS	H2.1 ₀
Government Publications & statistics on companies	1.677	0.155	NS	H1.1 ₀	1.143	0.336	NS	H2.1 ₀
Personal recommendations & advice	1.012	0.401	NS	H1.1 ₀	8.992	0.000	S	H2.1 _A
Market rumours	0.548	0.700	NS	H1.1 ₀	1.753	0.138	NS	H2.1 ₀
Internet	3.575	0.007	S	H1.1 _A	2.014	0.093	NS	H2.1 ₀
General level of acceptance of null hypothesis				6/9(66.6%)				
S=Significance, NS= Not Significance					6/9			

Direct information from the company (DIC) as a source of information about listed companies were given means which are statistically different from it ($P=0.001$) which are lower than 0.05 see table (5.8). This source was given the lowest mean importance (3.4) by the individual investor group which is significantly different with the important mean by institutional investors and financial analysts (means, 4.0, 4.1) appendix 3: Table (3).

In addition, the internet as a source of information about listed companies produced a position of significant difference ($P=0.007 < 0.05$). Individual investors and external auditor groups were placed in the same subset (number one) which is significantly different with mean values by financial analyst and stockbroker groups in subset two.

The Internet source was given by the individual investor and external auditor groups important mean (3.4 and 3.5) lower compared with important mean by the financial analyst and stockbroker groups (3.9 and 3.9), appendix 3: Table (4).

Therefore, in the light of this result, it is possible to accept the null hypothesis $H_{1.1_0}$ for six sources but reject it and accept the alternative hypothesis $H_{1.1_A}$ for three sources which are the interim reports and direct information from the company and Internet.

Regarding unlisted companies, the results presented in table (5.8) show that there is a statistically significant difference at level 0.05 between the user groups about three sources while there were not about six sources which are the interim report, advisory services, financial newspapers, government publications, market rumours and internet.

The results of a One-way ANOVA test in table (5.8) indicated that there are statistically significant differences between the means of the user groups regarding the importance of “the annual reports” as a source of information about Libyan unlisted companies ($P = 0.032 < 0.05$). A post hoc test indicated that there is no significant difference between stockbroker, external auditor, individual investor and financial analyst groups (means of 4.0, 4.0, 4.1 and 4.2 respectively); In addition, the highest important mean score (4.5) for the annual reports of unlisted companies was given by institutional investors which is significantly different than mean values that were given by stockbrokers, external auditors and individual investor groups, see appendix 3:Table (5).

As far as, “direct information from the company” as source of information about unlisted companies, a Duncan test explains that, all of the different groups can be placed in three subsets where the mean differences are not significantly different. The stockbrokers group (mean, 3.7) has significantly differences in important means from institutional investors and financial analysts groups (4.1 and 4.2), appendix 3: Table (6).

Regarding “personal recommendations” and advice, a Duncan test indicated that, all of the different groups can be placed in four subsets where the mean differences are not significantly different. There are no significant differences between means given by stockbrokers and institutional investors in important means (2.2 and 2.4 respectively). On the other hand, there are significant differences between their means and important means given by individual investors and external auditors (3.0 and 3.2), appendix 3: Table (7).

These results led to the acceptance of the null hypothesis H2.1₀ for interim report, advisory services, financial newspapers, government publications, market rumours and internet sources. Therefore, the alternative hypothesis is rejected for other three sources in the list see table (5.8) above.

Table (5.9) Importance of various sources of information about Libyan listed companies

Q2.1 Report about listed companies		Various Sources of Information about Libyan Listed Companies								
		AR	IR	ADS	DIC	FNM	GP	PRA	MR	INT
Individual investor	Mean	4.8	4.0	3.6	3.4	3.2	3.6	2.6	2.4	3.5
	Ranking	1	2	3	6	7	3	8	9	5
	Std. Deviation	0.486	0.729	0.829	1.164	0.998	0.967	0.814	0.977	1.079
Institutional investor	Mean	4.7	4.4	3.9	4.0	3.5	3.7	2.4	2.5	3.8
	Ranking	1	2	4	3	7	6	9	8	5
	Std. Deviation	0.483	0.881	0.950	0.916	1.054	1.267	1.031	1.136	1.060
Financial Analyst	Mean	4.8	4.3	4.0	4.1	3.5	3.9	2.5	2.7	3.9
	Ranking	1	2	4	3	7	5	9	8	5
	Std. Deviation	0.534	0.930	0.821	0.936	0.876	0.955	0.849	1.275	0.759
Stockbroker	Mean	4.7	4.0	3.8	3.8	3.5	4.0	2.5	2.5	3.9
	Ranking	1	2	5	5	7	2	8	8	4
	Std. Deviation	0.522	0.844	0.982	0.804	0.856	0.999	0.960	1.453	0.905
Qualified Auditor	Mean	4.8	3.9	3.9	3.8	3.6	4.0	2.7	2.6	3.4
	Ranking	1	3	3	5	6	2	8	9	7
	Std. Deviation	0.508	0.899	0.820	0.904	0.909	0.930	0.788	1.123	0.871
Total	Mean	4.7	4.1	3.8	3.8	3.4	3.8	2.6	2.5	3.7
	N	286	286	286	286	286	286	286	286	286
	Std. Deviation	0.500	0.859	0.881	1.005	0.956	1.034	0.884	1.163	0.981
	Ranking	1	2	3*	4*	7	3	8	9	6

AR= annual reports; IR= Interim reports; ADVS= Advisory services; DIC= Direct information from the company; FNM= Financial Newspapers and magazines; GP= Government Publications and statistics on companies; PRA= Personal recommendations and advice; MR= Market rumours; INT= Internet. * As the mean scores were equal, rank based on the lowest standard deviation.

Table (5.10) Importance of various sources of information about Libyan unlisted companies

Q2.1 Report About Unlisted Companies		Various Sources of Information about Libyan Unlisted Companies								
		AR	IR	ADS	DIC	FNM	GP	PRA	MR	INT
Individual investor	Mean	4.1	3.0	3.3	3.9	2.7	3.3	3.0	2.2	2.5
	Ranking	1	5	3	2	6	3	7	9	8
	Std. Deviation	0.932	0.942	1.007	1.023	0.971	1.019	0.962	0.913	0.971
Institutional investor	Mean	4.5	3.3	3.3	4.1	3.0	3.6	2.4	2.3	2.9
	Ranking	1	4	4	2	6	3	8	9	7
	Std. Deviation	0.803	0.967	1.088	0.892	1.061	1.350	0.997	1.188	0.880
Financial Analyst	Mean	4.2	2.8	3.3	4.2	2.8	3.7	2.7	2.3	2.8
	Ranking	1	5	4	1	5	3	8	9	5
	Std. Deviation	0.756	1.077	1.095	0.914	1.025	0.987	1.073	1.081	1.075
Stockbroker	Mean	4.0	2.9	2.9	3.7	2.9	3.3	2.2	2.1	2.6
	Ranking	1	4	4	2	4	3	8	9	7
	Std. Deviation	0.845	0.895	1.074	0.973	1.028	1.110	0.974	1.065	0.976
Qualified Auditor	Mean	4.0	3.1	3.3	3.8	2.9	3.3	3.2	2.6	2.7
	Ranking	1	6	3	2	7	3	5	8	9
	Std. Deviation	0.892	0.915	1.000	0.909	0.954	0.944	1.087	1.167	0.908
Total	Mean	4.1	3.1	3.2	3.9	2.8	3.4	2.7	2.3	2.7
	N	286	286	286	286	286	286	286	286	286
	Std. Deviation	0.870	0.963	1.049	0.960	1.004	1.089	1.071	1.081	0.965
	Ranking	1	5	4	2	6	3	8*	9	7*

AR= annual reports; IR= Interim reports; ADVS= Advisory services; DIC= Direct information from the company; FNM= Financial Newspapers and magazines; GP= Government Publications and statistics on companies; PRA= Personal recommendations and advice; MR= Market rumours; INT= Internet. * As the mean scores were equal, rank based on the lowest standard deviation.

5.3.3 The Significance Level between Mean Importance When Factored By Respondents' Highest Education Level

In this section a one-way ANOVA test was employed to test the following hypotheses of the study:

H1.2₀: There is no significant difference in the importance of various sources of financial information concerning Libyan listed companies when factored by education level of users.

H1.2_A: There is at least one significant difference in the importance of various sources of financial information concerning Libyan listed companies when factored by education level of users.

H2.2₀: There is no significant difference in the importance of various sources of financial information concerning Libyan unlisted companies when factored by education level of users.

H2.2_A: There is at least one significant difference in the importance of various sources of financial information concerning Libyan unlisted companies when factored by education level of users.

Table (5.11): Significance level between means importance of different information sources when factored by respondents' highest education level (One- Way ANOVA Test)

	Regarding Listed companies				Regarding Unlisted companies				
	F	P. value	$\alpha=0.05$	Hypothesis supported	F	P. value	$\alpha=0.05$	Hypothesis supported	
Annual reports of companies	3.591	0.014	S	H1.2 _A	2.976	0.032	S	H2.2 _A	
Interim reports	2.479	0.061	NS	H1.2 ₀	1.869	0.135	NS	H2.2 ₀	
Advisory services	2.931	0.034	S	H1.2 _A	1.526	0.208	NS	H2.2 ₀	
Direct information from the company	2.403	0.068	NS	H1.2 ₀	1.346	0.260	NS	H2.2 ₀	
Financial Newspapers and magazines	2.911	0.035	S	H1.2 _A	1.708	0.166	NS	H2.2 ₀	
Government Publications & statistics on companies	7.072	0.000	S	H1.2 _A	2.173	0.091	NS	H2.2 ₀	
Personal recommendations and advice	4.281	0.006	S	H1.2 _A	3.920	0.009	S	H2.2 _A	
Market rumours	1.102	0.349	NS	H1.2 ₀	3.787	0.011	S	H2.2 _A	
Internet	0.992	0.397	NS	H1.2 ₀	2.976	0.606	NS	H2.2 ₀	
General level of acceptance of null hypothesis				4/9(44%)	General level of acceptance of null hypothesis				6/9(66%)
S=Significant, NS= Not Significant									

Regarding listed companies, the results of One-way ANOVA presented in table (5.11) above reveal that there are statistically significant differences at level 0.05 between the user groups (Within their education level) with five sources, whereas there are not with four sources which are interim reports, direct information from the company, market rumours and internet.

Therefore, a Duncan post hoc test indicated that the respondents who have less than a university level education thought the importance of “annual reports” of listed companies is less important (4.5 between important and very important) than other respondents. In addition, there is a statistically significant difference between the respondents who have less than university level education and others except those who have a university level see appendix 3: Table (8).

A Duncan test showed that, there is a statistically significant difference between the respondents who have less than university level education and others except those who have a university level regarding “advisory services” as a source of information about listed companies, see appendix 3: table (9).

However, the One way ANOVA test indicates that there is a significant difference ($P=0.035 < 0.05$) between user groups within their highest education level in mean importance of “financial newspapers and magazines” as sources of information about Libyan listed companies see table (5.11). A post hoc test using Duncan and Tukey was unable to explain this significant difference between groups. This source of information was given mean scores of (3.4, 3.8, 3.4 and 3.3 respectively) by the four highest education level groups. It is clear that the highest mean score (3.8) was given by the respondents who have a masters degree, see appendix 3: Table (10).

However, regarding “government publications” as sources of information about Libyan listed companies, a Duncan post hoc test indicates that there is a statistically significant difference in means of importance between the respondents who have less than university level (3.2) and those who have university and PhD degrees (3.7 and 3.8); in addition, there is a statistically significant difference in means of importance between the respondents those who have a masters degree (4.3) and other groups see appendix 3: Table (11).

In appendix 3: Table (12), a Duncan test indicated that there is a statistically significant difference in means of importance of “personal recommendations and advice” in listed companies between the respondents who have a PhD degree (2.0) and those who have university, masters and less than university degrees (2.6, 2.6 and 2.9 respectively).

Therefore, the null hypothesis $H_{1.2_0}$ is rejected for five out of nine sources and the alternative hypothesis $H_{1.2_A}$ is accepted for the other four sources which are advisory services, direct information from the company, market rumours and Internet see table (5.11) above.

Regarding unlisted companies, from table (5.11) above the results of One-way ANOVA explain that there are no significant differences between respondents’ perceptions attributed to their level of education regarding the importance of six out of nine sources in the list and there are significant differences with three out of nine.

The results of One-way ANOVA test in table (5.11) show that, there are significant differences in important means of “annual reports” as a source of information about Libyan unlisted companies which were given by the user groups (attributed to their level of education) ($P= 0.032 < 0.05$), A post hoc test using Duncan shows that, the

respondents are those who have a PhD level gave the highest mean score (4.6 between important and very important) of the importance of annual reports of unlisted companies. In addition, there is a significant difference between the respondents who have a PhD level and the respondents who have less than university level and those who have a university degree see appendix 3: Table (13).

As far as in appendix 3: Table (14), “personal recommendations and advice” are concerned, a post hoc test using Duncan indicated that, there are statistically significant differences in means of importance between the respondents who have a PhD degree (2.2) and those who have a Masters (2.8); In addition, there is a statistically significant difference in means of importance between the respondents who have less than a university degree (3.4) and other groups.

With regard to “market rumours” as a source of information about unlisted companies, there is a significant difference between means of importance which was given by the respondents who have a PhD degree (1.7) and who have a University degree (2.4), see appendix 3: Table (15).

The results of a One-way ANOVA lead us to accept the null hypothesis $H_{2.2_0}$: There is no significant difference *in the importance of various sources of financial information concerning Libyan unlisted companies when factored by education level of users* with five information sources and accept the alternative hypothesis $H_{2.2_A}$ for the other four sources which are annual reports, personal recommendations and market rumours.

5.3.4 The Significance Level between Mean Importance When Factored by Respondents' Experience Years

Table (5.12) below presents the significance levels of importance attached to each source of information by respondents within experience years by using One-way ANOVA test. Therefore, the hypotheses for this element of the study:

H1.3₀: There is no significant difference in the importance of various sources of financial information concerning Libyan listed companies when factored by years of work experience of users.

H1.3_A: There is at least one significant difference in the importance of various sources of financial information concerning Libyan listed companies when factored by years of work experience of users.

H2.3₀: There is no significant difference in the importance of various sources of financial information concerning Libyan unlisted companies when factored by years of work experience of users.

H2.3_A: There is at least one significant difference in the importance of various sources of financial information concerning Libyan unlisted companies when factored by years of work experience of users.

Regarding listed companies the results in table (5.12) reveal that there are several significant differences between the user groups attributed to their years of experience dealing with five information sources. In addition, there are no statistically significant differences between the user groups attributed to their years of experience about four sources.

From the results of one way ANOVA test in table (5.12), there are no statistically significant differences between the user groups attributed to their years of experience about annual reports of listed companies. As far as, all respondents within their years of experience considered the annual reports as the most important source of information. In addition, the respondents who have 11 to 15 years of experience gave the highest mean score for importance of the annual reports of listed companies (by mean 4.8). Whereas the respondents who do not have any years of experience in accounting and finance provided the lowest mean score for the importance of the annual reports of listed companies (by mean 4.6).

Table (5.12): Significance level between means importance of different information sources when factored by respondents' experience years (One-Way ANOVA Test)

Sources of information	Regarding listed companies				Regarding unlisted companies				
	F	P. value	$\alpha=0.05$	Hypothesis supported	F	P. value	$\alpha=0.05$	Hypothesis supported	
Annual reports of companies	0.545	0.703	NS	H1.3 ₀	0.672	0.612	NS	H2.3 ₀	
Interim reports	5.268	0.000	S	H1.3 _A	0.769	0.546	NS	H2.3 ₀	
Advisory services	0.263	0.901	NS	H1.3 ₀	1.011	0.402	NS	H2.3 ₀	
Direct information from the company	4.691	0.001	S	H1.3 _A	1.314	0.265	NS	H2.3 ₀	
Financial Newspapers and magazines	3.614	0.007	S	H1.3 _A	4.297	0.002	S	H2.3 _A	
Government Publications & statistics on companies	0.695	0.596	NS	H1.3 ₀	1.431	0.224	NS	H2.3 ₀	
Advice of friends	2.947	0.021	S	H1.3 _A	0.596	0.666	NS	H2.3 ₀	
Market rumours	0.393	0.813	NS	H1.3 ₀	1.450	0.218	NS	H2.3 ₀	
Internet	4.187	0.003	S	H1.3 ₀	3.779	0.005	S	H2.3 _A	
General level of acceptance of null hypothesis				4/9(44.4%)	General level of acceptance of null hypothesis				7/9(77.7%)
S=Significance, NS= Not Significance									

in appendix 3: Table (16), a post hoc test using Duncan shows that there are statistically significant differences in means of importance of “the interim reports” (listed companies) between the respondents who do not have any experience in accounting and finance (3.6) and the respondents who have years of experience under five years, over fifteen years and from 11 to 15 (4.1, 4.2 and 4.4 respectively). However, there are statistically significant differences in means of importance between the respondents who have years of work experience from 5 to 10 (mean 3.9) and who have years of experience from 11 to 15 (mean 4.4).

A post hoc test using Duncan shows that there are statistically significant differences in the important means of “direct information from the company” (DIC) as a source of information about listed companies between the respondents who do not have any work experience in accounting and finance (3.3) and the respondents who have work experience years over fifteen years, from 5 to 10 and from 11 to 15 (3.8, 3.9 and 4.2 respectively). In addition, there are statistically significant differences in important means between the respondents who have work experience under five years (mean 3.5) and who have work experience years from 11 to 15 (mean 4.2) see appendix 3: Table (17).

With regard to “financial newspapers and magazines” as a source of information about listed companies the respondents who do not have any experience in accounting and finance have a lower mean score expressing the level of importance (2.9) which is significantly different from mean scores given by other respondents who have more than one year of experience. And the respondents who have work experience from 11 to 15 gave a mean score of (3.8) which is significantly different with mean scores given by other respondents except those who have less than 5 years of experience (3.5) see appendix 3: Table (18).

However, there are statistically significant differences in important means between the respondent groups attributed to their work experience years regarding “the personal recommendations and advice”. As it can be seen from table (19) in appendix 3, the respondents who have years of work experience from 11 to 15 gave it an important mean score of (2.9) which is more than other means and significantly different with mean scores given by the respondents who do not have any work experience in accounting and finance (2.3) and who have less than 5 years of work experience (2.4).

The lowest important mean score of the “Internet” as a source of information about listed companies was given by the respondents who do not have any experience in accounting and finance (3.1). It is significantly different from means scores given by all other respondents who have more than one year experience, see appendix 3: Table (20).

Therefore, the null hypothesis $H_{1.3_0}$ should be accepted with four sources of information which are the annual reports, advisory services, government publications & statistics on companies and market rumours. In addition, the alternative hypothesis $H_{1.3_A}$ should be accepted with the other five sources.

With regard to unlisted companies, the results of One-way ANOVA presented in table (5.12) above indicated that there is no statistically significant difference at level 0.05 between the user groups attributed to their experience years about seven sources, whereas there are about two sources which are financial newspapers and magazine (FNM) and internet. Therefore, with regard (FNM) to a post hoc test using Duncan indicated that there are statistically significant differences in means between the respondents who have experience in years from 11 to 15 (mean, 3.4) in subset two and the respondents who have experience over 15 years, from 5 to 10, less than 5 years and do not have any experience in accounting and finance in the subset one (2.8, 2.8, 2.7 and 2.5 respectively), see appendix 3: Table (21).

With regard to the “internet” source, all of the different user groups (within years of experience) can be placed in three subsets where the mean differences are not significantly different. Thus, the respondents who did not have any years of work experience are placed in subset two, with a mean score of (2.1) which has a statistically significant difference from other groups placed in subset one and three, see appendix 3: Table (22).

Therefore, the null hypothesis $H_{2.3_0}$: There is no significant difference in the importance of different sources of financial information concerning Libyan unlisted companies when factored by experience years of users is accepted with seven sources and the alternative hypothesis $H_{2.3_A}$ should be accepted with financial newspapers and magazines and Internet, see table (5.12) above.

5.3.5 The Significance Level between Listed and Unlisted Companies in Mean Importance of Different Sources of Financial Information

In this section, a paired t-test has been applied to investigate whether there are significant differences in respondents' perceptions regarding the importance of different sources of financial information about Libyan listed and unlisted companies?

The results of the paired t-test presented in table (5.13) indicate that there are significant differences in respondents' perceptions between Libyan listed and unlisted companies in mean importance information sources for all sources in the list. Therefore, the null hypothesis H_0 : *There is no significant difference in mean importance of each Source of financial information between the respondents' perceptions regarding Libyan listed and unlisted companies* is rejected.

This result suggests that each source of information was ranked as more important regarding listed companies than the same source about unlisted companies, except direct information from the company and advice of friends see table (5.7) above. It can be argued that the establishment of the Libyan stock market has raised the importance which was given to information sources of listed companies. To compare easily between the means and ranking of the sources regarding Libyan listed and unlisted companies attached by target user groups tables (5.14, 5.15) were designed.

Table (5.13) Importance of Various Sources of Information about Libyan Companies

(Paired Samples Test)

	t	Sig. (2-tailed)	Hypothesis supported
Pair 1 The importance of the annual reports of listed companies - The importance of the annual reports of unlisted companies	12.254	0.000	H _A
Pair 2 The Importance of the Interim Reports of Listed Companies - The Importance of the Interim Reports of Unlisted Companies	16.545	0.000	H _A
Pair 3 The Importance of Advisory services as a source of Information about Listed Companies - The importance of Advisory services as a source of information about unlisted companies	9.356	0.000	H _A
Pair 4 The importance of direct information from the company as a source of information about listed companies - The importance of direct information from the company as a source of information about unlisted companies	-2.509	0.013	H _A
Pair 5 The importance of Financial Newspapers and Magazines as sources of Information about listed companies - The importance of Financial Newspapers and magazines as sources of information about unlisted companies	10.746	0.000	H _A
Pair 6 The importance of Government Publications and Statistics as sources of information about listed companies - The importance of Government Publications and Statistics as sources of information about unlisted companies	6.656	0.000	H _A
Pair 7 The importance of advice of friends as a source of information about listed companies - The importance of advice of friends as a source of information about unlisted companies	3.188	0.000	H _A
Pair 8 The importance of market rumours as a source of information about listed companies - The importance of market rumours as a source of information about unlisted companies	3.262	0.000	H _A
Pair 9 The importance of the Internet as a source of information about listed companies - The importance of Internet as a source of information about unlisted companies	16.458	0.000	H _A

5.4 The Importance of Sections of Corporate Annual Report

To answer the following question: *What is the most important section of corporate annual reports of Libyan listed and unlisted companies for respondents?* The respondents were given seven sections in question 2.2 in the questionnaire, and were asked to give their views on them when making investment decisions or recommendations about Libyan listed and unlisted companies. They were asked to rate the importance of these eight sections using the Likert scale, where 1 referred to 'not important at all' and 5 to 'very important'.

5.4.1 The Results of Analysis of Overall Respondents (Descriptive Analysis)

As can be seen from table (5.14) below, the respondents believed that all sections of annual reports are important or very important when they make their investment decisions or recommendations about Libyan listed companies except the directors' report. In addition, the income statement and balance sheet are considered as the most important sections with a mean score of 4.7. However, 96.2% of the respondents believed that the income statement of listed companies is important or very important. 95.1% of respondents believed that the balance sheet of listed companies is important or very important. Even though the balance sheet and the income statement are ranked as the most important sections of annual reports; however, the lowest standard deviation (0.522) for the income statement revealed that there is a high level of agreement among the views of the external users about relative importance of this statement more than the balance sheet and other sections see table (5.14).

On the other hand, table (5.15) shows that the balance sheet and the income statements were ranked as the most important sections with mean scores of 4.4 and 4.3 regarding unlisted companies. 82.2 % of respondents believed that the balance sheet is important or very important when making investment decisions regarding unlisted companies and 83.6% of them considered that the income statement is important or very important. The lowest standard deviation (0.870) for the balance sheet revealed that there is a high level of agreement among views of the external users about relative importance of this section more than the income statement and other sections see table (5.16).

The Auditor's report was perceived as the third most important section regarding listed and unlisted companies with mean scores of 4.6 and 4.0 respectively. 93.4% of

respondents believed that the auditor's report of listed companies is important or very important and 71.7% of them considered that the auditor's report of unlisted companies is important or very important.

The statement of retained earnings was ranked as the fourth most important sections of annual reports with regard to listed companies with a mean score of 4.2 and standard deviation of (0.814); followed by the cash flow statement as the fifth most important section with a mean score of 4.2 and standard deviation of (0.874). The standard deviation reveals that the level of agreement among views of the external users about relative importance of the cash flow statement is higher than the statement of retained earnings.

With regard to unlisted companies the statement of retained earnings is ranked as the fourth most important section with a mean score of 3.8. This is followed by the cash flow statement with a mean score of 3.7.

In addition, the respondents considered "*the notes to the financial statements*" section as the sixth most important section with a mean score of 4.1 regarding listed companies; while it was ranked as the fifth most important section with a mean score of 3.7 regarding unlisted companies.

Table (5.14) and (5.15) shows that, the directors' report is considered as the least important section of annual reports of Libyan listed and unlisted companies with mean scores of 3.4 and 3.0 respectively.

These results indicated that the respondents in the present study consider all sections of the annual reports are important except the directors' report.

Table (5.14) Importance of sections of corporate annual reports of Libyan listed companies

(The overall sample)

Sections of Corporate Annual Report		Not important at all (1)	Not important (2)	Neutral (3)	Important (4)	Very important (5)	(4+5)	Mean	Std. Deviation	Ranking
		%	%	%	%	%	%			
Q2.2.1	Balance sheet	0.0	0.0	4.9	17.1	78.0	95.1	4.7	0.544	2*
Q2.2.2	Statement of retained earnings	0.3	2.4	14.7	38.8	43.7	82.5	4.2	0.814	4 ⁻
Q2.2.3	Income statement	0.0	0.0	3.8	18.9	77.3	96.2	4.7	0.522	1*
Q2.2.4	Cash flow statement	0.3	4.2	16.1	36.0	43.4	79.4	4.2	0.874	5 ⁻
Q2.2.5	Notes to the financial statements	0.3	2.8	17.8	45.1	33.9	79.0	4.1	0.809	6
Q2.2.6	Directors' report	1.4	19.9	32.5	33.6	12.6	46.2	3.4	0.984	7
Q2.2.7	Auditor's report	0.0	0.3	6.3	31.1	62.2	93.4	4.6	0.629	3

* or ⁻ As the mean scores were equal, rank based on the lowest standard deviation.

Table (5.15) Importance of sections of corporate annual reports of Libyan unlisted companies

(The overall sample)

Sections of corporate annual reports	Not important at all (1)	Not important (2)	Neutral (3)	Important (4)	Very important (5)	(4+5)	Mean	Std. Deviation	Ranking
	%	%	%	%	%	%			
Balance sheet	0.7	2.4	14.7	24.8	57.3	82.2	4.4	0.870	1
Statement of retained earnings	1.4	8.0	26.9	37.1	26.6	63.6	3.8	0.971	4
Income statement	0.7	2.4	13.3	31.5	52.1	83.6	4.3	0.846	2
Cash flow statement	2.1	13.3	22.0	42.0	20.6	62.6	3.7	1.016	5*
Notes to the financial statements	1.0	7.0	27.3	46.5	18.2	64.7	3.7	0.873	6*
Directors' report	9.4	26.6	28.7	28.7	6.6	35.3	3.0	1.095	7
Auditor's report	1.7	8.0	18.5	32.9	38.8	71.7	4.0	1.028	3

* As the mean scores were equal, rank based on the lowest standard deviation.

Table (5.16): Comparing between the main sections of corporate annual reports attached by target user groups

Sections of corporate annual reports	Regarding listed companies			Regarding unlisted companies		
	Std. Deviation	Mean	Ranking	Std. Deviation	Mean	Ranking
Balance sheet	0.544	4.7	2*	0.870	4.4	1
Statement of retained earnings	0.814	4.2	4 ⁻	0.971	3.8	4
Income statement	0.522	4.7	1*	0.846	4.3	2
Cash flow statement	0.874	4.2	5 ⁻	1.016	3.7	6*
Notes to the financial statements	0.809	4.1	6	0.873	3.7	5*
Directors' report	0.984	3.4	7	1.095	3.0	7
Auditor's report	0.629	4.6	3	1.028	4.0	3

*As the mean scores were equal, rank based on the lowest standard deviation.

5.4.2 The Significance Level between Mean Importance of the Sections of Corporate Annual Reports Arranged By Target User Groups

The table (5.17) below presents the significance levels of importance attached to each section of annual reports by external user groups by using One-way ANOVA test.

Table (5.17): Significance level between means importance attached to different sections of annual report by different external users (One- Way ANOVA Test)

section of annual report	Regarding listed companies				Regarding unlisted companies			
	F	P. value	$\alpha=0.05$	Hypothesis supported	F	P. value	$\alpha=0.05$	Hypothesis supported
Balance sheet	0.731	0.572	NS	H3.1 ₀	1.623	0.169	NS	H4.1 ₀
Statement of retained earnings	3.092	0.016	S	H3.1 _A	4.645	0.001	S	H4.1 _A
Income statement	1.430	0.224	NS	H3.1 ₀	7.538	0.000	S	H4.1 _A
Cash flow statement of	7.414	0.000	S	H3.1 _A	4.156	0.003	S	H4.1 _A
Notes to the financial statements	0.405	0.805	NS	H3.1 ₀	2.592	0.037	S	H4.1 _A
Directors' report	0.360	0.837	NS	H3.1 ₀	0.903	0.463	NS	H4.1 ₀
Auditor's report	5.751	0.000	S	H3.1 _A	1.541	0.190	NS	H4.1 ₀
General level of acceptance of null hypothesis				4/7(57%)	General level of acceptance of null hypothesis			3/7(43 %)
S=Significance, NS= Not Significance								

Regarding listed companies the results in the table (5.17) above indicate that there is a statistically significant difference in mean importance between different user groups regarding three sections which are statement of retained earnings, cash flow statement and auditor's report while there are no significant differences with four sections which are balance sheet, income statement, notes to the financial statements and directors' report.

Again a post hoc test using Duncan was used to determine these differences. With regard to the "statement of retained earnings", the results indicate that individual investors thought the importance of statement of retained earnings of listed companies is less important (with mean score of 4.0) than other user groups. This mean is significantly different from all means given by other user groups except by institutional investors, see appendix 3: Table (23).

Regarding the "cash flow statement" the results of the post hoc test using Duncan show that individual investors gave a less important mean (3.8) for cash flow statement, it is

significantly different from other means. In addition, there is a significant difference between external auditor (4.6) and stockbrokers (4.1), see appendix 3: Table (24).

The auditor's report also reveals statistically significant differences in mean importance. A post hoc test using Duncan shows that individual investors and institutional investors gave important means for the auditor's report (means 4.4, 4.5 respectively) less than other groups. In addition, the highest important mean for auditor's report was given by stockbrokers (4.87) appendix 3: Table (25).

These results led to the rejection of the null hypothesis *H3.1₀: There is no significant difference between respondents' perceptions regarding the importance of various Sections of the Corporate Annual Report about Libyan listed companies* for three sections which are statement of retained earnings, cash flow statement and auditor's report however the alternative hypothesis is accepted *H3.1_A: there is at least one difference in the importance of sections of the corporate annual report concerning Libyan listed companies when factored by occupations of users* for the other four sections balance sheet, income statement, notes to the financial statements and directors' report.

From the table (5.17) above, it is clear that there are statistically significant differences in mean importance between annual report sections of unlisted companies regarding four areas which are statement of retained earnings, income statement, cash flow statement and notes to the financial statements while there are no significant differences about two sections which are directors' report and auditor's report. Therefore, with regard to these four sections the null hypothesis can be rejected *H4.1₀: There are no significant differences between respondents' perceptions regarding the importance of various Sections of Corporate Annual Report about Libyan unlisted companies when factored by occupations of users*. Furthermore, accept the alternative hypothesis *H4.1_A: there is at least one difference in the importance of sections of corporate annual report concerning Libyan unlisted companies when factored by occupations of users* with the other three sections which are balance sheet, director's report and auditor's report.

A post hoc test using Duncan explores these differences as below. With regard to "statement of retained earnings", the results of Duncan presented in appendix 3: Table

(26) show that the individual investors gave the lowest important mean (mean 3.5), which is statistically significantly different from financial analysts and institutional investors (4.0 and 4.1 respectively); A Duncan test also reveals that there is a statistically significant difference in mean importance of “income statement” between stockbrokers (mean 3.8) and other groups which are external auditor, financial analysts, individual investors and institutional investors (4.1, 4.4, 4.5 and 4.6 respectively). In addition, individual investors and institutional investors groups were significantly different from external auditors group, see appendix 3: Table (27).

Moreover, there are statistically significant differences between some respondents groups about the importance of “the cash flow statement” as a section of annual report of unlisted companies. The lowest important mean (3.3) for this section was given by the individual investors whereas the highest important mean (3.9) was given by institutional investors see appendix 3: Table (28). Finally, the “notes to the financial statements” of unlisted companies produced some of statistically significant differences in mean importance between groups. The stockbrokers were given the lowest important mean (3.5) in comparison with other groups while the highest important mean (4.0) was given by the institutional investor group which is significantly different from the lowest mean see appendix 3: Table (29).

5.4.3 The Significance of the Level of Mean Importance between the Sections of Corporate Annual Reports When Factored By Respondents' Highest Education Level

This section focuses on the mean importance of sections of annual reports with the highest education level of respondents report in Libya. The One-way ANOVA test was applied to test the related hypotheses.

Regarding listed companies, the results of One-way ANOVA presented in table (5.18) below shows that there are statistically significant differences at level 0.05 between the user groups (Within their education level) with all the sections of annual report except notes to the financial statements, this result led to acceptance of the null hypothesis *H3.2₀: There is no significant difference in the importance of sections of corporate annual report concerning Libyan listed companies when factored by the highest education level of users* in all the sections of the annual report except notes to the financial statements; and accepted the alternative hypothesis

H3.2_A: There is at least one significant difference in the importance of sections of corporate annual report concerning Libyan listed companies when factored by the highest education level of users for notes to the financial statements

While ANOVA results highlight a significant difference in the means between groups; Tukey and Duncan Post-Hoc test were unable to clearly indicate/display some of these differences. Tukey and Duncan Post-Hoc test were unable to clearly indicate the differences regarding balance sheet, statement of retained earnings and directors' report. The "balance sheet" was considered the first important section by the respondents who have a PhD or a university degree (with a mean score of 4.9 and 4.7) and the second section by other groups. However, it is noteworthy that the results in the appendix 3: table (30) explain that the respondents who have a university degree gave the balance sheet the lowest important mean score (4.7) whereas the respondents who have a PhD degree gave the "balance sheet" the highest important mean score (4.9). In addition, the "statement of retained earnings" was given the highest important mean score (4.5) by those who have a masters degree and the lowest important mean score of (4.1) by those who have a University degree, appendix 3: Table (31). The "notes to the financial statements" were given the highest important mean score of (4.3) by the respondents who have masters level and it was given the lowest important mean score of (4.0) by other respondents see appendix 3: Table (32).

A post hoc test using Duncan indicated that the respondents who have a university degree rated the importance of the "income statement" as less important (4.6) than those who have less than a university degree (5.0) and above a university degree with mean score of (4.9). From appendix 3: Table (33) it can be seen that, there are significantly different between the important mean score (4.6) given to the "income statement" by the respondents who have a university degree and all the other means given by all groups.

In addition, the results of Duncan Post-Hoc test shows that the "cash flow statement" was given the lowest important mean by the respondents who have less than a university degree with mean score of 3.6; it is significantly different from other groups see appendix 3: Table (34). A "directors' report" was considered as the least important section by all user groups with the highest education level. It was given the lowest important mean score of (3.2) by those respondents who have a university degree which

is significantly different from the highest important mean score (3.8) by the respondents who have a masters degree see appendix 3: Table (35).

As far as the “auditor’s report” was concerned, they revealed a significant difference between the respondents who have less than a university degree and PhD in the same subset (with mean score of 4.3 and 4.4) and who have a masters degree in the another subset (with mean score of 4.8); see appendix 3: Table (36).

Regarding unlisted companies, table (5.18) shows that there are statistically significant differences at level 0.05 between the user groups (Within their education level) with five sections and there are no statistically significant differences with two sections which are balance sheet and notes to the financial statements. A post hoc test using Duncan indicated these differences. With regard to the “statement of retained earnings”, the respondents who have less than a university degree thinking it of less importance with a mean score of 3.4; this mean is significantly different from the means given by those who have a masters (4.1) or a PhD degree (4.3) see appendix 3: Table (37).

Table (5.18): the Significance of the level of mean importance between the sections of the annual report when factored by respondents’ highest education level (One- Way ANOVA Test)

section of annual report	Regarding Listed companies				Regarding Unlisted companies			
	F	P. value	$\alpha=0.05$	Hypothesis supported	F	P. value	$\alpha=0.05$	Hypothesis supported
Balance sheet	3.406	0.018	S	H3.2 _A	2.496	0.060	NS	H4.2 ₀
Statement of retained earnings	2.809	0.040	S	H3.2 _A	5.464	0.001	S	H4.2 _A
Income statement	8.524	0.000	S	H3.2 _A	4.383	0.005	S	H4.2 _A
Cash flow statement	4.555	0.004	S	H3.2 _A	7.235	0.000	S	H4.2 _A
Notes to the financial statements	2.389	0.069	NS	H3.2 ₀	0.560	0.642	NS	H4.2 ₀
Directors’ report	4.522	0.004	S	H3.2 _A	5.147	0.002	S	H4.2 _A
Auditor’s report	4.463	0.004	S	H3.2 _A	3.271	0.022	S	H4.2 _A
General level of acceptance of null hypothesis				1/7(14 %)	General level of acceptance of null hypothesis			2/7(28.5%)
S=Significance, NS= Not Significance								

With regard to, the “income statement” of unlisted companies, all of the respondents with the highest education level thought that the income statement is important or very important. However, a post hoc test using Duncan explains that there is statistical

significance in the important mean of “income statement” between the respondents who have a PhD degree with mean score of 4.8 and other respondents who have less than a university degree and a university degree (4.3 and 4.2) see appendix 3: Table (38).

In addition, a post hoc test using Duncan shows that there is statistically a significant difference in important mean of “cash flow statement”. It is given the lowest important mean score by those who have less than university level education (2.9). This mean is significantly different from means given by other respondents who have a university, Masters and PhD degree (3.6, 3.9, and 4.2) see appendix 3: Table (39).

The “Directors’ Report” was considered as the least important section of the annual reports of unlisted companies by all user groups with the highest education level. It was given the lowest important mean score of (2.8) by the respondents who have a university degree which is significantly different from the highest important mean score (3.4) by the respondents who have a masters degree, see appendix 3: Table (40).

Finally, a post hoc test using Duncan suggests that, the lowest important mean (3.4) of “auditor’s report” was given by the respondents who have less than a university degree. It is statistically significantly different with the means that are given by other respondents who have a university, masters and a PhD degree (3.97, 4.0, and 4.2), see appendix 3: Table (41).

Therefore, the null hypothesis H4.2₀: There is no significant difference in the importance of sections of the corporate annual report concerning Libyan unlisted companies when factored by the highest education level of users is rejected with six sections which are balance sheet, statement of retained earnings, income statement, cash flow statement, directors’ report and auditor’s report. And the alternative hypothesis H4.2_A: There is at least one difference in the importance of sections of corporate annual report concerning Libyan unlisted companies when factored by highest education level of users is accepted with notes to the financial statements.

5.4.4 The Significance Level between Mean Importance of the Sections of Corporate Annual Reports When Factored By Respondents' Experience

Table (5.19) below shows the significant levels of importance attached to each section of the annual report by respondents within experience years by using the One-way ANOVA test.

Regarding listed companies, the results presented in table (5.19) indicated that there are no statistically significant differences at level 0.05 between the user groups (Within their years of experience) with all the sections of the annual report except cash flow statement, this result led to acceptance of the null hypothesis $H3.3_0$: *There is no significant difference in the importance of sections of the corporate annual report concerning Libyan listed companies when factored by users' years of work experience*, for all the sections of the annual report, with the exception of the cash flow statement.

Table (5.19): Significance level between means importance attached to different sections of annual report by different external users when factored by respondents' experience (One- Way ANOVA Test)

section of annual report	Regarding Listed companies				Regarding Unlisted companies			
	F	P. value	$\alpha=0.05$	Hypothesis supported	F	P. value	$\alpha=0.05$	Hypothesis supported
Balance sheet	0.793	0.531	NS	$H3.3_0$	1.273	0.281	NS	$H4.3_0$
Statement of retained earnings	0.483	0.748	NS	$H3.3_0$	0.925	0.450	NS	$H4.3_0$
Income statement	0.993	0.412	NS	$H3.3_0$	2.754	0.028	S	$H4.3_A$
Cash flow statement	8.464	0.000	S	$H3.3_A$	8.464	0.000	S	$H4.3_A$
Notes to the financial statements	0.396	0.811	NS	$H3.3_0$	3.471	0.009	S	$H4.3_A$
Directors' report	1.315	0.265	NS	$H3.3_0$	1.514	0.198	NS	$H4.3_0$
Auditor's report	0.113	0.978	NS	$H3.3_0$	1.741	0.141	NS	$H4.3_0$
General level of acceptance of null hypothesis				6/7(85.7%)				4/7(57%)
S=Significance, NS= Not Significance								

Thus the alternative hypothesis $H3.3_A$: *There is at least one significant difference in the importance of sections of corporate annual report concerning Libyan listed companies when factored by users' years of work experience*, is rejected for all the sections of the annual report, with the exception of the cash flow statement.

A post hoc test using Duncan indicated that, the respondents who did not have any experience in accounting and finance gave an important mean score of 3.3 for the "cash flow statement", which is significantly different from importance means by other respondents. In addition, there is a significance difference between those who have less

than five years of work experience (4.0) and who have work experience from 11 to 15 years (mean, 4.5), (See appendix 3: Table 42).

With regard to unlisted companies, from the table (5.19) the results of one way ANOVA test suggest that there are no statistically significant differences in important mean between the external user groups (Within their years of work experience) with all the sections of the annual report except income statement, cash flow statement and notes to the financial statements; this result led to acceptance of the null hypothesis H4.3₀: *There is no significant difference in the importance of sections of corporate annual report concerning Libyan unlisted companies when factored by users' years of work experience*, for all the sections of the annual report, with the exception of three sections which are income statement, cash flow statement and notes to the financial statements (see chapter seven section 7.2.2).

As a result, the alternative hypothesis H4.3_A: *There is at least one significant difference in the importance of sections of corporate annual report concerning Libyan listed companies when factored by users' years of work experience*, is rejected from all the sections of the annual report, with the exception of three sections which are income statement, cash flow statement and notes to the financial statements.

With regard to the “income statement”, a post hoc test using Duncan indicated that there is one significant difference. It is between the respondents who have less than 5 years of work experience (4.1) and the respondents who do not have any work experience in accounting and finance (4.7), see appendix 3: Table (43). However, a post hoc test using Duncan indicated that there is more than one significant difference regarding the “cash flow statement” as a section of annual report of unlisted companies. The cash flow statement was given the lowest important mean (2.9) by the respondents who did not have any work experience in accounting and finance. This group is significantly different from all other groups of work experience except those who have less than five years of work experience (3.3). In addition, the respondents who have less than five years of work experience are significantly different from all other groups of experience except those who did not have any years of work experience and those who have experience. However, the highest important mean (4.0) was given for the “cash flow

statement” is by the respondents who have over 15 years of work experience See appendix 3: Table (44).

Finally, the Duncan test indicated that the lowest important mean (3.5) for “notes to the financial statements” as a section of the annual report, of unlisted companies, was given by the respondents who have work experience from 5 to 10 years. This mean (3.5) is significantly different from the highest mean important (4.0) given by those who have over 15 years of work experience; (see appendix 3, Table 45).

5.4.5 Significance Level between Listed and Unlisted Companies in Mean Importance of Each Section within Corporate Annual Reports

The Paired t-test used to answer the question which is: *Is there a significant difference in mean importance of each section of the annual report between the respondents' perceptions regarding Libyan listed and unlisted companies?*

In the light of the results of Paired t-test in table (5.20), it is clear that there are significant differences in mean importance between annual report sections of Libyan listed and unlisted companies in all pair sections. This result led to the rejection of the null hypothesis H_0 : *There is no significant difference in mean importance of each section of the annual report between the respondents' perceptions regarding Libyan listed and unlisted companies.*

And accepted the alternative hypothesis H_A : *There is significant difference in mean importance of each section of the annual report between the respondents' perceptions regarding Libyan listed and unlisted companies.*

It is noteworthy that all sections were ranked more important regarding listed than unlisted companies.

Table (5.20) Importance of Various Sources of Information about Libyan Companies

(Paired Samples Test)

		t	Sig. (2-tailed)	Hypothesis supported
Pair 1	Rating of the importance of Balance sheet to make investment decisions in listed companies - Rating of the importance of Balance sheet to make investment decisions in unlisted companies	8.316	0.000	H _A
Pair 2	Rating of the importance of Statement of retained earnings to make investment decisions in listed companies - Rating of the importance of Statement of retained earnings to make investment decisions in unlisted companies.	9.674	0.000	H _A
Pair 3	Rating of the importance of Income statement to make investment decisions in listed companies - Rating of the importance of Income statement to make investment decisions in unlisted companies	9.019	0.000	H _A
Pair 4	Rating of the importance of Cash flow statement to make investment decisions in listed companies - Rating of the importance of Cash flow statement to make investment decisions in unlisted companies	10.534	0.000	H _A
Pair 5	Rating of the importance of Notes to the financial statements to make investment decisions in listed companies - Rating of the importance of Notes to the financial statements to make investment decisions in unlisted companies	7.101	0.000	H _A
Pair 6	Rating of the importance of Directors' report to make investment decisions in listed companies - Rating of the importance of Directors' report to make investment decisions in unlisted companies	8.091	0.000	H _A
Pair 7	Rating of the importance of Auditor's report to make investment decisions in listed companies - Rating of the importance of Auditor's report to make investment decisions in unlisted companies	10.198	0.000	H _A

5.5 Use of the Annual Reports of Listed and Unlisted Libyan Companies:

For an in depth investigation, question 2.3 is related to the use, reading, understanding, and evaluation of annual reports. The respondents were asked about their agreement level with five statements using the Likert scale, where 1 referred to 'strongly disagree' and 5 to 'strongly agree'. Therefore, this section of the chapter is intended to test some related hypotheses.

5.5.1 The Results of the Descriptive Analysis

In question 2.3.1 in the questionnaire the respondents were asked to indicate their level of agreement with "I use annual financial reports for my investment decisions or recommendations." the results are presented in tables (5.21 and 5.22) show that most of the respondents (83.9% and 75.9%) either agree or strongly agree with the fact that the annual reports are used for their investment decisions regarding listed and unlisted companies. The results in tables (5.21 and 5.22) indicate that the respondents are using the annual reports in listed companies (mean 4.2) more than the annual reports of unlisted companies (mean 4.0) in making investment decisions or recommendations. The question 2.3.2, relates to how carefully the respondents read the information within the annual financial reports. 78.3% and 64% (with a mean 4.1 and 3.8) of the respondents agree or strongly agree with the fact that they read carefully the information within the annual reports of listed and unlisted companies.

As far as checking whether respondents generally understood the information within the annual financial reports question 2.3.3 in the questionnaire asked the respondents in general to give a level of agreement with the following "*the information within the annual reports are easy to understand*". The result relates to this question in the tables (5.21 and 5.22) reveal that 49% and 31.8 % of the respondents agree or strongly agree with the fact that the information within the annual financial reports is easy to understand of listed and unlisted companies. As well as, 38.5% of the respondents did not clearly conceive their attitudes regarding listed companies and 49% with regard to unlisted companies. The respondents gave an understandable mean score of 3.5 regarding listed companies and mean score of 3.2 from unlisted companies. These results indicate that the respondents do not agree that the annual financial reports are easy to understand whether in the listed or unlisted companies.

The question 2.3.4 investigated the extent to which respondents rely on the annual reports of listed and unlisted companies in making investment decisions or recommendations. 71.7% of the respondents agree or strongly agree with the fact that they rely on the annual reports of listed companies in making investment decisions. However, 50.7% of the respondents agree or strongly agree with the fact that they rely on the annual reports of unlisted companies in making investment decisions. The overall mean was 3.9 regarding the listed companies and 3.4 regarding the unlisted companies. These results indicate that the respondents rely on the annual reports of listed more than the annual reports of unlisted companies. This result is supported by the result of question 2.1 which found that, the annual report of listed companies was more important than unlisted companies.

In addition, the question 2.3.5 aimed to generally investigate the respondents satisfaction with the information provided in the annual financial reports of Libyan listed and unlisted companies. 51.7% of the respondents agree or strongly agree with the fact that they are satisfied with the information provided in annual reports of listed companies and 28.3% said they are satisfied regarding unlisted companies. The results indicate that respondents are generally satisfied with the information provided in annual reports of listed companies (mean 3.4) more than unlisted companies (mean 2.9) when making their investment decisions or recommendations (see tables 5.21 and 5.22).

Table (5.21) the use of, reading, understanding, reliability and satisfaction with annual reports of Libyan listed companies (The overall sample)

		Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)	(4+5)	Mean	Std. Deviation
		%	%	%	%	%	%		
Q2.3.1	I use annual financial reports for my investment decisions or recommendations.	-	3.5	12.6	44.1	39.9	83.9	4.2	0.791
Q2.3.2	I read carefully nearly all the information within the annual financial reports.	0.7	3.1	17.8	42.7	35.7	78.3	4.1	0.847
Q2.3.3	In general, I find the information within the annual reports easy to understand.	1.0	11.5	38.5	36.7	12.2	49.0	3.5	0.889
Q2.3.4	I rely on the annual financial reports for my investment decisions or recommendations.	0.7	7.3	20.3	44.8	26.9	71.7	3.9	0.906
Q2.3.5	Generally, I am satisfied with the information provided in corporate annual financial reports.	5.2	8.7	34.3	42.0	9.8	51.7	3.4	0.966

Table (5.22) the use of, reading, understanding, reliability and satisfaction with annual reports of Libyan unlisted companies (The overall sample)

		Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)	(4+5)	Mean	Std. Deviation
		%	%	%	%	%			
2.3.1	I use annual financial reports for my investment decisions or recommendations.	0.7	5.6	17.8	44.1	31.8	75.9	4.0	.886
2.3.2	I read carefully nearly all the information within the annual financial reports.	1.0	8.4	26.6	38.8	25.2	64	3.8	.951
2.3.3	In general, I find the information within the annual reports easy to understand.	3.5	15.7	49.0	25.9	5.9	31.8	3.2	.879
2.3.4	I rely on the annual financial reports for my investment decisions or recommendations.	2.4	17.1	29.7	36.4	14.3	50.7	3.4	1.012
2.3.5	Generally, I am satisfied with the information provided in corporate annual financial reports.	7.3	27.3	37.1	23.8	4.5	28.3	2.9	.990

5.5.2 The Significance Level between Mean Usage of Corporate Annual Reports When Factored By Respondents' Occupation

A one way ANOVA test was carried out to see any significance in answers attached by user groups to the questions relating to the use of annual reports, and the results summarised in the table (5.23):

Table (5.23): Significance level between mean attached for the use of, reading, understanding, reliability and satisfaction of annual report by different external users when factored by respondents' Occupation (One- Way ANOVA Test)

	Regarding listed companies				Regarding unlisted companies			
	F	P. value	$\alpha=0.05$	Hypothesis supported	F	P. value	$\alpha=0.05$	Hypothesis supported
Q2.3.1	3.127	0.015	S	H5.1 _A	5.387	0.000	S	H6.1 _A
Q2.3.2	0.420	0.794	NS	H7.1 ₀	4.320	0.002	S	H8.1 _A
Q2.3.3	1.356	0.249	NS	H9.1 ₀	3.969	0.004	S	H10.1 _A
Q2.3.4	1.694	0.151	NS	H11.1 ₀	3.694	0.006	S	H12.1 _A
Q2.3.5	1.884	0.113	NS	H13.1 ₀	4.467	0.002	S	H14.1 _A

Q2.3.1 I use annual financial reports for my investment decisions or recommendations.
 Q2.3.2 I read carefully nearly all the information within the annual financial reports.
 Q2.3.3 In general, I find the information within the annual reports easy to understand.
 Q2.3.4 I rely on the annual financial reports for my investment decisions or recommendations.
 Q2.3.5 Generally, I am satisfied with the information provided in corporate annual financial reports.

From table (5.23), the results of one way ANOVA test indicated that there is a significant difference ($P = 0.015 < 0.05$) in the use of the annual financial reports of listed companies in making investment decisions or recommendations. Therefore, the null hypothesis $H5.1_0$ *There is no significant difference among respondent groups regarding the usage of the annual reports of Libyan listed companies when factored by occupation of user* was rejected and the alternative hypothesis $H5.1_A$: *There is at least one significant difference among respondent groups regarding the usage of the annual reports of Libyan listed companies when factored by occupation of user*, is accepted.

In this regard, a post hoc test using Duncan indicated that financial analysts use the annual reports more than other user groups. The mean score assigned to financial analysts was 4.6 and significantly different from mean scores of 4.2, 4.2, 4.1 and 4.1 for institutional investors, external auditors, stockbrokers and individual investors respectively (appendix 3: Table 46).

On the other hand, the One way ANOVA test reveals that there are significant differences ($P = 0.000 < 0.05$) in the use of the annual reports of unlisted companies in making investment decisions or recommendations. As a result, the null hypothesis $H6.1_0$ was rejected. The alternative hypothesis $H6.1_A$: *There is at least one significant difference among respondent groups regarding the usage of the annual reports of Libyan unlisted companies when factored by occupation of users* is accepted.

A post hoc test using Duncan showed that financial analysts use the annual reports of unlisted companies (with a mean score of 4.6) more than other user groups. In addition, the individual investors group gave the lowest agreement level for using the annual reports (with mean score of 4.1) (see appendix 3: Table 47).

With regard to “the reading of the annual reports” the results suggest that there is no significant difference ($P = 0.794 > 0.05$) in the reading of the annual reports of listed companies in making investment decisions or recommendations. It is possible to accept the null hypothesis $H7.1_0$: *There is no significant difference among respondent groups regarding the reading of the annual reports of Libyan listed companies when factored by occupation of users*.

However, there are significant differences ($P = 0.002 < 0.05$) in the reading of the annual reports of unlisted companies. Accordingly, it is possible to accept the alternative hypothesis: $H8.1_A$: *There is at least one significant difference among*

respondent groups regarding the reading of the annual reports of Libyan unlisted companies when factored by occupation of users. A post hoc test using Duncan indicated that the stockbrokers group were less in agreement with “I read carefully nearly all the information within the annual financial reports” (unlisted companies) than other groups with the exception of the individual investors group see appendix 3: Table (48).

As far as, the results of the one way ANOVA test reveal that, there is no significant difference ($P = 0.249 > 0.05$) in agreement mean of “*In general, the information within the annual financial reports is easy to understand*” with regard to listed companies. This result led to acceptance of the null hypothesis $H9.1_0$: *There is no significant difference among respondent groups regarding the understandability of the annual reports of Libyan listed companies when factored by occupation of users.*

On the other hand, there is a significant difference ($P = 0.004 < 0.05$) in agreement mean of “*In general, the information within the annual financial reports is easy to understand*” with regard to unlisted companies. This result led to the rejection of the null hypothesis $H10.1_0$ and the alternative hypothesis is accepted $H10.1_A$: *There is a significant difference among respondent groups regarding the understandable of the information within the annual reports of Libyan unlisted companies when factored by occupation of users.*

A Duncan test indicated that, there are significant differences between user groups regarding the understandability of the information within the annual reports of Libyan unlisted companies. The stockbrokers group agreement mean (2.9) which is significantly different from the means given by institutional investors and financial analysts (groups 3.5 and 3.3). In addition, the mean given by institutional investors (3.5) is significantly different from the means given by stockbrokers and individual investors (2.9 and 3.0) see appendix 3: Table (49).

The results also indicate that, there is a significant difference ($P = 0.151 > 0.05$) in relying on the annual reports of listed companies in making investment decisions or recommendations. This result leads us to accept the null hypothesis $H11.1_0$: *There is no significant difference in the reliance on mean regarding the annual reports of Libyan*

listed companies when factored by occupation of users, and reject the alternative hypothesis H11.1_A.

In addition, the results in table (5.23) above reveal that there is a significant difference ($P = 0.006 < 0.05$) in relying on the annual reports of unlisted companies in making investment decisions or recommendations. Therefore, it is possible to accept the alternative hypothesis *H12.1_A: There is at least one significant difference in the reliance on mean regarding the annual reports of Libyan unlisted companies when factored by occupation of users.*

In this regard, a post hoc test using Duncan indicated that there are significant differences between external auditor and financial analysts (with mean score of 3.6 and 3.7) in the same subset and the stockbrokers and individual investors groups in the another subset (with a mean score of 3.1 and 3.2) see appendix 3: Table (50).

However, with regard to listed companies, the results produced show that there is no significant difference ($P = 0.113 > 0.05$) in the mean agreement attached with that “*Generally, I am satisfied with the information provided in corporate annual financial reports*”. It is possible to accept the null hypothesis *H13.1₀: There is no significant difference among respondent groups regarding the satisfaction with the information provided in the annual reports of Libyan listed companies when factored by occupation of users.*

On the other hand, there are significant differences ($P = 0.003 < 0.02$) in the satisfaction with the information provided in the annual reports of unlisted companies. Hence, it is possible to accept the alternative hypothesis: *H14.1_A: There is at least one significant difference among respondent groups regarding the satisfaction with the information provided in the annual reports of Libyan unlisted companies when factored by occupation of users.*

A post hoc test using Duncan indicated that stockbrokers and individual groups were in less agreement (means, 2.5 and 2.8) with this statement, “*Generally, I am satisfied with the information provided in corporate annual financial reports of Libyan unlisted companies*” than other groups; they were significantly different from institutional investors group (mean, 3.3) see appendix 3:Table (51).

5.5.3 The Significance Level between the Mean Usage of Corporate Annual Reports When Factored By Respondents' Highest Education Level

A one way ANOVA test was applied to see any significant differences in respondents answers attributed to their highest level of education dealing with the usage, reading, understanding, and evaluation of annual reports by different external users when factored by respondents' highest level of education.

Table (5.24): Significance level between mean attached to usage, reading, understanding, reliability and satisfaction of annual report by different external users when factored by respondents' highest level of education (One- Way ANOVA Test)

	Regarding listed companies				Regarding unlisted companies			
	F	P. value	$\alpha=0.05$	Hypothesis supported	F	P. value	$\alpha=0.05$	Hypothesis supported
Q2.3.1	0.993	0.396	NS	H5.2 ₀	1.959	0.120	NS	H6.2 ₀
Q2.3.2	0.248	0.863	NS	H7.2 ₀	0.454	0.715	NS	H8.2 ₀
Q2.3.3	0.590	0.622	NS	H9.2 ₀	1.134	0.336	NS	H10.2 ₀
Q2.3.4	1.910	0.128	NS	H11.2 ₀	7.892	0.000	S	H12.2 _A
Q2.3.5	1.700	0.167	NS	H13.2 ₀	1.745	0.158	NS	H14.2 ₀

Q2.3.1 I use annual financial reports for my investment decisions or recommendations.
 Q2.3.2 I read carefully nearly all the information within the annual financial reports.
 Q2.3.3 In general, I find the information within the annual reports easy to understand.
 Q2.3.4 I rely on the annual financial reports for my investment decisions or recommendations.
 Q2.3.5 Generally, I am satisfied with the information provided in corporate annual financial reports.

From table (5.24) above, it is clear that there are no significant differences with all questions except for Q2.3.4 about unlisted companies. With regard to this, all null hypotheses were accepted with the exception of H12.2₀. Consequently, it is possible to accept the alternative hypothesis: H12.2_A: *There is significant difference among respondent groups regarding relying on the annual reports of Libyan unlisted companies when factored by the highest education level of users.*

A post hoc test using Duncan indicated that the respondents who have less than university level education rely on the annual reports of unlisted companies less than other respondents who have a university degree or above (see appendix 3: Table 52).

Finally, the results in table (5.24) indicated that there is no significant difference ($P = 0.059$ and $0.103 > 0.05$) in the mean of satisfaction with the annual financial reports of listed companies. Thus, it is possible to accept the null hypotheses:

H13.2₀: There is no significant difference among respondents groups regarding satisfaction with the annual reports of Libyan listed companies when factored by the highest education level of users.

And H14.2₀: *There is no significant difference among respondents groups regarding satisfaction with the annual reports of Libyan unlisted companies when factored by the highest education level of users.*

These results show that the low education level of the respondents has not affected their usage, reading, understanding, reliability and satisfaction with the annual reports of Libyan listed and unlisted companies.

5.5.4 The Significance Level between the Mean Usage of Corporate Annual Reports When Factored By Respondents' Work Experience

The results of a one way ANOVA test is summarised in the table (5.25):

Table (5.25): Significance level between mean attached for usage, reading, understanding, reliability and satisfaction of annual report by different external users when factored by respondents' years of experience

	Regarding listed companies				Regarding unlisted companies			
	F	P. value	$\alpha=0.05$	Hypothesis supported	F	P. value	$\alpha=0.05$	Hypothesis supported
Q2.3.1	5.626	0.000	S	H5.3 _A	3.615	0.007	S	H6.3 _A
Q2.3.2	2.355	0.054	NS	H7.3 ₀	2.771	0.028	S	H8.3 _A
Q2.3.3	3.296	0.012	S	H9.3 _A	3.038	0.018	S	H10.3 _A
Q2.3.4	2.466	0.045	S	H11.3 _A	2.348	0.055	NS	H12.3 ₀
Q2.3.5	0.332	0.857	NS	H13.3 ₀	3.160	0.015	S	H14.3 _A

Q2.3.1 I use annual financial reports for my investment decisions or recommendations.
 Q2.3.2 I read carefully nearly all the information within the annual financial reports.
 Q2.3.3 In general, I find the information within the annual reports easy to understand.
 Q2.3.4 I rely on the annual financial reports for my investment decisions or recommendations.
 Q2.3.5 Generally, I am satisfied with the information provided in corporate annual financial reports.

The results in table (5.25) show that there is a significant difference in respondents' answers attributed to their years of work experience dealing with the usage of annual reports of listed and unlisted companies. Consequently, the null hypotheses H5.3₀ and H6.3₀ were rejected whereas the following alternative hypotheses were accepted:

H5.3_A: *There is at least one significant difference among respondent groups regarding the usage of the annual reports of Libyan listed companies when factored by users' years of work experience.*

H6.3_A: *There is at least one significant difference among respondent groups regarding the usage of the annual reports of Libyan unlisted companies when factored by users' years of work experience.*

A post hoc test using Duncan revealed that the respondents who did not have any years of work experience in accounting and finance, use the annual reports of listed and unlisted companies less than other respondents who have years of work experience. They are significantly different in agreement mean from all other respondents within their years of experience groups. However, the respondents who did not have any experience in accounting and finance gave an agreement mean score of 3.5 for using annual reports equally for listed or unlisted companies; see (appendix 3: Table 53 and Table 54)

In addition, concerning the reading of the annual reports the results indicated that there is no significant difference in the mean agreement with regard to the reading of the annual reports of listed companies in making investment decisions or recommendations. Therefore, it is possible to accept the null hypothesis $H7.3_0$: *There is no significant difference among respondent groups regarding the reading of the annual reports of Libyan listed companies when factored by users' years of work experience.*

However, the result of One-way ANOVA indicated that there is at least one significant difference in the mean agreement with regard to the reading of the annual reports of unlisted companies in making investment decisions or recommendations. Therefore, it is possible to reject the null hypothesis $H8.3_0$ and accept the alternative hypotheses:

H8.3_A: There is at least one significant difference among respondent groups regarding the reading of the annual reports of Libyan unlisted companies when factored by users' years of work experience.

However, Duncan and Tukey tests were unable to determine any significant difference regarding the reading of the annual reports of unlisted companies (see appendix 3: Table 55).

As far as, the results of one way ANOVA test indicated that there is a significant difference ($P = 0.005$ and $0.012 < 0.05$) in mean reflecting ease of understanding of the information included in the annual financial reports of listed and unlisted companies in make investment decisions or recommendations. Therefore, the null hypotheses $H9.3_0$ and $H10.3_0$ were rejected and accepted the alternative hypotheses $H9.3_A$ and $H10.3_A$:

H9.3_A: There is at least one significant difference among respondent groups regarding the understanding of the information within the annual reports of Libyan listed companies when factored by users' years of work experience.

H10.3_A: There is at least one significant difference among respondent groups regarding the understanding of the information within the annual reports of Libyan unlisted companies when factored by users' years of work experience.

A post hoc test using Duncan showed that the respondents who did not have any work experience in accounting and finance were in less agreement (mean 2.9) with this statement "In general, I find the information within the annual financial reports of listed companies easy to understand" than other respondents who have years of work experience. Only this mean score 2.9 was placed in subset one which is significantly different from all other groups placed in subset two. In addition, the highest mean scores of (3.7 and 3.4) listed and unlisted companies were given by the respondents who have over 15 years work experience (appendix 3; Table 56). A Duncan test showed that the respondents who did not have any years of work experience in accounting and finance were in less agreement (mean 2.9) with this statement "In general, I find the information within the annual financial reports of unlisted companies easy to understand" than other respondents who have years of work experience. The respondents who did not have any work experience in accounting is significantly different from the respondents who have over fifteen years of work experience group, see appendix 3: Table (57).

In addition, the results of one way ANOVA test reveal that, there is a significant difference ($P = 0.045 < 0.05$) in the mean of relying on the annual financial reports of listed companies in making investment decisions or recommendations.

As a result, it is possible to reject the null hypotheses: $H11.3_0$ and accept the alternative hypotheses: *H11.3_A: There is at least one significant difference among respondents groups regarding reliance on the annual reports of Libyan listed companies when factored by users' years of work experience.*

According to the agreement mean of this statement Q2.3.4: "I rely on the annual financial reports for my investment decisions or recommendations"; the Duncan test

indicated that, the respondents who did not have any work experience in accounting and finance were significantly different in the agreement mean from those who have “less than 5 years”, “from 5 to 10 years” and “over 15 years” groups. However, there is no significant difference in the mean of relying on the annual financial reports of listed companies in making investment decisions or recommendations between the respondents who have 11 to 15 years experience and others; see appendix 3: Table (58)

On the other hand, the results of one way ANOVA test in table (5.25) show that, there is no significant difference ($P = 0.055 > 0.05$) in the mean of relying on the annual financial reports of unlisted companies in making investment decisions or recommendations. Therefore, this result led us to accept the null hypothesis $H_{12.3_0}$: *There is no significant difference among respondents groups regarding relying on the annual reports of Libyan unlisted companies when factored by users' years of work experience.*

Finally, the results in table (5.25) indicated that there is no significant difference ($P = 0.857 > 0.05$) in the mean of satisfaction with the annual financial reports of listed companies. Hence, it is possible to accept the null hypothesis:

$H_{13.3_0}$: *There is no significant difference among respondents groups regarding being satisfied with the annual reports of Libyan listed companies when factored by users' years of work experience.*

However, the results explain that there is a significant difference ($P = 0.015 < 0.05$) in mean of satisfaction with the annual financial reports of unlisted companies. Thus, we can reject the null hypothesis $H_{14.3_0}$ and accept the alternative hypothesis: $H_{14.3_A}$: *There is at least one significant difference among respondents groups regarding satisfaction with the annual reports of Libyan unlisted companies when factored by users' years of work experience.*

A post hoc test using Duncan indicated that the respondents who have under 5 years of work experience were less in agreement (means 2.7) with this statement “Generally, I am satisfied with the information provided in corporate annual financial reports of unlisted companies” and they were significantly different from those who have “from 11 to 15” years of work experience (mean 3.23) see appendix 3, Table (59).

5.5.5 The Significance Level between Listed and Unlisted Companies in Mean Agreements Regarding the Use of the Annual Reports

The Paired t-test used to answer the question which is: *Is there any significant difference between the respondents' perceptions in mean concerning the use, reading, understanding, reliability and satisfaction with the annual reports published by Libyan listed and unlisted companies?*

In the light of the results of Paired t-test in table (5.26), it is clear that there is a significant difference between the respondents' perceptions in mean from all the five statements in the question 2.3 with the annual reports published by Libyan listed and unlisted companies in all paired statements.

It is noteworthy that all statements were given more agreement regarding listed companies than unlisted companies.

Table (5.26) the use, reading, understanding, reliability and satisfaction with annual reports of Libyan companies by different external users (Paired Samples Test)

		t	Sig. (2-tailed)	Hypothesis supported
Pair 1	Usage of the annual financial reports for investments decisions in listed companies. – Usage of the annual financial reports for investments decisions in unlisted companies.	4.707	.000	H _A
Pair 2	Reading information contained within the annual financial reports of listed companies. - Reading information contained within the annual financial reports of unlisted companies.	6.531	.000	H _A
Pair 3	In general, I find the information within the annual reports of listed companies easy to understand. - In general, I find the information within the annual reports of unlisted companies easy to understand.	8.057	.000	H _A
Pair 4	I rely on the annual financial reports of listed companies for my investment decisions. - I rely on the annual financial reports of unlisted companies for my investment decisions.	9.992	.000	H _A
Pair 5	Generally, I am satisfied with the information provided in corporate annual financial reports of listed companies. - Generally, I am satisfied with the information provided in corporate annual financial reports of unlisted companies.	9.563	.000	H _A

5.6 The Understanding of Each Section of Corporate Annual Report

To answer the following question: *What is the level of understandability in corporate annual reports sections published by Libyan listed and unlisted companies?* The respondents to the questionnaire were given seven sections in question 2.4 and asked to rate the understanding level of these sections of the corporate annual report. They were asked to rate the understandability level of these sections using the Likert scale, which extends from one, *'not understandable at all'* to five *'very understandable'*.

5.6.1 The Results of Analysis of Overall Respondents (Descriptive Analysis)

As can be seen from table (5.27 and 5.28) below, the results show that 88.5 % of the respondents believe that the auditor's report of listed companies is an understandable or very understandable section. 81.8% of the respondents believed that the auditor's report of unlisted companies is an understandable or very understandable section. As far as the results indicated that, the auditor's report is considered as the most understandable section about listed and unlisted companies with mean scores of 4.3 and 4.2. In addition, tables (5.29 and 5.30) show that, all respondents groups (external user groups) ranked the auditor's report as the most understandable section about listed and unlisted companies, as it received the highest mean by all groups.

The respondents also ranked the income statement as the second most understandable section followed by the balance sheet with a mean score of 4.1 and Std. Deviation (0.820 and 0.829) in the listed companies. Whereas, they thought that, the balance sheet and the income statement are the second and third most understandable sections with mean scores of 3.8 and 3.7 respectively from the unlisted companies. Tables (5.29 and 5.30) show clearly that all groups consider that the auditor's report, the income statement and the balance sheet are the three most understandable sections in the annual reports of listed and unlisted companies.

Table (5.27) the understanding of each section of the corporate annual reports of listed companies

		Not Understandable at all	Not Understandable	Neutral	Understandable	Very understandable	(4+5)	Mean	Std. Deviation	Ranking
		%	%	%	%	%	%			
Q2.4.1	Balance sheet	0.7	2.1	20.6	43.0	33.6	76.6	4.1	0.829	3*
Q2.4.2	Statement of retained earnings	1.7	6.3	24.5	40.9	26.6	67.5	3.8	0.948	4
Q2.4.3	Income statement	0.0	3.5	19.9	43.0	33.6	76.6	4.1	0.820	2*
Q2.4.4	Cash flow statement	3.5	19.2	38.1	31.5	7.7	39.2	3.2	0.957	7
Q2.4.5	Notes to the financial statements	0.7	11.9	36.0	42.3	9.1	51.4	3.5	0.845	6
Q2.4.6	Directors' report	0.0	7.3	33.6	45.8	13.3	59.1	3.7	0.801	5
Q2.4.7	Auditor's report	0.0	0.7	10.8	46.2	42.3	88.5	4.3	0.686	1

*As the mean scores were equal, rank based on the lowest standard deviation.

Table (5.28) the understanding of each section of the corporate annual reports of unlisted companies

	Not Understandable at all	Not Understandable	Neutral	Understandable	Very understandable	(4+5)	Mean	Std. Deviation	Ranking
	%	%	%	%	%	%			
Balance sheet	1.0	7.3	30.1	37.1	24.5	61.5	3.8	0.939	2
Statement of retained earnings	3.1	10.5	33.9	39.9	12.6	52.4	3.5	0.95	4
Income statement	1.0	10.1	28.0	37.1	23.8	60.8	3.7	0.972	3
Cash flow statement	9.4	30.4	37.1	18.5	4.5	23.1	2.8	1.003	7
Notes to the financial statements	5.2	23.8	36.0	28.3	6.6	35.0	3.1	0.997	6
Directors' report	2.8	14.3	36.7	35.3	10.8	46.2	3.4	0.953	5
Auditor's report	0.0	2.4	15.7	43.7	38.1	81.8	4.2	0.78	1

67.5% of the respondents thought the “*statement of retained earnings as*” a section in the annual reports of listed companies, is an understandable or very understandable section. This section was considered as the third most understandable section in the annual report of listed companies, with a mean score of 3.8; whereas it was considered as the fourth with regard to unlisted companies, with a mean score of 3.5.

The directors' report was considered as the fourth most understandable section in the annual reports of listed companies with a mean score of 3.7; however, 59.1% of the respondents believed that it is an understandable or very understandable section. On the other hand, 46.2% of the respondents believed that the directors' report is

understandable or very understandable section with regard to unlisted companies and it is considered as the fifth most understandable section with a mean score of 3.4.

However, the respondents ranked the cash flow statement as the least understandable section with a mean score of 3.20 for listed companies and 2.78 for the unlisted companies. 39.13% of the respondents believed that the cash flow statement of listed companies is an understandable or very understandable section and they were 23.41% with regard to unlisted companies. All respondents groups (external user groups) ranked the cash flow statement as the least understandable section in the annual reports of listed and unlisted companies, as it received the lowest mean score by all groups except the institutional investors group who ranked the cash flow statement of unlisted companies as the sixth out of seven understandable sections in the annual report of listed companies followed by notes to the financial statements see table (5.27 and 5.28).

Table (5. 29) the understanding of each section of the corporate annual report of listed companies

Q2.4 Report about listed companies		Sections of Corporate Annual Report of Libyan listed Companies						
		BS	RES	INCS	CFS	NFSs	D.R	Aud.R
Individual Investors	Mean	3.8	3.4	3.7	2.8	3.3	3.5	4.2
	Ranking	2	5	3	7	6	4	1
	Std. Deviation	0.716	1.019	0.805	0.897	0.745	0.757	0.745
Institutional Investors	Mean	4.2	4.0	4.3	3.5	3.6	3.8	4.4
	Ranking	3	4	2	7	6	5	1
	Std. Deviation	0.818	0.886	0.726	0.947	0.840	0.739	0.648
Financial Analysts	Mean	4.2	4.0	4.2	3.5	3.5	3.7	4.2
	Ranking	3 [°]	4	2 [°]	7 [°]	6 [°]	5	1 [°]
	Std. Deviation	0.803	0.863	0.803	0.821	0.665	0.795	0.713
Stockbrokers	Mean	4.0	3.9	4.1	3.2	3.4	3.7	4.5
	Ranking	3	4	2	7	6	5	1
	Std. Deviation	0.976	0.936	0.899	0.924	1.052	0.752	0.668
External Auditors	Mean	4.2	4.1	4.2	3.4	3.6	3.7	4.4
	Ranking	3 [°]	4	2 [°]	7	6	5	1
	Std. Deviation	0.810	0.811	0.745	0.954	0.906	0.951	0.585
Total	Mean	4.1	3.8	4.1	3.2	3.5	3.7	4.3
	Number of respondents	286	286	286	286	286	286	286
	Std. Deviation	0.829	0.948	0.820	0.957	0.845	0.801	0.686
	Ranking	3 [*]	4	2 [*]	7	6	5	1

BS= Balance sheet; RES= Statement of retained earnings; INCS= Income statement; CFS= Cash flow statement; NFSs= Notes to the financial; DR= Directors' report; Aud.R= Auditor's report.
[°] or ^{*} As the mean scores were equal, rank based on the lowest standard deviation.

Table (5.30) the understanding of each section of the corporate annual report of unlisted companies

Q2.4 Report about unlisted companies		Sections of Corporate Annual Report of Libyan unlisted Companies						
		BS	RES	INCS	CFS	N FSs	D.R	Aud.R
Individual Investors	Mean	3.4	3.2	3.4	2.5	2.8	3.1	4.0
	Ranking	2 ⁼	4	3 ⁼	7	6	5	1
	Std. Deviation	0.780	0.949	0.832	0.892	0.897	0.957	0.882
Institutional Investors	Mean	4.1	3.8	4.0	3.3	3.2	3.7	4.2
	Ranking	2	4	3	6	7	5	1
	Std. Deviation	0.880	0.931	0.886	0.932	1.013	0.801	0.818
Financial Analysts	Mean	3.9	3.7	3.8	2.8	3.1	3.4	4.1
	Ranking	2	4	3	7	6	5	1
	Std. Deviation	0.945	0.914	1.147	0.971	0.970	0.810	0.676
Stockbrokers	Mean	3.4	3.2	3.4	2.5	3.0	3.3	4.4
	Ranking	2 ⁼	4	3 ⁼	6	5	3	1
	Std. Deviation	1.053	0.965	1.116	1.099	0.975	1.008	0.757
External Auditors	Mean	4.1	3.7	4.0	2.9	3.4	3.4	4.3
	Ranking	2	4	3	7	5 ⁼	6 ⁼	1
	Std. Deviation	0.846	0.821	0.802	0.947	1.031	1.064	0.624
Total	Mean	3.8	3.5	3.7	2.8	3.1	3.4	4.2
	N	286	286	286	286	286	286	286
	Std. Deviation	0.939	0.950	0.972	1.003	0.997	0.953	0.780
	Ranking	2	4	3	7	6	5	1

BS= Balance sheet; RES= Statement of retained earnings; INCS= Income statement; CFS= Cash flow statement; NFSs= Notes to the financial; DR= Directors' report; Aud.R= Auditor's report.
⁼ As the mean scores were equal, rank based on the lowest standard deviation.

5.6.2 The Significance Level in Mean Understandability Attached to Different Sections When Factored by Respondents' Occupation

This section will examine whether the different user groups, statistically, hold similar or different views on the degree of understanding of the different annual report sections.

The following hypotheses stated in their null form will be tested.

H15.1₀: There is no significant difference between respondents' perceptions regarding the understandability of various sections of the corporate annual report of Libyan listed companies when factored by occupations of users.

H16.1₀: There is no significant difference between respondents' perceptions regarding the understandability of various sections of the corporate annual report of Libyan unlisted companies when factored by occupations of users.

Table (5.31) below shows that, the results of One-way ANOVA test reveal that there is a statistically significant difference in mean understanding of the different annual report sections about four out of seven sections with regard to listed companies. Therefore, it is possible to reject the null hypothesis $H_{15.1_0}$ for the five sections which are the balance sheet, statement of retained earnings, income statement, cash flow statement and auditor's report. Therefore, the alternative hypothesis: *H_{15.1_A}*: There is at least one significant difference between respondents' perceptions regarding the understandability of various Sections of Corporate Annual Report of Libyan listed companies when factored by occupations of users, will be accepted with all sections except notes to the financial statements and directors' report.

A post hoc test using Duncan explores these differences as below. With regard to the "balance sheet", the results presented in appendix 3, Table (60) indicated that there is statistically a significant difference in mean understandability between individual investors group (mean, 3.8) on the one hand and institutional investors group (mean, 4.21), financial analysts (mean, 4.22) and external auditor (mean, 4.23) on the other hand.

However, the "statement of retained earnings" was given the lowest understandability mean (3.42) by the individual investors; which is significantly different from all means by other groups (appendix 3: Table 61). In addition, the understandable mean scores by individual investors for income statement (mean, 3.72) and cash flow statements (2.76) are statistically different from the mean scores given by other groups see appendix 3: Table (62) and Table (63). The mean score by individual investors for the auditor's report (4.2) is significantly different from mean score given by stockbrokers group (4.5) appendix 3: Table (64).

Table (5.31): Significance level between understandability mean attached to different sections of the annual report by different external users when factored by respondents' occupation (One- Way ANOVA Test)

Section of annual report	Regarding listed companies				Regarding unlisted companies			
	F	P. value	$\alpha=0.05$	Hypothesis supported	F	P. value	$\alpha=0.05$	Hypothesis supported
Balance sheet	3.913	0.004	S	H15.1 _A	10.044	0.000	S	H16.1 _A
Statement of retained earnings	6.049	0.000	S	H15.1 _A	6.297	0.000	S	H16.1 _A
Income statement	6.097	0.000	S	H15.1 _A	6.364	0.000	S	H16.1 _A
Cash flow statement	8.095	0.000	S	H15.1 _A	7.976	0.000	S	H16.1 _A
Notes to the financial statements	1.745	0.140	NS	H15.1 ₀	4.704	0.001	S	H16.1 _A
Directors' report	0.707	0.588	NS	H15.1 ₀	3.112	0.016	S	H16.1 _A
Auditor's report	2.651	0.034	S	H15.1 _A	2.577	0.038	S	H16.1 _A
General level of acceptance of null hypothesis				2/7(28%)	General level of acceptance of null hypothesis			0/7
S=Significance, NS= Not Significance								

On the other hand, with regard to unlisted companies, the results of one way ANOVA test in table (5.29) indicated that, there is a statistically significant difference in understandability mean of the different annual report sections from all sections. Therefore, it is possible to reject the null hypothesis H16.1₀ for all sections and accept the alternative hypothesis: H16.1_A: *There is at least one significant difference between respondents' perceptions regarding the understandability of various sections of the corporate annual report of Libyan unlisted companies when factored by occupations of users.*

A post hoc test using Duncan reveals that, the individual investors and stockbrokers groups gave less understandability mean scores for the first three sections of the annual reports of unlisted companies. It is significantly different from mean scores given by other respondent groups see appendix 3: Table (65), Table (66) and Table (67). For example, the balance sheet statement was given a mean score of (3.4) by individual investors and stockbrokers groups, which is significantly different from mean scores given by financial analysts, institutional investors and external auditors groups (3.9, 4.1 and 4.1 respectively) .

In addition, the stockbrokers and individual investors groups gave the income statement mean scores of (3.39 and 3.42) which are significantly different from mean scores given by financial analysts, institutional investors and external auditors groups (3.8, 4.0 and 4.0).

With regard to the understandability of cash flow statement of unlisted companies, the highest mean score was given by the institutional investors group (3.3) which is significantly different from mean scores given by other groups, see appendix 3: Table (68).

These results reveal that occupations of users significantly affect their perceptions regarding the understanding of the annual reports sections.

5.6.3 The Significance Level in Mean Understandability Attached to Different Sections When Factored By Respondents Highest Education Level

To answer the question of the study related the understanding of the different annual report sections; this section is going to test the following hypothesis of the study:

H15.2₀: There is no significant difference between respondents' perceptions regarding the understanding of various sections of corporate annual report of Libyan listed companies when factored by the highest education level of users.

H16.2₀: There is no significant difference between respondents' perceptions regarding the understanding of various sections of corporate annual reports of Libyan unlisted companies when factored by the highest education level of users.

As can be seen from table (5.32), the results of One-way ANOVA test disclose that, there is no significant difference in understandability mean of the different annual report sections about all sections with the exception of the cash flow statement, with regard to listed companies. Therefore, as it is shown in table (5.32), the null hypothesis *H15.2₀* was accepted from six sections. As the result, the alternative hypothesis *H15.2_A* was accepted for only cash flow statement.

Table (5.32) Significance level between means of understandability attached to different sections of annual report by different external users when factored by respondents' highest education level

(One- Way ANOVA Test)

Sections of annual report	Regarding listed companies				Regarding unlisted companies			
	F	P. value	$\alpha=0.05$	Hypothesis supported	F	P. value	$\alpha=0.05$	Hypothesis supported
Balance sheet	2.351	0.073	NS	H15.2 ₀	5.187	0.002	S	H16.2 _A
Statement of retained earnings	1.449	0.229	NS	H15.2 ₀	1.473	0.222	NS	H16.2 ₀
Income statement	2.608	0.052	NS	H15.2 ₀	2.860	0.037	S	H16.2 _A
Cash flow statement	6.632	0.000	S	H15.2 _A	3.824	0.010	S	H16.2 _A
Notes to the financial statements	0.056	0.983	NS	H15.2 ₀	1.066	0.364	NS	H16.2 ₀
Directors' report	0.875	0.455	NS	H15.2 ₀	1.417	0.238	NS	H16.2 ₀
Auditor's report	0.638	0.591	NS	H15.2 ₀	0.705	0.550	NS	H16.2 ₀
General level of acceptance of null hypothesis				6/7	General level of acceptance of null hypothesis			4/7
S=Significant, NS= Not Significant								

According to the Duncan test, (Appendix 3: Table 69), with regard to understandability of the “cash flow statement” of listed companies, all of the different groups can be placed in two subsets where the mean differences are not significantly different; The lowest mean score (2.3) was assigned by the respondents who have less than university level of education. It is significantly different from mean scores assigned by other respondents. The highest mean score was assigned by the respondents who have a PhD degree which is not significantly different from means scores assigned by the respondents who have a university level or masters degree with mean scores of (3.3 and 3.2).

With regard to unlisted companies, the results in table (5.30) indicated that, there are no significant differences in understanding the means of the different annual report sections about four out of seven sections, mainly statement of retained earnings, notes to the financial statements, directors' report and auditor's report. Therefore, the null hypothesis H16.2₀ was rejected within three sections. As a result, the alternative hypothesis H16.2_A was accepted from three sections.

The “balance sheet” of unlisted companies was a point of significant difference; all of the different groups can be placed in three subsets where the mean differences are not significantly different. Thus, the respondents who have a PhD and a Masters degree are placed in group 3 with a mean score of (4.3 and 3.98). The respondents who have a PhD

degree are significantly different from those who have a university degree and those who have less than a university level of education (mean 3.7 and 3.5) see appendix 3: Table (70).

The understanding of the “income statement” of unlisted companies show significant differences based on results of an ANOVA test; but a Duncan test was unable to define these differences. The different groups can be placed in one subset where the mean differences are not significantly different. The respondents who have less than a university level of education gave a mean score of 3.5 which is the lowest and those who have a masters degree gave a mean score of 4.0 which was the highest appendix 3: Table (71).

However, with regard to the “cash flow statement” of unlisted companies, the lowest mean score (2.1) was assigned by the respondents who have less than a university level of education. It is significantly different from all means given by other groups, see appendix 3: Table (72).

Therefore, the results reveal that the highest levels of education of the respondents have a slightly significant influence on their perceptions regarding the understanding of the annual reports sections.

5.6.4 The Significance Level in Mean Understandability Attached to Different Sections When Factored by Respondents' Years of Experience

To answer the question of the study related to the understandability of the different annual report sections; this section is going to test the following hypothesis of the study:

H15.3₀: There is no significant difference between respondents' perceptions regarding the understanding of various sections of corporate annual report of Libyan listed companies when factored by users' years of work experience.

H16.3₀: There is no significant difference between respondents' perceptions regarding the understanding of various sections of corporate annual report of Libyan unlisted companies when factored by users' years of work experience.

It is clear from the results of One-way ANOVA test in table (5.33) that, there are statistically significant differences between the respondents' perceptions (within their

experience years) in understandability mean of all the different annual report sections with regard to listed and unlisted companies. Therefore, as it is shown in table (5.33), the null hypotheses $H15.3_0$ and $H16.3_0$ were rejected with all sections of annual report. Thus, the following alternative hypotheses were accepted:

H15.3_A: There is at least one significant difference between respondents' perceptions regarding the understandability of various sections of corporate annual reports of Libyan listed companies when factored by users' years of work experience.

H16.3_A: There is at least one significant difference between respondents' perceptions regarding the understandability of various sections of corporate annual reports of Libyan unlisted companies when factored by users' years of work experience.

Table (5.33): Significance level between means of understandability attached to different sections of annual report by different external users when factored by respondents' experience years (One- Way ANOVA Test)

Section of annual report	Regarding listed companies				Regarding unlisted companies				
	F	P. value	$\alpha=0.05$	Hypothesis supported	F	P. value	$\alpha=0.05$	Hypothesis supported	
Balance sheet	9.485	0.000	S	H15.3 _A	13.943	0.000	S	H16.3 _A	
Statement of retained earnings	11.216	0.000	S	H15.3 _A	11.921	0.000	S	H16.3 _A	
Income statement	10.219	0.000	S	H15.3 _A	13.047	0.000	S	H16.3 _A	
Cash flow statement	7.493	0.000	S	H15.3 _A	5.251	0.000	S	H16.3 _A	
Notes to the financial statements	7.366	0.000	S	H15.3 _A	7.914	0.000	S	H16.3 _A	
Directors' report	5.148	0.001	S	H15.3 _A	4.384	0.002	S	H16.3 _A	
Auditor's report	5.149	0.001	S	H15.3 _A	6.725	0.000	S	H16.3 _A	
General level of acceptance of null hypothesis				0/7	General level of acceptance of null hypothesis				0/7
S=Significance									

According to the Duncan test, from appendix 3: Tables (73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, and table 86), it is clear that the years of work experience of the respondents had influenced their understanding of the annual reports sections. In this regard the results reveal that, the greater the years of work experience the higher the understandability mean of the annual reports sections. For example, with regard to understanding of the balance sheet of listed and unlisted companies, all of the different groups can be placed in two subsets where the mean differences are not significantly different (appendix 3:table, 72and 73). With regard to listed companies, the mean scores assigned by the respondents who have, over 15 years, from 11 to 15 and from 5 to 10 years of work experience (4.4, 4.1 and 4.2) are significantly different from mean

scores assigned by the respondents who did not have any years of work experience and who have under 5 years of work experience (3.4 and 3.7).

These results reveal that years of work experience have a significant effect on the respondents' perceptions regarding the understanding of the annual reports sections.

5.6.5 The Significance Level between Listed and Unlisted Companies in Mean Agreements Regarding Understandable Attached to Different Sections of the Annual Reports

In this section, the Paired samples test was carried out to examine if there are significant differences in understanding mean from the seven sections of the annual reports in the question 2.4 between listed and unlisted companies. Based on the results of paired t-test presented in table (5.34) the null hypothesis H_0 was rejected with all sections of annual report. Thus, the following alternative hypothesis was accepted:

H_A: There are significant differences in mean understanding of each section of the annual report between the respondents' perceptions regarding Libyan listed and unlisted companies.

The results of the Paired t-test in table (5.34) indicate that there are significant differences between the respondents' perceptions in understanding the mean from all seven sections in the question 2.4 between listed and unlisted companies.

It is worth mentioning that all statements were ranked as having more understanding regarding listed than unlisted companies.

Table (5.34) the understandability of annual report sections of Libyan Companies by different external users (Paired Samples Test)

		t	Sig. (2-tailed)	Hypothesis supported
Pair 1	To what extent do you understand the Balance sheet of listed companies? - To what extent do you understand the Balance sheet of unlisted companies?	8.333	0.000	H _A
Pair 2	To what extent do you understand the Statement of retained earnings of listed companies? - To what extent do you understand the Statement of retained earnings of unlisted companies?	10.287	0.000	H _A
Pair 3	To what extent do you understand the Income statement of listed companies? - To what extent do you understand the Income statement of unlisted companies?	8.141	0.000	H _A
Pair 4	To what extent do you understand the cash flow statement of listed companies? - To what extent do you understand the cash flow statement of unlisted companies?	9.615	0.000	H _A
Pair 5	To what extent do you understanding of notes to the financial statements of listed companies? - To extent do you understand the notes to the financial statements of unlisted companies?	8.423	0.000	H _A
Pair 6	To what extent do you understand the Directors' report of listed companies? - To what extent do you understanding the Directors' report of unlisted companies?	7.559	0.000	H _A
Pair 7	To what extent do you understanding the Auditor's report of listed companies? - To what extent do you understanding the Auditor's report of unlisted companies?	4.031	0.000	H _A

5.7 Users' Perceptions on the Usefulness of the Current Annual Financial Reports in Making Investment Decisions

The following discussion aims to answer the following question of the study: *How do respondents evaluate the usefulness of the current corporate annual reports of Libyan listed and unlisted companies regarding making investment decisions or recommendations?*

Firstly, in question 2.5 of the questionnaire, respondents were asked the following general question: *"In general, how useful do you find the information included in the current annual financial reports of Libyan joint-companies to make investment decisions or recommendations?"* They were also asked to give separate answers regarding listed and unlisted companies.

Secondly, to investigate the usefulness in another way, the respondents were asked to indicate their agreement with eight statements in question 2.6 of the questionnaire. These eight statements were selected from the accounting literature to reflect the areas where the annual reports can be useful in making investment decisions.

5.7.1 The Results of the Descriptive Analysis

The results indicated that 22.7% of the respondents considered that the information included in the annual reports of listed companies is very useful in making investment decisions and 45.5% considered it to be useful and only 0.3% of the respondents considered it not useful at all. In addition, the mean score on this issue was 3.8. This tends to suggest that users in general believe that the annual reports of Libyan listed companies to be useful in making investment decisions or recommendations (see table 5.35 and 5.36). Regarding Libyan unlisted companies, the respondents gave it a mean score of 3.1. Only 6.3% considered it to be very useful and 29.4% considered it to be useful. In contrast, 20.3% considered it to be not useful and 3.5% of respondents considered it not useful at all (see table 5.35). These results show that the target groups of this study considered that the annual reports of Libyan listed companies are in general more useful than the annual reports of Libyan unlisted companies.

However, table (5.36) analyses the useful means which attached by different user groups. The results in the table (5.34) tend to suggest that, all users groups in general considered the information included in the annual reports of Libyan listed companies to be useful in making investment decisions or recommendations, especially stockbrokers and institutional investors by means scores of (4.1 and 4.0).

Table (5.35), the usefulness of the current annual financial reports of Libyan listed and unlisted companies in making investment decisions or recommendations

	Not Useful at all (1)	Not Useful (2)	Moderately useful (3)	Useful (4)	Very Useful (5)	4+5	Mean
	%	%	%	%	%	%	
Regarding listed companies	0.3	5.2	26.2	45.5	22.7	68.2	3.8
Regarding unlisted companies	3.5	20.3	40.6	29.4	6.3	35.7	3.1

Table (5.36), the means of respondents' agreement with that: in general, the current annual financial reports of listed companies are useful to make investment decisions or recommendations

Occupation	N	Regarding listed companies			Regarding unlisted companies		
		Mean	Std. Deviation	Ranking	Mean	Std. Deviation	Ranking
Individual investor	82	3.7	0.649	4*	3.1	0.803	3*
Institutional investor	57	4.0	0.991	2	3.2	0.969	2*
Financial Analyst	44	3.7	0.758	5*	3.1	0.905	4*
Stockbroker	43	4.1	0.861	1	2.9	1.109	5
External Auditor	60	3.8	0.911	3	3.2	0.945	1*
Total	286	3.8	0.843		3.1	0.933	

* Or = As the mean scores were equal, rank based on the lowest standard deviation.

Secondly, to investigate the usefulness in another way, the respondents were asked to indicate their agreement with eight statements in question 2.6 in the questionnaire. These eight statements were selected from the accounting literature to reflect the areas where the annual reports can be useful in making investment decisions.

The results are presented in tables (5.37 and 5.38). In question 2.6.1 the table (5.37) indicates that 76.2% of the respondents agreed or strongly agreed that the annual reports of listed companies provide information which helps investors in making new investment decisions. This was considered the first useful area with a mean score of 4.0.

In question 2.6.7, 77.3% of the respondents agreed or strongly agreed that the annual reports of Libyan listed companies provide information which assists investors to compare company's performance over time. The mean score was 3.9 as the second useful area. In question 2.6.2, 65.7% of the respondents agreed or strongly agreed that the annual reports of Libyan listed companies provide information which helps investors to monitor their investment, therefore, the mean score was 3.8 as the third useful area.

On the other hand, the results indicated that, the respondents disagreed (with disagreement mean score of 2.1) that *"the annual reports of listed companies provide information to formulate forecasts about future performance"*.

The other statements were considered to have moderate agreement which ranged from a mean of 3.1 for *"providing information to help investors to make comparisons between a company's performance with other companies' performance within a single industry"* to a mean of 3.7 for *"providing information to evaluate managerial effectiveness"* and *"Providing information to predict profits and return on the share price"* (See table 6.37).

Table (5.37) Users' agreement percentage and mean with some statements regarding the usefulness of annual reports of listed companies. (Overall sample)

No	The annual reports of Libyan listed companies are:	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)	4+5	Mean	Std. Deviation	Ranking
		%	%	%	%	%	%			
2.6.1	Providing information to help investors in making new investment decisions.	0.3	3.8	19.6	45.1	31.1	76.2	4.0	0.833	1
2.6.2	Providing information to help investors to monitor their investment.	1.7	3.8	28.7	40.6	25.2	65.7	3.8	0.909	3
2.6.3	Providing information to assess the cash flow of the company.	2.8	9.1	27.3	43.4	17.5	60.8	3.6	0.966	6
2.6.4	Providing information to predict profits and return on the share price.	2.4	12.9	21.3	40.6	22.7	63.3	3.7	1.040	5*
2.6.5	Providing information to evaluate managerial effectiveness.	2.1	6.3	26.2	48.3	17.1	65.4	3.7	0.894	4*
2.6.6	Providing information to formulate forecasts about future performance.	20.6	54.9	17.1	7.3	0	7.3	2.1	0.813	8
2.6.7	Providing information to help investors to compare company's performance over time.	2.1	5.9	14.7	50.7	26.6	77.3	3.9	0.915	2
2.6.8	Providing information to help investors to make comparison between a company's performances with other companies' performance within a single industry.	5.2	24.5	31.8	29.7	8.7	38.5	3.1	1.044	7

*As the mean scores were equal, rank based on the lowest standard deviation.

With regard to unlisted companies, only 43.4% of the respondents agreed or strongly agreed that, the annual reports of Libyan unlisted companies provide information to help investors in making new investment decisions. In addition, 47.6% of the respondents agreed or strongly agreed that the annual reports of Libyan unlisted companies provide information to help investors to compare a company's performance over time. The respondents gave all eight statements low means which ranged from a mean of 1.9 for "the annual reports of unlisted companies provide information to formulate forecasts about future performance", to a mean of 3.3 for two statements which are "the annual reports of unlisted companies provide information to help

investors in making new investment decisions” and “the annual reports of unlisted companies provide information to help investors to compare a company’s performance over time”.

Table (5.38) Users’ agreement percentage and mean with some statements regarding the usefulness of annual reports of unlisted companies. (Overall sample)

No	The annual reports of Libyan unlisted companies are:	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)	4+5	Mean	Std. Deviation	Ranking
		%	%	%	%	%	%			
2.6.1	Providing information to help investors in making new investment decisions.	2.1	18.5	36.0	36.0	7.3	43.4	3.3	0.921	1*
2.6.2	Providing information to help investors to monitor their investment.	4.5	29.4	30.4	29.0	6.6	35.7	3.0	1.017	3*
2.6.3	Providing information to assess the cash flow of the company.	11.9	44.4	26.9	12.9	3.8	16.8	2.5	0.990	6*
2.6.4	Providing information to predict profits and return on the share price.	5.6	38.5	21.0	29.0	5.9	35.0	2.9	1.064	5
2.6.5	Providing information to evaluate managerial effectiveness.	5.6	30.4	28.7	29.4	5.9	35.3	3.0	1.031	4*
2.6.6	Providing information to formulate forecasts about future performance.	25.9	58.4	10.8	4.9	0.0	4.9	1.9	0.750	8
2.6.7	Providing information to help investors to compare company’s performance over time.	3.8	20.6	28.0	39.2	8.4	47.6	3.3	1.007	2*
2.6.8	Providing information to help investors to make comparison between a company’s performance with other companies’ performance within a single industry.	12.6	51.0	10.5	20.6	5.2	25.9	2.5	1.109	7*

* As the mean scores were equal, rank based on the lowest standard deviation.

5.7.2 The Significant Level between Means of the Usefulness of the Information Included in the Current Annual Financial Reports of Libyan Companies to Make Investment Decisions

Statistically, one-way ANOVA test in table (5.39) reveals that there are significant differences (P=.016) between the respondents' perceptions of usefulness measured by the mean with regard to the information included in the annual reports of Libyan listed companies.

Therefore, the null hypothesis H17.1₀: *There is no significant difference between respondents' perceptions regarding the usefulness of the information included in the current annual reports of Libyan listed companies when factored by respondents' occupations* is rejected and the alternative hypothesis is accepted:

H17.1_A: There is at least one significant difference between respondents' perceptions regarding the usefulness of the information included in the current annual report of Libyan listed companies when factored by respondents' occupations.

Table (5.39) the significance level between means of the usefulness of the information included in the current annual financial reports of Libyan companies to make investment decisions,

(One-Way ANOVA Test)

Q. N.	Regarding Listed companies						Regarding Unlisted companies					
	Occupations of Respondents		Highest education level of respondents		Respondents' years of experience		Occupations of Respondents		Highest education level of respondents		Respondents' years of experience	
	P. value	H ₀ / H ₁ α=.05	P. value	H ₀ / H ₁ α=.05	P. value	H ₀ / H ₁ α=.05	P. value	H ₀ / H ₁ α=.05	P. value	H ₀ / H ₁ α=.05	P. value	H ₀ / H ₁ α=.05
Q2.5	.016	H17.1 _A	0.335	H17.2 ₀	0.123	H17.3 ₀	.407	H18.1 _A	0.167	H18.2 ₀	.063	H18.3 ₀
Q2.5= In general, the information included in the current annual financial reports of Libyan companies is useful to make investment decisions.												

In listed companies, a post hoc test using Duncan indicated that there are significant differences between individual investors (with mean score of 3.7) in the subset one and institutional investors in the subset 2 (with mean score of 4.0) and the stockbrokers group in the subset 3 (with mean score of 4.1) see appendix 3: Table (87).

However, the results one-way ANOVA test show that there are no significant differences between the respondents' perceptions of usefulness measured by the mean with regard to the information included in the annual reports of Libyan listed companies

when factored by respondents' highest education level and years of experience table (5.39). Therefore, the null hypotheses H17.2₀ and H17.3₀ are rejected.

On the other hand, the results presented in table (5.36) above reveal that, all user groups in this study (individual investors, institutional investors, financial analysts, stockbrokers, external auditors) believe that the information included in the annual reports of Libyan unlisted companies is not useful in making investment decisions or recommendations with mean scores of (3.1, 3.2, 3.1, 2.9, 3.2 respectively).

Statistically, this result supported by the results of one-way ANOVA test (table, 5.39) which reveals that there are no significant differences ($P= 0.407, 0.167$ and $.063$) between the respondents' perceptions of usefulness measured by mean with regard to the information included in the annual reports of Libyan listed companies.

Therefore, the null hypothesis H18.1₀: *There is no significant difference between respondents' perceptions regarding the usefulness of the information included in the current annual report of Libyan unlisted companies* is accepted and the alternative hypothesis is rejected when factored by respondents' Occupations.

However, the null hypotheses H18.2₀ and H18.3₀ are rejected when factored by respondents' highest education level and years of experience.

In addition, one-way ANOVA test in table (5.40) shows that there are no significant differences in the mean between the respondents' perceptions from six statements regarding the usefulness of the annual reports of Libyan listed companies, whereas there are significant differences in two statements which are "*providing information to assess the cash flow of the company*" and "*providing information to help investors to make comparison between a company's performance with other companies' performance within a single industry*".

These results led us to accept the null hypotheses H19.1₀ *There is no significant difference between respondents' perceptions regarding the usefulness of the current annual report of Libyan listed companies when factored by respondents' occupations* from six statements (Q2.6.1, 2.6.2, 2.6.4, 2.6.5, 2.6.6 and 2.6.7 see table 5.42) and reject the null hypotheses from two statements (2.6.3 and 2.6.8) see table (5.40).

Table (5.40) the significance level between means of the agreement of eight statements in question 2.6 in the questionnaire, related the areas where the annual reports can be useful to making investment decisions (One- Way ANOVA Test)

	Regarding Listed companies						Regarding Unlisted companies					
	Occupations of Respondents		Highest education level of respondents		Respondents' years of experience		Occupations of Respondents		Highest education level of respondents		Respondents' years of experience	
	P. value	H ₀ / H ₁ α=.05	P. value	H ₀ / H ₁ α=.05	P. value	H ₀ / H ₁ α=.05	P. value	H ₀ / H ₁ α=.05	P. value	H ₀ / H ₁ α=.05	P. value	H ₀ / H ₁ α=.05
Q2.6.1	0.077	H19.1 ₀	.745	H19.2 ₀	.077	H19.3 ₀	0.025	H20.1 _A	.127	H20.2 ₀	.102	H20.3 ₀
Q2.6.2	0.404	H19.1 ₀	.052	H19.2 ₀	.404	H19.3 ₀	0.030	H20.1 _A	.085	H20.2 ₀	.093	H20.3 ₀
Q2.6.3	0.003	H19.1 _A	.051	H19.2 ₀	.073	H19.3 ₀	0.433	H20.1 ₀	.067	H20.2 ₀	.137	H20.3 ₀
Q2.6.4	0.259	H19.1 ₀	.080	H19.2 ₀	.259	H19.3 ₀	0.314	H20.1 ₀	.219	H20.2 ₀	.942	H20.3 ₀
Q2.6.5	0.137	H19.1 ₀	.799	H19.2 ₀	.137	H19.3 ₀	0.020	H20.1 _A	.224	H20.2 ₀	.261	H20.3 ₀
Q2.6.6	0.126	H19.1 ₀	.098	H19.2 ₀	.126	H19.3 ₀	0.031	H20.1 _A	.230	H20.2 ₀	.041	H20.3 ₀
Q2.6.7	0.304	H19.1 ₀	.120	H19.2 ₀	.304	H19.3 ₀	0.163	H20.1 ₀	.598	H20.2 ₀	.115	H20.3 ₀
Q2.6.8	0.006	H19.1 _A	.000	H19.2 _A	.006	H19.3 _A	0.000	H20.1 _A	.223	H20.2 ₀	.084	H20.3 ₀
General level of acceptance of null hypothesis		6/8 75%		7/8 87.5%		7/8 87.5%		3/8 37%		8/8 100%		8/8 100%
Q2.6.1	The annual reports are: Providing information to help investors in making new investment decisions.											
Q2.6.2	The annual reports are: Providing information to help investors to monitor their investment.											
Q2.6.3	The annual reports are: Providing information to assess the cash flow of the company.											
Q2.6.4	The annual reports are: Providing information to predict profits and return on the share price.											
Q2.6.5	The annual reports are: Providing information to evaluate managerial effectiveness.											
Q2.6.6	The annual reports are: Providing information to formulate forecasts about future performance.											
Q2.6.7	The annual reports are: Providing information to help investors to compare company's performance over time.											
Q2.6.8	The annual reports are: Providing information to help investors to make comparison between a company's performances with other companies' performance within a single industry.											

However, with regard to statement Q2.6.3 in listed companies “providing information to assess the cash flow of the company”, a post hoc test using Duncan indicated that there are significant differences between individual investors (with mean score of 3.3) in the subset one and external auditors, institutional investors and stockbrokers groups in the subset 2 (with mean score of 3.83, 3.80 and 3.79) see appendix 3: Table (88).

With regard to “the annual reports of listed companies providing information to help investors to make a comparison between a company's performance with other companies performance within a single industry” ; a Duncan test reveals that, individual investors with a mean score of 2.54 are significantly different from other user groups in this study, see appendix 3:Table (89).

With regard to affects of the respondents' highest education level and years of work experience, the results presented in table (5.40) reveal that there is no significant difference in the mean between the respondents' perceptions from seven out of eight statements regarding the usefulness of the annual reports of Libyan listed companies,

whereas there are significant differences in one statements which are Q2.6.8 when factored by the highest education level of users and years of work experience.

On the other hand, the results of the one-way ANOVA test presented in table (5.40) reveals that there is no significant difference in the mean measuring the level of agreement between the respondents' perceptions with three statements regarding the usefulness of the annual reports of Libyan unlisted companies, whereas there is a significant difference in five statements (Q2.6.1, Q2.6.2, 2.6.5, Q2.6.6 and Q2.6.8). Therefore, it is possible to reject the null hypothesis $H_{20.1_0}$ *there is no significant difference between respondents' perceptions regarding the usefulness of the current annual report of Libyan unlisted companies when factored by respondents' occupations* from five statements and accept the null hypotheses $H_{20.1_0}$ from other three (Q2.6.3, Q2.6.4 and Q2.6.7) statements, see table (5.40).

Moreover, with regard to the statement "providing information to help investors in making new investment decisions" in unlisted companies, a post hoc test using Duncan indicated that there is a significant difference between the institutional investors group (mean, 3.6) and individual investors (mean, 3.14) and stockbrokers (mean, 3.06) groups, see appendix 3: Table (90). Concerning the statement "Providing information to help investors to monitor their investment", there is a significant difference between institutional investors group (mean, 3.4) and stockbrokers group (mean, 2.7), see appendix 3: Table (91).

In addition, stockbrokers group was significantly different from all other user groups except the individual investors group in the mean measuring the extent to which the annual financial reports of unlisted companies are useful in "providing information to evaluate managerial effectiveness"; the financial analysts group gave it a mean score of 3.22 which was the highest (see appendix 3: Table 92).

Furthermore, when considering whether, the annual financial reports of unlisted companies "provide information to formulate forecasts about future performance", there is one significant difference between the individual investors group (mean, 1.74) and the external auditor group (mean, 2.13) see appendix 3:Table (93).

Finally, with regard to the statement "*the annual financial reports of unlisted companies provide information to help investors to make comparison between a company's performance with other companies' performance within a single industry*", a

Duncan test indicated that, there is a significant difference between individual investors (mean, 2.09) and other external user groups. The highest mean score (mean, 2.85) for this statement was given by institutional investors group (see appendix 3: Table 94).

The results of the one-way ANOVA test presented in table (5.40) show that there is no significant difference in the mean measuring the level of agreement between the respondents' perceptions

In addition, the results presented in table (5.40) reveal that there is no significant difference in the mean between the respondents' perceptions from all the eight statements in the question 2.6 regarding the usefulness of the annual reports of Libyan unlisted companies, when factored by the highest education level and years of work experience of respondents. Therefore, it is possible to accept the null hypotheses H35.2₀ and H35.3₀ which are as follow:

H20.2₀: there is no significant difference between respondents' perceptions regarding the usefulness of the current annual report of Libyan unlisted companies when factored by the highest education level of respondents.

H20.3₀: there is no significant difference between respondents' perceptions regarding the usefulness of the current annual report of Libyan unlisted companies when factored by respondents' years of work experience.

5.7.3 The Significance Level between Listed and Unlisted Companies in Mean Level of Agreement Regarding Some Statements Concerned With the Usefulness of Annual Reports

The paired samples test was carried out to examine if there are any significant differences in the level of agreement mean from the nine statements regarding the usefulness of annual reports for questions 2.5 and 2.6 between listed and unlisted companies.

The results of the Paired t-test in table (5.41) indicate that there are significant differences between the respondents' perceptions in the mean measuring usefulness from question 2.5 between listed and unlisted companies. There are also significant differences between the respondents' perceptions in the agreement mean from all eight statements in the question 2.6 between listed and unlisted companies. Therefore, the null hypothesis is rejected and the alternative hypothesis H_A: *there are significant*

differences in mean agreement of each statement relative the usefulness of the current annual report between the respondents' perceptions regarding the Libyan listed and unlisted companies accepted from all statements in the table below.

It is notable that the agreement mean given to each statement in the question 2.6 listed companies is higher than the agreement mean given for unlisted companies.

Table (5.41) the significance level between listed and unlisted companies in mean agreements regarding some statements concerned with the usefulness of annual reports (Paired Samples Test)

		t	Sig. (2-tailed)	Hypothesis supported
Pair 1 Q2.5	In general, the information included in the current annual financial reports of Listed companies to make investment decisions is useful - In general, the information included in the current annual financial reports of unlisted companies to make investment decisions is useful.	12.748	.000	H _A
Pair 1 Q2.6.1	The annual financial reports of listed companies are useful to provide information to help investors in making new investment decisions. - The annual financial reports of unlisted companies are useful to provide information to help investors in making new investment decisions.	14.54	.000	H _A
Pair 2 Q2.6.2	The annual financial reports of listed companies are useful to provide information to help investors to monitor their investment. - The annual financial reports of unlisted companies are useful to provide information to help investors to monitor their investment.	13.453	.000	H _A
Pair 3 Q2.6.3	The annual financial reports of listed companies are useful to provide information to assess the cash flow of company - The annual financial reports of unlisted companies are useful to provide information to assess the cash flow of company	18.438	.000	H _A
Pair 4 Q2.6.4	The annual financial reports of listed companies are useful to provide information to predict profits and return on the share price. - The annual financial reports of unlisted companies are useful to provide information to predict profits and return on the share price.	13.249	.000	H _A
Pair 5 Q2.6.5	The annual financial reports of listed companies are useful to provide information to evaluate managerial effectiveness - The annual financial reports of unlisted companies are useful to provide information to evaluate managerial effectiveness	12.194	.000	H _A
Pair 6 Q2.6.6	The annual financial reports of listed companies are useful to provide information to formulate forecasts about future performance - The annual financial reports of unlisted companies are useful to provide information to formulate forecasts about future performance	5.898	.000	H _A
Pair 7 Q2.6.7	The annual financial reports of listed companies are useful to help investors to compare company's performance over time - The annual financial reports of unlisted companies are useful to help investors to compare company's performance over time	11.354	.000	H _A
Pair 8 Q2.6.8	The annual financial reports of listed companies are useful to help investors to make comparison between a company's performances with other companies' performance within a single industry - The annual financial reports of unlisted companies are useful to help investors to make comparison between a company's performance with other companies' performance within a single industry	10.796	.000	H _A

5.8 The Users' Perceptions about the Credibility of the Information Contained in the Diverse Sections of the Annual Report

Thirdly, in question 2.7 respondents were asked about the credibility of the annual reports of Libyan listed and unlisted companies. The respondents were asked to rate the degree of credibility of the four main sections of the annual reports in question 2.7 in the questionnaire. The Likert scale was used to indicate the degree of credibility, where 1 referred to 'not credible at all' and 5 to 'very credible'.

5.8.1 Descriptive Analysis of Users' Perceptions about the Credibility of the Information Contained in the Diverse Sections of the Annual Report

As can be seen from table (5.42, 5.43) 69.2% of the respondents considered that the auditor's report about listed companies is credible or very credible and 64% for unlisted companies. The respondents ranked the Auditor's report as the most credible section for listed and unlisted companies with mean scores of 3.8 and 3.5 (between neutral to credible) respectively.

60.1% of the respondents believed that the financial statements of listed companies are credible or very credible and only 30.1% regarding unlisted companies. The financial statements were ranked the second most credible section in both listed and unlisted companies with means of 3.5 (between neutral to credible) and 2.8 (between not credible to neutral). However, 47.9% of the respondents considered that notes to the financial statements of listed companies are credible or very credible and only 24.8% regarding unlisted companies.

In addition, the directors' report was considered as the least credible section regarding listed and unlisted companies by all the user groups (see table 5.44 and 5.45).

Table (5.42) Users' perceptions of the credibility of information in annual reports of listed companies

No		Not Credible at all (1)	Not Very Credible (2)	Neutral (3)	Credible (4)	Very Credible (5)	(4+5)	Mean	Std. Deviation	Ranking
		%	%	%	%	%				
2.7.1	Financial statements	1.7	11.2	26.9	51.4	8.7	60.1	3.5	0.804	2
2.7.2	Notes to the financial statements	3.1	27.3	21.7	44.4	3.5	47.9	3.2	0.804	3
2.7.3	Directors' report	3.5	31.5	29.7	30.8	4.5	35.3	3.0	0.777	4
2.7.4	Auditor's report	0	8.4	22.4	51.0	18.2	69.2	3.8	0.820	1

Table (5.43) Users' perceptions of the credibility of information in annual reports of unlisted companies

No		Not Credible at all (1)	Not Very Credible (2)	Neutral (3)	Credible (4)	Very Credible (5)	(4+5)	Mean	Std. Deviation	Ranking
		%	%	%	%	%	%			
2.7.1	Financial statements	5.9	35.7	28.3	27.6	2.4	30.1	2.8	0.792	2
2.7.2	Notes to the financial statements	7.0	40.2	28.0	22.0	2.8	24.8	2.7	0.802	3
2.7.3	Directors' report	9.8	45.8	25.5	16.4	2.4	18.8	2.6	0.809	4
2.7.4	Auditor's report	3.5	14.3	18.2	51.7	12.2	64.0	3.5	0.847	1

Table (5.44) Users' perceptions of the credibility of information in annual reports of listed companies

Q2.7 Report about listed companies		Sections of Corporate Annual Report of Libyan listed Companies			
		Financial statements	Notes to the financial statements	Directors' report	Auditor's report
Individual Investors	Mean	3.3	3.0	2.6	3.6
	Ranking	2	3	4	1
	Std. Deviation	0.827	0.994	0.882	1.014
Institutional Investors	Mean	3.7	3.3	3.3	3.8
	Ranking	2	3	4	1
	Std. Deviation	0.801	1.024	1.003	0.693
Financial Analysts	Mean	3.6	3.3	3.1	3.9
	Ranking	2	3	4	1
	Std. Deviation	0.871	0.918	1.039	0.632
Stockbrokers	Mean	3.6	3.1	3.0	3.9
	Ranking	2	3	4	1
	Std. Deviation	1.047	1.125	1.090	0.828
External Auditors	Mean	3.6	3.3	3.2	3.9
	Ranking	2	3	4	1
	Std. Deviation	0.804	0.804	0.777	0.820
Total	Mean	3.5	3.2	3.0	3.8
	N	286	286	286	286
	Std. Deviation	0.869	0.977	0.973	0.836
	Ranking	2	3	4	1

Table (5.45) Users' perceptions of the credibility of information in annual reports of unlisted companies

Q2.7 Report about unlisted companies		Main Sections of Corporate Annual Report of Libyan unlisted Companies			
		Financial statements	Notes to the financial statements	Directors' report	Auditor's report
Individual Investors	Mean	2.5	2.4	2.3	3.3
	Ranking	2	3	4	1
	Std. Deviation	0.772	0.857	0.814	1.005
Institutional Investors	Mean	3.2	3.0	2.9	3.7
	Ranking	2	3	4	1
	Std. Deviation	1.020	1.102	1.129	0.873
Financial Analysts	Mean	3.0	2.8	2.7	3.5
	Ranking	2	3	4	1
	Std. Deviation	1.100	1.040	1.055	1.089
Stockbrokers	Mean	2.6	2.5	2.4	3.5
	Ranking	2	3	4	1
	Std. Deviation	1.031	0.935	0.903	1.141
External Auditors	Mean	3.2	3.0	2.7	3.8
	Ranking	2	3	4	1
	Std. Deviation	0.792	0.802	0.809	0.847
Total	Mean	2.8	2.7	2.6	3.5
	N	286	286	286	286
	Std. Deviation	0.974	0.973	0.960	0.996
	Ranking	2	3	4	1

5.8.2 The Significance Level in Mean of Users' Perceptions about the Credibility of the Information Contained In the Diverse Sections of the Annual Report

Table (5.46) shows the One-way ANOVA test; the results indicate that there are no significant differences between the user groups mean credibility of three main sections of Libyan listed companies but, there were significant differences between mean credibility of the other section which is the directors' report. Therefore, the null hypothesis $H_{21.1_0}$: *there is no significant difference in mean credibility of the main sections of the annual report of Libyan listed companies between respondents' perceptions* is accepted for financial statements, notes to the financial statements and auditor's report sections.

In addition, the alternative hypothesis $H_{21.1_A}$ is accepted for "directors' report" section. In this section, Duncan test (appendix 3: Table 95) indicate that there are significant

differences between the credible mean (mean, 2.6) by individual investors group from means given by other groups.

The results of One-way ANOVA test reveal that there is no significant difference in mean credibility of all main sections of annual reports of listed companies when factored by the highest education level and years of work experience of respondents. Therefore, the null hypotheses H21.2₀ and H21.3₀ are accepted.

Table (5.46) the significance level between credible means of the four main sections of the annual reports of Libyan companies (One-way ANOVA)

	Regarding Listed companies						Regarding Unlisted companies					
	Occupations of Respondents		Highest education level of respondents		Respondents' years of experience		Occupations of Respondents		Highest education level of respondents		Respondents' years of experience	
	P. value	H ₀ /H ₁ α=.05	P. value	H ₀ /H ₁ α=.05	P. value	H ₀ /H ₁ α=.05	P. value	H ₀ /H ₁ α=.05	P. value	H ₀ /H ₁ α=.05	P. value	H ₀ /H ₁ α=.05
Q2.7.1	0.059	H21.1 ₀	.381	H21.2 ₀	.097	H21.3 ₀	0.000	H22.1 _A	.321	H22.2 ₀	.080	H22.3 ₀
Q2.7.2	0.202	H21.1 ₀	.272	H21.2 ₀	.054	H21.3 ₀	0.000	H22.1 _A	.244	H22.2 ₀	.330	H22.3 ₀
Q2.7.3	0.000	H21.1 _A	.154	H21.2 ₀	.321	H21.3 ₀	0.009	H22.1 _A	.147	H22.2 ₀	.225	H22.3 ₀
Q2.7.4	0.269	H21.1 ₀	.430	H21.2 ₀	.957	H21.3 ₀	0.032	H22.1 _A	.646	H22.2 ₀	.336	H22.3 ₀
General level of acceptance of null hypothesis	3/4(75%)		4/4		4/4		0/4		4/4		4/4	
Q2.7.1	Financial Statements											
Q2.7.2	Notes to the financial statements											
Q2.7.3	Directors' report											
Q2.7.4	Auditor's report											

Moreover, the results of One-way ANOVA test (table 5.6) indicate that there are significant differences between mean credibility of all main sections of annual reports of unlisted companies. Therefore, it is possible to reject the null hypothesis H22.1₀ and accept the alternative hypothesis H22.1_A there is at least one significant difference in mean credibility of the main sections of the annual report of Libyan unlisted companies between respondents' perceptions.

A post hoc test using Duncan defines that individual investors and stockbrokers groups gave less credible mean scores for all main sections of annual reports of unlisted companies (Table 96, Table 97, Table 98, and Table 99). With regard to "financial statements" section, they gave mean scores of (2.5 and 2.6). It is significantly different from mean scores given by other respondents groups (table 94). In "notes to the financial statements" section, the mean score of (2.4) by individual investors is

significantly different from mean scores given by other groups except stockbrokers group (2.5); this mean score by stockbrokers group is significantly different from mean scores given by other groups individual investors and financial analysts (2.4 and 2.8) (table 95). In addition, the “directors’ report” showed in table (96) a significant difference between means from different external groups involved in this study; the highest mean score was given by the institutional investor group (2.9) and it is significantly different from mean scores given by individual investors and the stockbrokers group and the mean score from (2.3) individual investors is significantly different from mean scores given by other groups except the stockbrokers group (2.4). Finally, there is one significant difference in mean credibility of the “auditor’s report” section between individual investors group (3.3) and external groups (3.8) see appendix 3: table (97).

However, the results of One-way ANOVA test reveal that there is no significant difference in mean credibility of all main sections of annual reports of unlisted companies when factored by the highest education level and years of work experience of respondents. Therefore, the null hypotheses $H_{22.2_0}$ and $H_{22.3_0}$ are accepted.

5.8.3 The Significance Level in Credibility Mean of the Diverse Sections of Annual Report of Listed and Unlisted Companies Attached by External Users

In addition, the Paired t-test was applied and summarized in the table (5.47). It is apparent that there are significant differences in credibility mean from the four main sections of the annual reports in question 2.7 between Libyan listed and unlisted companies. Therefore, the null hypothesis H_0 is rejected and the alternative hypothesis H_A : *there is significant difference in mean credibility of the main sections of the annual report regarding Libyan listed and unlisted companies* is accepted.

Moreover, in general, regarding the credibility of the main sections of annual reports, the respondents gave a higher score for listed than unlisted companies (see table 5.45 and 5.46) above.

Table (5.47) the significance level in credible mean of the diverse sections of the annual report of listed and unlisted companies given by external users (Paired Samples Test)

		t	Sig. (2-tailed)	Hypothesis supported
Pair 1	Users' perceptions of the credibility of information in financial Statements of listed companies – Users' perceptions of the credibility of information in financial Statements of unlisted companies	12.734	0.000	H _A
Pair 2	Users' perceptions of the credibility of information in notes to the financial statements of listed companies – Users' perceptions of the credibility of information in notes to the financial statements of unlisted companies	8.951	0.000	H _A
Pair 3	Users' perceptions of the credibility of information in Directors' report of listed companies – Users' perceptions of the credibility of information in Directors' report of unlisted companies	9.985	0.000	H _A
Pair 4	Users' perceptions of the credibility of information in Auditor's report of listed companies – Users' perceptions of the credibility of information in Auditor's report of unlisted companies	5.309	0.000	H _A

5.8.4 The Users' Perceptions about Some Qualitative Characteristics of the Information Contained in the Annual Report

Question 2.8 in the questionnaire aimed to investigate respondents' views about six important characteristics of usefulness of information in the annual reports. Therefore, this section describes external users' views and to find out if there is any significant difference in mean agreement of users' views about the qualitative characteristics of financial information within the annual reports of Libyan companies.

5.8.5 Descriptive Analysis of Users' Perceptions about the Qualitative Characteristics Contained in the Annual Report

Table (5.48 and 5.49) presents the percentage distribution and the means relating to the six important characteristics of useful information in annual reports of Libyan listed and unlisted companies.

Regarding listed companies, generally, the results presented in table (5.48 and 5.50) indicated that respondents gave means between "neutral" and "agree" for all criteria. About 82% of respondents agreed or strongly agreed that the current annual financial reports of Libyan listed companies display the consistency in accounting methods within the company over time, with a mean score of 3.92. It is considered the most applied criterion. With regard to materiality, 50.3% of respondents agreed or strongly

agreed (12.9% strongly agreed and 37.4% agreed) that the current annual financial reports display the materiality characteristic with a mean score of 3.31.

Only 3.1% of respondents strongly agreed and 55.9% agreed that the current annual financial reports of Libyan listed companies display consistency in accounting methods between different companies within a single industry with a mean score of 3.29.

However, about 48% agreed or strongly agreed that the completeness characteristic is displayed with a mean score of 3.12. Neutrality and timeliness were less applied criteria; 46.5% of the respondents agreed or strongly agreed regarding the timeliness of the annual reports with a mean score of 3.04; whereas 40.9% displayed the neutrality criterion with a mean score of 2.98.

On the other hand, table (5.49 and 5.51) shows that respondents, generally, gave means between 'disagreed' and 'neutral' for all characteristics except consistency in accounting methods within the company over time. For example, 72.4% of respondents agreed or strongly agreed with that, the current annual financial reports of Libyan unlisted companies display consistency in accounting methods within the company over time, with a mean score of 3.67.

Just 28.7% of respondents agreed or strongly agreed that, the current financial reports in Libya (unlisted companies) demonstrate the materiality criterion with a mean score of 2.79. However, Neutrality and timelessness was a less applied criteria with mean scores of 2.42 and 2.41 respectively.

Table (5.48) users' agreement that the qualitative characteristics of financial information are demonstrated in the current annual financial reports of Libyan listed companies

(The overall sample)

	The current financial reports in Libya (listed companies) demonstrate:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	(4+5)	Mean	Ranking
		%	%	%	%	%	%		
2.8.1	The consistency in accounting methods within the company over time.	1.4	6.6	10.1	62.2	19.6	81.8	3.92	1
2.8.2	The consistency in accounting methods between different companies within a single industry.	3.1	27.3	10.5	55.9	3.1	59.1	3.29	3
2.8.3	The completeness criterion "It is the inclusion of everything material that is necessary for the faithful representation of the relevant phenomena".	2.4	31.8	17.8	47.6	0.3	47.9	3.12	4
2.8.4	The Materiality "It is the concept that accounting should disclose only those events important enough to have influence on the reader."	3.5	25.5	20.6	37.4	12.9	50.3	3.31	2
2.8.5	Neutrality of the information criterion	5.6	37.4	16.1	35.0	5.9	40.9	2.98	6
2.8.6	Timeliness of the information criterion	5.2	37.1	11.2	41.3	5.2	46.5	3.04	5

Table (5.49) users' agreement that the qualitative characteristics of financial information are demonstrated in the current annual financial reports of Libyan unlisted companies

(The overall sample)

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	(4+5)	Mean	Ranking
		%	%	%	%	%	%		
2.8.1	The consistency in accounting methods within the company over time.	1.7	10.1	15.7	64.0	8.4	72.4	3.67	1
2.8.2	The consistency in accounting methods between different companies within a single industry.	9.4	55.6	12.6	22.0	0.3	22.4	2.48	4
2.8.3	The Completeness criterion	8.0	43.4	21.0	27.3	0.3	27.6	2.69	3
2.8.4	The Materiality criterion	8.4	40.6	22.4	21.0	7.7	28.7	2.79	2
2.8.5	The Neutrality criterion	13.6	52.4	15.4	16.1	2.4	18.5	2.41	6
2.8.6	The Timeliness criterion	0.0	15.7	48.6	13.3	22.4	35.7	2.42	5

Table (5.50) users' agreement that the qualitative characteristics of financial information are demonstrated in the current annual financial reports of Libyan listed companies

(Users groups)

Q2.4 Report about listed companies		Some of the qualitative characteristics of financial information					
		Q2.8.1	Q2.8.2	Q2.8.3	Q2.8.4	Q2.8.5	Q2.8.6
Individual Investors	Mean	3.83	3.05	3.04	3.22	2.70	2.84
	Ranking	1	3	4	2	6	5
Institutional Investors	Mean	4.07	3.53	3.26	3.39	2.98	3.19
	Ranking	1	2	4	3	6	5
Financial Analysts	Mean	3.95	3.30	3.02	3.18	3.02	3.00
	Ranking	1	2	4	3	4	5
Stockbrokers	Mean	3.88	3.28	3.30	3.26	3.07	2.95
	Ranking	1	4	3	2	5	6
External Auditors	Mean	3.90	3.38	3.02	3.48	3.28	3.27
	Ranking	1	3	6	2	4	5
Total	Mean	3.92	3.29	3.12	3.31	2.98	3.04
	N	286	286	286	286	286	286
	Std. Deviation	0.827	1.003	0.946	1.094	1.090	1.098
	Ranking	1	3	4	2	6	5

Q2.8.1=The consistency in accounting methods within the company over time; Q2.8.2= The consistency in accounting methods between different companies within a single industry; Q2.8.3= The Completeness criterion; Q2.8.4= The Materiality criterion; Q2.8.5= The Neutrality criterion; Q2.8.6= The Timeliness criterion

Table (5.51) users' agreement that the qualitative characteristics of financial information are demonstrated in the current annual financial reports of Libyan unlisted companies

(Users groups)

Q2.4 Report about unlisted companies		Some of the qualitative characteristics of financial information					
		Q2.8.1	Q2.8.2	Q2.8.3	Q2.8.4	Q2.8.5	Q2.8.6
Individual Investors	Mean	3.51	2.29	2.6	2.77	2.18	2.33
	Ranking	1	5	3	2	6	4
Institutional Investors	Mean	3.81	2.75	2.77	2.95	2.51	2.6
	Ranking	1	4	3	2	6	5
Financial Analysts	Mean	3.73	2.5	2.73	2.61	2.34	2.3
	Ranking	1	4	2	3	5	6
Stockbrokers	Mean	3.7	2.49	2.56	2.56	2.4	2.33
	Ranking	1	3	2	2	4	5
External Auditors	Mean	3.7	2.47	2.78	2.97	2.7	2.55
	Ranking	1	6	3	2	4	5
Total	Mean	3.67	2.48	2.69	2.79	2.41	2.42
	N	286	286	286	286	286	286
	Std. Deviation	0.835	0.950	0.972	1.104	0.993	1.005
	Ranking	1	4	3	2	6	5

Q2.8.1=The consistency in accounting methods within the company over time; Q2.8.2= The consistency in accounting methods between different companies within a single industry; Q2.8.3= The Completeness; Q2.8.4= The Materiality ; Q2.8.5= The Neutrality; Q2.8.6= The Timeliness

5.8.6 The Significance Level in Mean Agreement of Users' Perceptions about Display of the Qualitative Characteristics of Financial Information

The results of the one way ANOVA test in the table (5.52) indicate that (about listed and unlisted companies) there are no significant differences in mean agreement about all characteristics with the exception of one which is the Neutrality criterion.

Therefore, a post hoc test using Duncan indicates that there is a significant difference between means given by individual investors group and external auditors group in agreement mean regarding the "neutrality" criterion display (see appendix 3: Table 100 and Table 101) . These results led us to accept the null hypothesis *H23.1₀: there is no significant difference in mean agreement that the current annual financial reports of Libyan listed companies display the qualitative characteristics of financial information between user groups* and *H24.1₀: there is no significant differences in mean agreement that the current annual financial reports of Libyan unlisted companies display the qualitative characteristics of financial information between user groups* for display of five out of six criteria which are consistency in accounting methods within the company over time, the consistency in accounting methods between different companies within a single industry, the completeness criterion, the materiality criterion, and the timeliness criterion, see table (5.52).

In addition, the results presented in the table (5.52) show that there is no significant difference in mean agreement about all characteristics when factored by highest education level of respondents and respondents' years of experience. Therefore, it can be accepted the null hypotheses H23.2, H23.3 regarding listed companies and H24.2, H24.3 concerning unlisted companies.

Table (5.52): The Significance Level in Mean Agreement of Users' Perceptions about Display of the Qualitative Characteristics of Financial Information (One-way ANOVA)

	Regarding Listed companies						Regarding Unlisted companies					
	Occupations of Respondents		Highest education level of respondents		Respondents' years of experience		Occupations of Respondents		Highest education level of respondents		Respondents' years of experience	
	P. value	H_0/H_1 $\alpha=.05$	P. value	H_0/H_1 $\alpha=.05$	P. value	H_0/H_1 $\alpha=.05$	P. value	H_0/H_1 $\alpha=.05$	P. value	H_0/H_1 $\alpha=.05$	P. value	H_0/H_1 $\alpha=.05$
Q 2.8.1	0.551	H23.1 ₀	.340	H23.2 ₀	.579	H23.3 ₀	0.311	H24.1 ₀	.753	H24.2 ₀	.561	H24.3 ₀
Q 2.8.2	0.076	H23.1 ₀	.977	H23.2 ₀	.625	H23.3 ₀	0.092	H24.1 ₀	.904	H24.2 ₀	.348	H24.3 ₀
Q 2.8.3	0.319	H23.1 ₀	.251	H23.2 ₀	.334	H23.3 ₀	0.639	H24.1 ₀	.910	H24.2 ₀	.078	H24.3 ₀
Q 2.8.4	0.552	H23.1 ₀	.082	H23.2 ₀	.167	H23.3 ₀	0.219	H24.1 ₀	.716	H24.2 ₀	.240	H24.3 ₀
Q 2.8.5	0.030	H23.1 _A	.607	H23.2 ₀	.294	H23.3 ₀	0.036	H24.1 _A	.551	H24.2 ₀	.182	H24.3 ₀
Q 2.8.6	0.154	H23.1 ₀	.841	H23.2 ₀	.149	H23.3 ₀	0.346	H24.1 ₀	.083	H24.2 ₀	.523	H24.3 ₀
General level of acceptance of null hypothesis		(5/6)		6/6		6/6		(5/6)		6/6		6/6
Q2.8.1	The consistency in accounting methods within the company over time.											
Q 2.8.2	The consistency in accounting methods between different companies within a single industry.											
Q 2.8.3	The Completeness criterion.											
Q 2.8.4	The Materiality criterion.											
Q 2.8.5	The Neutrality criterion.											
Q 2.8.6	The Timeliness criterion.											

5.8.7 The Significance Level between Listed and Unlisted Companies in Mean Agreement of Users' Perceptions about Display of the Qualitative Characteristics of Financial Information within the Annual Reports

From the results of Paired t-test in table (5.53), it is clear that there is a significant difference between Libyan listed and unlisted companies in mean agreement of users groups that current financial reporting in Libya displays the qualitative characteristics of financial information in the six pair criteria in question 2.8. Therefore the null hypothesis H_0 is rejected and the alternative hypothesis H_A "there are significant differences between Libyan listed and unlisted companies in mean agreement of user groups with that, the current annual financial reports of Libyan listed companies display the qualitative characteristics of financial information" is accepted.

Moreover, generally, regarding the six pair criteria in question 2.8, the respondents gave a higher mean score for listed than unlisted companies (see table 5.48 and 5.49) above.

Table (5.53) Different External Users' Views Regarding Display of the Qualitative Characteristics of Financial Information in the Annual Reports of Libyan Companies

(Paired Samples Test)

		t	Sig. (2-tailed)	Hypothesis supported
Pair 1	To what extent do listed companies display consistency in accounting methods within the company over time - To what extent do unlisted companies display consistency in accounting methods within the company over time	6.598	0.000	H _A
Pair 2	To what extent do listed companies display consistency in accounting methods between different companies within a single industry - To what extent do unlisted companies display consistency in accounting methods between different companies within a single industry	14.434	0.000	H _A
Pair 3	Users' perceptions of the completeness criterion of the current financial reporting of listed companies - Users' perceptions of the completeness criterion of the current financial reporting of unlisted companies	9.527	0.000	H _A
Pair 4	Users' perceptions of the Materiality criterion of the current financial reporting of listed companies - Users' perceptions of the Materiality criterion of the current financial reporting of unlisted companies	11.487	0.000	H _A
Pair 5	Users' perceptions of the Neutrality criterion of the current financial reporting of listed companies - Users' perceptions of the Neutrality criterion of the current financial reporting of unlisted companies	11.740	0.000	H _A
Pair 6	Users' perceptions of the Timeliness criterion of the current financial reporting of listed companies - Users' perceptions of the Timeliness criterion of the current financial reporting of unlisted companies	12.449	0.000	H _A

5.9 Users' Perceptions of the Adequacy of Disclosure in Annual Reports of Libyan Companies

This section is going to answer the following questions:

1. How do respondents evaluate the improvement in the adequacy of disclosure of the annual reports published by LJSC (listed and unlisted) in the establishment of the Libyan stock-market and privatization program?
2. How do respondents assess the current disclosure by the annual reports published by LJSC regarding making investment decisions or recommendations?

To describe the external users' perceptions of the adequacy of the current disclosure of information in the published annual reports of Libyan listed and unlisted companies, the respondents were asked two questions (Q.2.9 and Q.2.10) in the questionnaire.

In question 2.9 of the questionnaire respondents were asked the following general question: *"How do you find the changes in the adequacy of disclosure of corporate*

annual reports in Libya after the establishment of the Libyan stock-market and privatization programme?”

They were asked to indicate their views about listed and unlisted companies using the Likert scale, where 1 referred to ‘Deteriorated a lot’ and 5 to ‘Improved substantially’.

Moreover, the respondents were asked in the question 2.10 the following: *“In general, what is the degree of adequacy of the current disclosure of information in annual reports of Libyan companies to make investment decisions?”* The respondents were asked to indicate their views about listed and unlisted companies using the Likert scale, where 1 referred to ‘totally inadequate’ and 5 to ‘very adequate’.

5.9.1 Descriptive Analysis of Users’ Views Regarding Evaluating the Improvement in the Adequacy of Disclosure in the Annual Reports Published by Libyan Listed and Unlisted Companies

Firstly, table (5.54) shows that, 70.2% of the respondents considered that the adequacy of disclosure in annual reports in Libyan listed companies were slightly improved or improved substantially with a mean of 3.85 (between no change and slightly improved). On the other hand, just 25.5% of respondents considered that the adequacy of disclosure in annual reports of Libyan unlisted companies have slightly improved or improved substantially with a mean of 3.15 (no change). The majority of the respondents (63.6%) considered that the adequacy of disclosure of annual reports in Libyan unlisted companies did not change after the establishment of the Libyan stock-market and privatization programme.

These results show that the target groups of this study considered that, the adequacy of disclosure of the annual reports of Libyan listed companies have slightly improved whereas, there is no change in the adequacy of disclosure of the annual reports of Libyan unlisted companies.

However, table (5.55) shows the changes mean attached by different user groups. The results in the table (5.55) tend to suggest that, there is agreement between all user groups that the adequacy of disclosure of the annual reports of Libyan listed companies slightly improved whereas, there was no change regarding the adequacy of disclosure of the annual reports of Libyan unlisted companies.

Table (5.54), Users' perceptions of the changes in the adequacy of disclosure in annual reports of Libyan companies (overall sample)

	Deteriorated a lot (1)	Deteriorated a little (2)	No Change (3)	Slightly improvement (4)	Improved substantially (5)	4+5	Mean	Std. Deviation
	%	%	%	%	%			
Regarding listed companies	0	0.3	29.4	55.2	15	70.2	3.85	0.661
Regarding unlisted companies	0	10.8	63.6	25.2	0.3	25.5	3.15	0.594

Table (5.55), Users' perceptions of the changes in the adequacy of disclosure in annual reports of Libyan companies

Q2.9		In your experience, how do you find the changes in the adequacy of disclosure in annual reports in Libya after the establishment of the Libyan stock-market and privatization programme?	
		Regarding listed companies	Regarding unlisted companies
Individual investor	Mean	3.76	3.10
	Std. Deviation	0.600	0.621
Institutional investor	Mean	3.91	3.25
	Std. Deviation	0.662	0.606
Financial Analyst	Mean	3.84	3.14
	Std. Deviation	0.645	0.510
Stockbroker	Mean	3.91	3.14
	Std. Deviation	0.610	0.467
Qualified Auditor	Mean	3.88	3.15
	Std. Deviation	0.783	0.685
Total	Mean	3.85	3.15
	N	286	286
	Std. Deviation	0.661	0.594

Secondly, table (5.54) shows that, 75.5% of the respondents believe that, the adequacy of disclosure in annual reports in Libyan listed companies was adequate or very adequate with a mean of 3.92 (between neutral and adequate). On the other hand, just 26.9% of respondents considered that the adequacy of disclosure of annual reports in Libyan unlisted companies was adequate or very adequate with a mean of 2.86 (between Inadequate and neutral). In addition, table (5.57) indicate that all the user groups involved in this study considered that, the current disclosure of information in annual

reports of Libyan listed companies is adequate with mean scores of (3.79, 4.04, 3.89, 4.12 and 3.87) whereas it is inadequate regarding unlisted companies with mean scores of (2.87, 2.93, 2.80, 2.60 and 3.0).

Table (5.56), Users' perceptions of the degree of adequacy of the current disclosure of information in annual reports of Libyan listed companies to make investment decisions

(Overall Sample)

Q2.10 In general, what is the degree of adequacy of the current disclosure of information in annual reports of Libyan companies to make investment decisions?	Totally Inadequate	Inadequate	Neutral	Adequate	Very Adequate	4+5	Mean	Std. Deviation
	%	%	%	%	%			
Regarding listed companies	0.0	4.9	19.6	54.2	21.3	75.5	3.92	0.775
Regarding unlisted companies	2.8	36.0	34.3	26.6	0.3	26.9	2.86	0.857

Table (5.57), Users' perceptions about the degree of adequacy of the current disclosure in annual reports of Libyan companies

Q2.10		In general, what is the degree of adequacy of the current disclosure of information in annual reports of Libyan companies to make investment decisions?	
		Regarding listed companies	Regarding unlisted companies
Individual investor	Mean	3.79	2.87
	Std. Deviation	0.643	0.872
Institutional investor	Mean	4.04	2.93
	Std. Deviation	0.944	0.884
Financial Analyst	Mean	3.89	2.80
	Std. Deviation	0.618	0.795
Stockbroker	Mean	4.12	2.60
	Std. Deviation	0.731	0.903
External Auditor	Mean	3.87	3.00
	Std. Deviation	0.873	0.803
Total	Mean	3.92	2.86
	N	286	286
	Std. Deviation	0.775	0.857

5.9.2 The Significance Level Regarding Evaluation of the Improvement in the Adequacy of the Annual Reports Published by Libyan Listed and Unlisted Companies

Firstly, the result of the one way ANOVA test in table (5.58) shows that there are no significant differences between users groups in the mean of improvement in the adequacy of disclosure of annual reports in relation to Libyan listed and unlisted companies. Consequently, the null hypotheses $H_{25.1_0}$ and $H_{26.1_0}$ are accepted and the alternative hypotheses $H_{25.1_A}$ & $H_{26.1_A}$ are rejected.

H_{25.1₀}: There are no significant differences in improved mean of the adequacy of the annual reports published by Libyan listed companies when factored by occupations of users.

H_{26.1₀}: There are no significant differences in improved mean change of the adequacy of the annual reports published by Libyan unlisted companies when factored by occupations of users.

Secondly, the results of one way ANOVA presented in table (5.58) reveal that, there were no significant differences between user groups in adequate mean of the disclosure in annual reports of Libyan listed and unlisted companies. Therefore, it is possible to accept the following null hypotheses:

H_{27.1₀}: There are no significant differences in adequate mean of the disclosure in the annual reports published by Libyan listed companies when factored by occupations of users.

And *H_{28.1₀}*: There are no significant differences in adequate mean of the disclosure in the annual reports published by Libyan unlisted companies when factored by occupations of users.

These results reveal that the occupation of respondents did not have any significant influence on their thoughts regarding the adequacy of disclosure in the annual reports in Libyan listed and unlisted companies.

In addition, one way ANOVA test revealed that respondents' highest education level and the respondents' years of work experience did not have any significant influence on their thoughts regarding the adequacy of disclosure in the annual reports in Libyan listed and unlisted companies, see table (5.59) below.

**Table (5.58) the significance level between user groups in means of Improvement in the Adequacy of the Annual Reports Published by Libyan Listed and Unlisted Companies
“When factored by occupations of users”**

(One- Way ANOVA Test)

Q 2.9&2.10	Regarding Listed companies				Regarding Unlisted companies			
	F	P. value	$\alpha=0.05$	Hypothesis supported	F	P. value	$\alpha=0.05$	Hypothesis supported
2.9 In your experience, how do you find the changes in the adequacy of disclosure in annual reports in Libya after the establishment of the Libyan stock-market and privatization programme?	0.657	0.622	NS	H25.1 ₀	0.535	.710	NS	H26.1 ₀
2.10 In general, what is the degree of adequacy of the current disclosure of information in corporate annual reports of Libyan companies to make investment decisions?	1.664	0.158	NS	H27.1 ₀	1.524	.195	NS	H28.1 ₀

S=Significance, NS= Not Significance

Table (5.59) the significance level regarding improvement and current disclosure in the Annual Reports published by Libyan companies

(One- Way ANOVA Test)

Q. N.	Regarding Listed companies						Regarding Unlisted companies					
	Highest education level			Years of experience			Highest education level			Years of experience		
	F	P. value	H ₀ /H _A	F	P. value	H ₀ /H _A	F	P. value	H ₀ /H _A	F	P. value	H ₀ /H _A
Q2.9	1.02	0.383	H25.2 _A	0.918	0.454	H25.3 _A	1.022	0.383	H26.2 _A	2.182	0.071	H26.3 _A
Q2.10	1.47	0.224	H27.2 _A	1.215	0.304	H27.3 _A	0.231	0.875	H28.2 _A	2.138	0.076	H28.3 _A

-Q2.9 In your experience, how do you find the changes in the adequacy of disclosure in annual reports in Libya after the establishment of the Libyan stock-market and privatization programme?
-Q2.10 In general, what is the degree of adequacy of the current disclosure of information in corporate annual reports of Libyan companies to make investment decisions?

5.9.3 The Significance Level between Libyan Listed and Unlisted Companies in Improved Mean and Adequate Mean of Users' Perceptions about the Adequacy of the Annual Reports

The paired t-test was used to investigate if there are any significant differences in mean of improvement in the adequacy of disclosure between listed and unlisted companies (see table 5.60).

On the other hand, paired t-test found that, there are significant differences in mean of the adequacy of the current disclosure between listed and unlisted companies (see table 5.60).

Therefore the null hypotheses H_0 and H_0 are rejected and the following alternative hypotheses are accepted.

H_A : *There is a significant difference between listed and unlisted companies in improved mean of the adequacy of the annual reports attached by user groups.*

H_A : *There is a significant difference between listed and unlisted companies in adequate mean of the disclosure in the annual reports published attached by user groups.*

Moreover, on the questions 2.9 and 2.10 the respondents gave a higher mean score for listed than unlisted companies (see table 5.55 and 5.57) above.

Therefore, it is possible to say that the economic changes in the Libyan environment (the establishment of the Libyan stock-market and privatization programme) led to slight improvement in the adequacy of disclosure in the annual reports in Libyan listed companies.

Table (5.60) different external users' views regarding the adequacy of disclosure in annual reports of Libyan Companies (Paired Samples Test)

		t	Sig. (2-tailed)	Hypothesis supported
Pair Q2.9	Users' perceptions of the changes in the adequacy of disclosure in annual financial reports of listed companies - Users' perceptions of the changes in the adequacy of disclosure in annual financial reports of unlisted companies	18.526	0.000	H_A
Pair Q2.10	Users' perceptions of the degree of adequacy of the current disclosure in annual reports of listed companies – Users' perceptions of the degree of adequacy of the current disclosure in annual reports of unlisted companies	18.935	0.000	H_A

5.10 Respondents' Demands for Additional Disclosure

To answer the following question of the study: *Do respondents demand additional disclosure in the annual reports published by Libyan companies?* The respondents were asked in Q2.11 of the questionnaire to indicate relative usefulness of seven items using the Likert scale where 1 referred to 'not useful at all' and 5 to 'very useful'. In addition, the relative hypotheses will be tested.

5.10.1 Descriptive Analysis of Users' Perceptions Regarding Additional Disclosure

As can be seen from the table (5.61), the first item in the list was "expected sales for the current year or years to come". The results show that 79.4% of the respondents indicated that it is useful or very useful to make investment decisions or recommendations about listed companies. This item was ranked as the fourth most useful item with a mean score of 4.14 (useful). Moreover, this item was considered as the fourth most useful item with a mean score of 4.13 (useful) from unlisted companies, see table (5.62).

The second item in the list was "distribution of expected profits" and 97.6% of the respondents indicated that it is useful or very useful, as the first most useful item with a mean score of 4.62 from listed companies. As well as, with regard to unlisted companies, it was considered as the first most useful item with a mean score of 4.61.

The third item was "projected cash flows for the current year or years to come". In this regard, 88.2% of the respondents indicated that it is useful or very useful, with a mean score of 4.27 as the third most useful item. In addition, the fourth item in the list was "future plans of the company". 90.9% of the respondents indicated that it is useful or very useful, as the second most useful item with a mean score of 4.39 (between useful and very useful). The fifth item in the list was "Information on the current value of the balance sheet items". It considered as the fifth most useful item (in listed and unlisted companies) with a mean scores of 4.02 and 4.05.

Furthermore, the respondents gave low relative usefulness for the other two items which were: “Environmental information”, and “Social responsibility information”

Table (5.61) Users’ views about relative usefulness of information items not regularly disclosed in the annual financial reports of Libyan listed companies

Q.2.11		Not useful at all	Not useful	Neutral	Useful	Very useful	(4+5)	Mean	Ranking
		%	%	%	%	%	%		
2.11.1	Expected sales for the current year or years to come	0.7	1.7	18.2	42.0	37.4	79.4	4.14	4
2.11.2	Distribution of expected profits	-	-	2.4	33.6	64.0	97.6	4.62	1
2.11.3	Projected cash flows for the current year or years to come	0.7	1.7	9.4	46.2	42.0	88.2	4.27	3
2.11.4	Future plans of the company	0	2.1	7.0	40.6	50.3	90.9	4.39	2
2.11.5	Information on the current value of the balance sheet items	0.3	2.4	19.9	49.7	27.6	77.3	4.02	5
2.11.6	Environmental information	2.1	18.2	37.1	36.4	6.3	42.7	3.27	6
2.11.7	Social responsibility information	3.1	19.9	40.6	29.7	6.6	36.4	3.17	7

Table (5.62) Users’ views about relative usefulness of information items not regularly disclosed in the annual financial reports of Libyan unlisted companies

	Not useful at all	Not useful	Neutral	Useful	Very useful	(4+5)	Mean	Ranking
	%	%	%	%	%	%		
Expected sales for the current year or years to come	0.7	1.7	18.2	43.0	36.4	79.4	4.13	4
Distribution of expected profits	0	0	2.4	33.9	63.6	97.6	4.61	1
Projected cash flows for the current year or years to come	0.7	2.1	10.5	47.2	39.5	86.7	4.23	3
Future plans of the company	0	2.4	10.5	40.9	46.2	87.1	4.31	2
Information on the current value of the balance sheet items	0.3	3.1	19.6	46.9	30.1	77.0	4.03	5
Environmental information	2.4	23.8	37.4	31.8	4.5	36.4	3.12	6
Social responsibility information	4.5	28.3	37.4	25.2	4.5	29.7	2.97	7

5.10.2 The Significance Level between Users' perceptions Regarding Additional Disclosure When Factored by Respondents' Occupations

In this section the following hypotheses will be tested:

H29.1₀: There is no significant difference between respondents' perceptions regarding the usefulness of each of the selected information items when factored by respondents' occupations (listed companies).

H29.1_A: There is at least one significant difference between respondents' perceptions regarding the usefulness of each of the selected information items when factored by respondents' occupations (listed companies).

H30.1₀: There is no significant difference between respondents' perceptions regarding the usefulness of each of the selected information items when factored by respondents' occupations (unlisted companies).

H30.1_A: There is at least one significant difference between respondents' perceptions regarding the usefulness of each of the selected information items when factored by respondents' occupations (unlisted companies).

Therefore, a one way ANOVA test was used to test statistically significant differences in means attached by different user groups. Table (5.63) shows that, there are no significant differences in the mean of the relative usefulness in the first two items from listed and unlisted companies ($P > 0.050$). With regard to the first statement "expected sales for the current year or years to come" the highest mean score was given by the individual investors group; it was 4.27 from listed companies and 4.26 from unlisted companies. In addition, the highest mean score (4.67) for the second statement "distribution of expected profits" was given by individual investors group from listed and unlisted companies see tables (5.63 and 5.64).

On the other hand, there is a significant difference in the mean from listed and unlisted companies regarding the "the usefulness of projected cash flows for the current year or years to come" in this regard, a Duncan post hoc test revealed to that there is a significant difference in mean between individual group with the less mean of 4.00 and other user groups in listed companies see appendix 3: Table (102). In addition, regarding unlisted companies, the Duncan test indicates that the individual investors

group gave less useful a mean 4.00 which is significantly different from the institutional investors and financial analysts groups (4.33 & 4.39) appendix 3: Table (103).

Moreover, there is a significant difference in mean usefulness from the item "Future plans of the company" ($p=0.44 < 0.05$) within listed companies whereas there is not from unlisted companies ($p= 0.349 > 0.050$). From appendix 3: Table (104) it can be seen that, the different groups can be placed in one subset where the mean differences are not significantly different. This is meaning that Duncan and Tukey tests were unable to define the differences.

However, there is no significant difference in useful mean with the item "Information on the current value of the balance sheet items" from listed and unlisted companies.

The results of One-way ANOVA test reveal that, there is a significant difference in mean usefulness from listed and unlisted companies regarding the item "Environmental information". With regard to listed companies a Duncan test indicates that, individual investors group with a mean score of 2.87 is significantly different from other groups with the exception of the external auditor group. External auditors group with a mean score of 3.12 is significantly different from the financial analysts and institutional investors groups (3.70 and 3.56) see appendix 3: Table (105).

With regard to unlisted companies, there are two subsets where the mean differences are significantly different. The Financial analysts and institutional investors groups were in subset one with a mean of (3.48 and 3.49). On the other hand, Individual investors, stockbrokers, and the external auditors groups were in subset two where the mean differences are not significantly different (2.83, 2.95 and 3.03) see appendix 3: Table (106).

Therefore, it is possible to reject the null hypothesis $H_{29.1_0}$ (Listed companies) from four items and accept it from other three (Q2.11.1, Q2.11.2 and 2.11.5) items; see the table (5.64). In addition, the null hypothesis $H_{30.1_0}$ (Unlisted companies) was rejected from three items which are (Q2.11.3, Q2.11.6 and Q2.11.7) and accepted for other four items.

Table (5.63) the significance level between means of the usefulness of seven information items in question 2.11 in the questionnaire, regarding additional disclosure when factored by respondents' occupation (One- Way ANOVA Test)

Q2.12	Regarding Listed companies				Regarding Unlisted companies			
	F	P. value	$\alpha=0.05$	Hypothesis supported	F	P. value	$\alpha=0.05$	Hypothesis supported
Q2.11.1	1.581	0.179	NS	H29.1 ₀	1.754	0.138	NS	H30.1 ₀
Q2.11.2	0.740	0.565	NS	H29.1 ₀	0.693	0.597	NS	H30.1 ₀
Q2.11.3	3.939	0.004	S	H29.1 _A	2.719	0.030	S	H30.1 _A
Q2.11.4	2.483	0.044	S	H29.1 _A	1.116	0.349	NS	H30.1 ₀
Q2.11.5	1.299	0.271	NS	H29.1 ₀	3.057	0.193	NS	H30.1 ₀
Q2.11.6	9.897	0.000	S	H29.1 _A	7.282	0.000	S	H30.1 _A
Q2.11.7	3.191	0.014	S	H29.1 _A	3.132	0.015	S	H30.1 _A
General level of acceptance of null hypothesis				3/7	4/7			
-NS= Not Significant								

Table (5.64) Users' views about relative usefulness of information items not regularly disclosed in the annual financial reports of Libyan listed companies (different user groups)

		Respondents' Demands for Additional Disclosure						
		Q2.11.1	Q2.11.2	Q2.11.3	Q2.11.4	Q2.11.5	Q2.11.6	Q2.11.7
Individual investor	Mean	4.27	4.68	4.00	4.26	3.93	2.87	3.04
	Ranking	2	1	4	3	5	7	6
	Std. Deviation	0.686	0.542	0.930	0.798	0.716	0.828	0.881
Institutional investor	Mean	4.18	4.56	4.37	4.53	4.05	3.56	3.21
	Ranking	4	1	3	2	5	6	7
	Std. Deviation	0.735	0.535	0.672	0.710	0.692	0.732	0.881
Financial Analyst	Mean	4.20	4.61	4.45	4.55	4.20	3.70	3.57
	Ranking	5	1	3	2	4	6	7
	Std. Deviation	0.978	0.538	0.504	0.589	0.851	0.795	1.108
Stockbroker	Mean	3.98	4.65	4.33	4.49	4.09	3.40	3.21
	Ranking	5	1	3	2	4	6	7
	Std. Deviation	0.801	0.482	0.715	0.592	0.750	1.072	0.965
External Auditor	Mean	3.98	4.55	4.37	4.27	3.92	3.12	2.98
	Ranking	5 ⁺	1	2	3	4	6	7
	Std. Deviation	0.930	0.565	0.688	0.710	0.888	0.846	0.792
Total	Mean	4.14	4.62	4.27	4.39	4.02	3.27	3.17
	N	286	286	286	286	286	286	286
	Std. Deviation	0.820	0.535	0.759	0.711	0.779	0.902	0.929
	Ranking	4	1	3	2	5	6	7

Q2.11.1= Expected sales for the current year or years to come; Q2.11.2=Distribution of expected profits; Q2.11.3=Projected cash flows for the current year or years to come of Listed Companies Q2.11.4= Future plans of the company; Q2.11.5= Information on the stock value of the balance sheet items; Q2.11.6= Environmental information Q2.11.7= Social responsibility information

Table (5.65) Users' views about relative usefulness of information items not regularly disclosed in the annual financial reports of Libyan unlisted companies (different user groups)

		Respondents' Demands for Additional Disclosure						
		Q2.11.1	Q2.11.2	Q2.11.3	Q2.11.4	Q2.11.5	Q2.11.6	Q2.11.7
Individual investor	Mean	4.26	4.68	4.00	4.22	4.00	2.83	2.99
	Ranking	2	1	4	3	5*	7	6
	Std. Deviation	0.682	0.542	0.930	0.802	0.754	0.798	0.896
Institutional investor	Mean	4.18	4.56	4.33	4.37	3.96	3.49	3.18
	Ranking	4	1	3	2	5	6	7
	Std. Deviation	0.735	0.535	0.690	0.794	0.778	0.710	0.889
Financial Analyst	Mean	4.20	4.61	4.39	4.36	4.30	3.48	3.20
	Ranking	5	1	3	4	2	7	6
	Std. Deviation	0.978	0.538	0.493	0.780	0.795	0.976	1.133
Stockbroker	Mean	3.98	4.63	4.26	4.47	4.05	2.95	2.65
	Ranking	5	1	3	2	4	6	7
	Std. Deviation	0.801	0.489	0.819	0.592	0.785	1.045	0.973
External Auditor	Mean	3.95	4.55	4.30	4.22	3.93	3.03	2.80
	Ranking	4	1	2	3	5	6	7
	Std. Deviation	0.910	0.565	0.696	0.739	0.918	0.882	0.840
Total	Mean	4.13	4.61	4.23	4.31	4.03	3.12	2.97
	N	286	286	286	286	286	286	286
	Std. Deviation	0.815	0.536	0.773	0.756	0.809	0.908	0.949
	Ranking	4	1	3	2	5	6	7

Q2.11.1= Expected sales for the current year or years to come; Q2.11.2=Distribution of expected profits; Q2.11.3=Projected cash flows for the current year or years to come of Listed Companies Q2.11.4= Future plans of the company; Q2.11.5= Information on the stock value of the balance sheet items; Q2.11.6= Environmental information Q2.11.7= Social responsibility information

5.10.3 The Significance Level between Users' Perceptions Regarding Additional Disclosure When Factored by Highest Education Level of the Respondents

A one way ANOVA test was applied to investigate if there are any significant differences in the mean of usefulness of each the selected information items in question (Q2.11) attributed to their highest level of education.

In this section the following hypotheses will be tested:

H29.2₀: There is no significant difference between respondents' perceptions regarding the usefulness of each of the selected information items when factored by respondents' highest education levels (listed companies).

H29.2_A: There is at least one significant difference between respondents' perceptions regarding the usefulness of each of the selected information items when factored by respondents' highest education levels (listed companies).

H30.2₀: *There is no significant difference between respondents' perceptions regarding the usefulness of each of the selected information items when factored by respondents' highest education levels (unlisted companies).*

H30.2_A: *There is at least one significant difference between respondents' perceptions regarding the usefulness of each of the selected information items when factored by respondents' highest education levels (unlisted companies).*

From table (5.66) below it is clear that, there are no significant differences in mean of the usefulness from all items regarding listed companies with the exception of one item “*Projected cash flows for the current year or years to come*”. Therefore the null hypothesis H29.2₀ was rejected from six out of seven items. On the other hand, the results indicated that there are no significant differences in mean of the usefulness from all items regarding unlisted companies with exception of one item which is “*Information on the current value of the balance sheet items*”

Consequently, the null hypothesis H30.2₀ was rejected from six out of seven items, see table (5.66).

However, A Duncan test indicated that, with regard to “*Projected cash flows for the current year or years to come*” item of listed companies, the lowest mean score (3.95) was assigned by the respondents who have less than university level. It is significantly different from all means given by other groups except those who have a university level see appendix 3: Table (107).

As far as, from unlisted companies the “*Information on the current value of the balance sheet items*” place significant differences based on results of ANOVA test; but Duncan and Tukey tests were unable to define these differences. The different groups can be placed in one subset where the mean differences are not significantly different. The respondents who have a university level education gave a mean score of 3.94 which is the lowest and those who have a masters degree gave mean score of 4.23 which was the highest, (see appendix 3: Table 108).

Therefore, the results reveal that the highest levels of education of the respondents did not have a significant effect on their perceptions regarding the additional disclosure.

Table (5.66) the significance level between means of the usefulness of seven information items in question 2.11 in the questionnaire, regarding additional disclosure when factored by highest education level of respondents (One- Way ANOVA Test)

Q2.11	Q2.11	Regarding Listed companies				Regarding Unlisted companies			
		F	P. value	$\alpha=0.05$	Hypothesis supported	F	P. value	$\alpha=0.05$	Hypothesis supported
Q2.11.1	Expected sales for the current year or years to come	0.831	0.478	NS	H29.2 ₀	0.762	0.516	NS	H30.2 ₀
Q2.11.2	Distribution of expected profits	1.190	0.314	NS	H29.2 ₀	1.455	0.227	NS	H30.2 ₀
Q2.11.3	Projected cash flows for the current year or years to come	3.213	0.023	S	H29.2 _A	2.532	0.057	NS	H30.2 _A
Q2.11.4	Future plans of the company	1.085	0.356	NS	H29.2 ₀	1.276	0.283	NS	H30.2 ₀
Q2.11.5	Information on the current value of the balance sheet items	2.385	0.069	NS	H29.2 ₀	3.521	0.016	S	H30.2 ₀
Q2.11.6	Environmental information	1.536	0.205	NS	H29.2 ₀	1.897	0.130	NS	H30.2 _A
Q2.11.7	Social responsibility information	2.148	0.094	NS	H29.2 ₀	1.642	0.180	NS	H30.2 _A
General level of acceptance of null hypothesis					6/7				4/7
-NS= Not Significant									

5.10.4 The Significance Level between Users' Perceptions Regarding Additional Disclosure When Factored by Years of Experience of Respondents

In this section the following hypotheses will be tested:

H29.3₀: There is no significant difference between respondents' perceptions regarding the usefulness of each of the selected information items when factored by respondents' years of work experience (listed companies).

H29.3_A: There is at least one significant difference between respondents' perceptions regarding the usefulness of each of the selected information items when factored by years of work experience (listed companies).

H30.3₀: There is no significant difference between respondents' perceptions regarding the usefulness of each of the selected information items when factored by years of work experience (unlisted companies).

H30.3_A: There is at least one significant difference between respondents' perceptions regarding the usefulness of each the selected information items when factored by years of work experience (unlisted companies).

The results of the one way ANOVA test in table (5.65) indicate that there are no significant differences in the mean of the usefulness from all items regarding listed and unlisted companies with the exception of one item which is “Projected cash flows for the current year or years to come”. Therefore, it is possible to accept the null hypotheses $H_{29.3_0}$ and $H_{30.3_0}$ thus the alternative hypotheses $H_{29.3.3_A}$ and $H_{30.3_A}$ were accepted from one out of seven items. Again a Duncan test used to determine these differences. With regard to the “Projected cash flows for the current year or years to come” the respondents, who did not have any work experience in accounting and finance gave this item a mean score of 3.2 (from listed and unlisted companies) which was the lowest and significantly different from means scores were given by other groups, (see appendix 3: Table 109 and Table 110).

Table (5.67) the significance level between means of the relative usefulness of seven statements in question 2.11 in the questionnaire, regarding additional disclosure when factored by years of experience of respondents (One- Way ANOVA Test)

	Q2.12	Regarding Listed companies				Regarding Unlisted companies			
		F	P. value	$\alpha=0.05$	Hypothesis supported	F	P. value	$\alpha=0.05$	Hypothesis supported
Q2.11.1	Expected sales for the current year or years to come	1.023	0.395	NS	$H_{29.3_0}$	0.943	0.439	NS	$H_{30.3_0}$
Q2.11.2	Distribution of expected profits	1.933	0.105	NS	$H_{29.3_0}$	1.856	0.118	NS	$H_{30.3_0}$
Q2.11.3	Projected cash flows for the current year or years to come	10.92	0.000	S	$H_{29.3_A}$	8.941	0.000	S	$H_{30.3_A}$
Q2.11.4	Future plans of the company	0.398	0.810	NS	$H_{29.3_0}$	0.735	0.569	NS	$H_{30.3_0}$
Q2.11.5	Information on the current value of the balance sheet items	0.872	0.481	NS	$H_{29.3_0}$	0.710	0.586	NS	$H_{30.3_0}$
Q2.11.6	Environmental information	0.477	0.752	NS	$H_{29.3_0}$	0.534	0.711	NS	$H_{30.3_0}$
Q2.11.7	Social responsibility information	0.376	0.826	NS	$H_{29.3_0}$	0.927	0.449	NS	$H_{30.3_0}$
General level of acceptance of null hypothesis					6/7				
-NS= Not Significant									

5.10.5 The Significant Level between Listed and Unlisted Companies Regarding Additional Disclosure

The Paired t-test used to answer the question which is: *Is there any significant difference between Libyan listed and unlisted companies in the mean of the additional disclosure attached by users groups?*

The results of Paired t-test in table (5.68) show that it is clear that there is a significant difference between listed and unlisted companies in mean usefulness from four out of seven items in the question 2.11 with the annual reports published by Libyan listed and unlisted companies. Therefore, the null hypothesis H_0 : *There is no significant difference in mean usefulness between listed and unlisted companies regarding each of the selected information items* is rejected for four items and accepted for three items, see table (5.68) below.

Table (5.68) The Significance Level between means of listed and unlisted companies attached by Users regarding the additional disclosure. (Paired Samples Test)

		t	Sig. (2-tailed)	Hypothesis supported
Pair 1	Expected sales for the current year or years to come of Listed companies - Expected sales for the current year or years to come of Unlisted companies	1.738	0.083	H_0
Pair 2	Distribution of expected profits of Listed Companies - Distribution of expected profits of Unlisted Companies	1.000	0.318	H_0
Pair 3	Projected cash flows for the current year or years to come of Listed Companies - Projected cash flows for the current year or years to come of Unlisted Companies	3.043	0.003	H_A
Pair 4	Future plans of the company (Listed Companies) - Future plans of the company (Unlisted Companies)	3.789	0.000	H_A
Pair 5	Information on the current value of the balance sheet items (Listed Companies) - Information on the current value of the balance sheet items (Unlisted Companies)	0.565	0.573	H_0
Pair 6	Environmental information (Listed Companies) - Environmental information (Unlisted Companies)	4.436	0.000	H_A
Pair 7	Social responsibility information (Listed Companies) - Social responsibility information (Unlisted Companies)	5.159	0.000	H_A

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Table (5.69) Summary of the results of hypotheses tests relating Libyan listed and unlisted companies.

Objectives	Questions	Do the respondents' backgrounds (occupation, highest education level and years of work experience) affect their perceptions of evaluating the usefulness of the current corporate annual reports? One-way ANOVA	Are there any significant differences in the attitudes of respondents towards the annual reports of listed companies and unlisted companies? paired t-test
1. To examine the importance of the corporate annual reports for external users to make investment decisions or recommendations in Libyan listed and unlisted companies.	Q1. How important is the corporate annual report as a source of information among other sources for respondents to make investment decisions or recommendations about Libyan listed and unlisted companies?	<p>Regarding Listed Companies</p> <p>H1.1₀: <i>There are no significant differences in the importance of various sources of financial information when factored by occupations of users.</i></p> <p>H1.2_A: <i>There is significant difference in the importance of various sources of financial information concerning Libyan listed companies when factored by education level of users.</i></p> <p>H1.3₀: <i>There is no significant difference in the importance of various sources of financial information concerning Libyan listed companies when factored by years of work experience of users.</i></p>	<p>Regarding Unlisted Companies</p> <p>H2.1₀: <i>There are no significant differences in the importance of various sources of financial information when factored by occupations of users.</i></p> <p>H2.2₀: <i>There is no significant difference in the importance of various sources of financial information concerning Libyan unlisted companies when factored by education level of users.</i></p> <p>H2.3₀: <i>There is no significant difference in the importance of various sources of financial information concerning Libyan unlisted companies when factored by years of work experience of users.</i></p>

Objectives	Questions	One-way ANOVA		paired t-test	
		Regarding listed companies	Regarding unlisted companies		
2. To determine the perceptions of external users of corporate annual reports in Libya towards the use and usefulness of these reports.	Q2. What is the most important sections of corporate annual reports of Libyan listed and unlisted companies for respondents?	H3.1 ₀ : There is no significant difference between respondents' perceptions regarding the importance of various Sections of the Corporate Annual Report when factored by occupation of users.	H4.1 _A : There is significant difference between respondents' perceptions regarding the importance of various Sections of the Corporate Annual Report when factored by occupation of users.	H ₀ : There is significant difference in mean importance of each section of the annual report between respondents' perceptions regarding Libyan listed and unlisted companies.	
		H3.2 _A : There is significant difference in the importance of sections of corporate annual report concerning Libyan listed companies when factored by the highest education level of users.	H4.2 _A : There is difference in the importance of sections of the corporate annual report when factored by the highest education level of users.		
		H3.3 ₀ : There is no significant difference in the importance of sections of the corporate annual report when factored by users' years of work experience	H4.3 ₀ : There is no significant difference in the importance of sections of corporate annual report when factored by users' years of work experience.		
		Q3. How do respondents evaluate the use and the usefulness of the current corporate annual reports of Libyan listed and unlisted companies regarding making investment decisions or recommendations?	H5.1 _A : There is significant difference among respondent groups regarding the usage of the annual reports when factored by occupation of users.	H6.1 _A : There is significant difference among respondent groups regarding the usage of the annual reports when factored by occupation of users.	H ₀ There are significant differences between the respondents' perceptions in mean concerning the use, reading, understanding, reliability and satisfaction with the annual reports published by Libyan listed and unlisted companies.
			H5.2 ₀ : There is no significant difference among respondent groups regarding the usage of the annual reports when factored by the highest education level of users.	H6.2 ₀ : There is no significant difference among respondent groups regarding the usage of the annual reports when factored by the highest education level of users.	
			H5.3 _A : There is significant difference among respondent groups regarding the usage of the annual reports when factored by users' years of work experience.	H6.2 _A : There is significant difference among respondent groups regarding the usage of the annual reports when factored by users' years of work experience.	

Objectives	Questions	One-way ANOVA		paired t-test
		Regarding listed companies	Regarding unlisted companies	
Objective 2	Q3.	H7.1 ₀ : There is no significant difference among respondent groups regarding the reading of the annual reports when factored by occupation of users.	H8.1 _A : There is significant difference among respondent groups regarding the reading of the annual reports when factored by occupation of users.	
		H7.2 ₀ : There is no significant difference among respondent groups regarding the reading of the annual reports of Libyan listed companies when factored by the highest education level of users.	H8.2 ₀ : There is no significant difference among respondent groups regarding the reading of the annual reports when factored by the highest education level of users.	
		H7.3 ₀ : There is no significant difference among respondent groups regarding the reading of the annual reports of Libyan listed companies when factored by users' years of work experience.	H8.3 _A : There is significant difference among respondent groups regarding the reading of the annual reports when factored by users' years of work experience.	
		H9.1 ₀ : There is no significant difference among respondent groups regarding the understanding of the annual reports of Libyan listed companies when factored by occupation of users.	H10.1 _A : There is significant difference among respondent groups regarding the understanding of the information within the annual reports when factored by occupation of users.	
		H9.2 ₀ : There is no significant difference among respondent groups regarding the understanding of the annual reports of Libyan listed companies when factored by occupation of users.	H10.2 ₀ : There is no significant difference among respondent groups regarding the understanding of the information within the annual reports when factored by the highest education level of users.	
		H9.3 _A : There is significant difference among respondent groups regarding the understanding of the annual reports when factored by users' years of work experience.	H10.3 _A : There is significant difference among respondent groups regarding the understanding of the information within the annual reports when factored by users' years of work experience.	

Objectives	Questions	One-way ANOVA		paired t-test
		Regarding listed companies	Regarding unlisted companies	
Objective 2	Q3.	H11.1 _A : There is significant difference among respondent groups regarding reliance on the annual reports when factored by occupation of users	H12.1 _A : There is significant difference among respondent groups regarding reliance on the annual reports when factored by highest education level of users.	
		H11.2 ₀ : There is no significant difference among respondent groups regarding the annual reports when factored by the highest education level of users.	H12.2 _A : There is significant difference among respondent groups regarding reliance on the annual reports when factored by the highest education level of users.	
		H11.3 _A : There is at least one significant difference among respondents groups regarding reliance on the annual reports when factored by users' years of work experience.	H12.3 ₀ : There is no significant difference among respondent groups regarding reliance on the annual reports when factored by users' years of work experience.	
		H13.1 ₀ : There is no significant difference among respondent groups regarding the satisfaction with the information provided in the annual reports when factored by occupation of users.	H14.1 _A : There is significant difference among respondent groups regarding the satisfaction with the information provided in the annual reports when factored by occupation of users.	
		H13.2 ₀ : There is no significant difference among respondents groups regarding satisfaction with the annual reports when factored by the highest education level of users.	H14.2 ₀ : There is no significant difference among respondents groups regarding satisfaction with the annual reports when factored by the highest education level of users.	
		H13.3 ₀ : There is no significant difference among respondents groups regarding being satisfied with the annual reports when factored by users' years of work experience.	H14.3 _A : There is at least one significant difference among respondents groups regarding satisfaction with the annual reports when factored by users' years of work experience.	

Objectives	Questions	One-way ANOVA		paired t-test
		Regarding listed companies	Regarding unlisted companies	
Objective 2	Q3.	H15.1 _A : There is significant difference between respondents' perceptions regarding the understanding of various Sections of Corporate Annual Report when factored by occupations of users.	H16.1 _A : There is significant difference between respondents' perceptions regarding the understanding of various sections of the corporate annual report when factored by occupations of users.	H ₀ : There are significant differences in mean understanding of each section of the annual report between respondents' perceptions regarding Libyan listed and unlisted companies.
		H15.2 ₀ : There is no significant difference between respondents' perceptions regarding the understanding of various sections of corporate annual report when factored by the highest education level of users.	H16.2 ₀ : There is no significant difference between respondents' perceptions regarding the understanding of various sections of corporate annual reports when factored by the highest education level of users.	
		H15.3 _A : There is significant difference between respondents' perceptions regarding the understanding of various sections of corporate annual report when factored by users' years of work experience.	H16.3 _A : There is significant difference between respondents' perceptions regarding the understanding of various sections of corporate annual report when factored by users' years of work experience.	
		H17.1 ₀ : There is no significant difference between respondents' perceptions regarding the usefulness of the information included in the current annual report.(in general)	H18.1 ₀ : There is no significant difference between respondents' perceptions regarding the usefulness of the information included in the current annual report.(in general)	H ₀ : there are significant differences in mean agreement of each statement relative to the usefulness of the current annual report between the respondents' perceptions regarding the Libyan listed and unlisted companies.
		H17.2 ₀ : There is no significant difference between respondents' perceptions regarding the usefulness of the information included in the current annual report of Libyan listed companies when factored by the highest education level of users.(in general)	H18.2 ₀ : There is no significant difference between respondents' perceptions regarding the usefulness of the information included in the current annual report when factored by the highest education level of users.(in general)	
		H17.3 ₀ : There is no significant difference between respondents' perceptions regarding the usefulness of the information included in the current annual report when factored by users' years of work experience. (in general)	H18.3 ₀ : There is no significant difference between respondents' perceptions regarding the usefulness of the information included in the current annual report when factored by users' years of work experience. (in general)	

		<p>H19.1₀: <i>There is no significant difference between respondents' perceptions regarding the usefulness of the current annual report.(eight statements was examined)</i></p> <p>H19.2₀: <i>There is no significant difference between respondents' perceptions regarding the usefulness of the current annual report when factored by the highest education level of users.</i></p> <p>H19.3₀: <i>There is no significant difference between respondents' perceptions regarding the usefulness of the current annual report when factored by users' years of work experience.</i></p>	<p>H20.1₁: <i>there is significant difference between respondents' perceptions regarding the usefulness of the current annual report.(eight statements was examined)</i></p> <p>H20.2₀: <i>There is no significant difference between respondents' perceptions regarding the usefulness of the current annual report when factored by the highest education level of users.</i></p> <p>H20.3₀: <i>There is no significant difference between respondents' perceptions regarding the usefulness of the current annual report when factored by users' years of work experience.</i></p>	
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Objectives	Questions	One-way ANOVA		paired t-test
		Regarding listed companies	Regarding unlisted companies	
Objective 2	Q3.	H21.1 ₀ : there is no significant difference in mean credibility of the main sections of the annual report of Libyan listed companies between respondents' perceptions.	H22.1 _A : there is significant difference in mean credibility of the main sections of the annual report between respondents' perceptions.	H ₀ : there are significant differences in mean credibility of the main sections of the annual report regarding Libyan listed and unlisted companies.
		H21.2 ₀ : there is no significant difference in mean credibility of the main sections of the annual report between respondents' perceptions when factored by the highest education level.	H22.2 ₀ : there is no significant difference in mean credibility of the main sections of the annual report between respondents' perceptions when factored by the highest education level.	
		H21.3 ₀ : there is no significant difference in mean credibility of the main sections of the annual report between respondents' perceptions when factored by users' years of work experience.	H22.3 ₀ : there is no significant difference in mean credibility of the main sections of the annual report between respondents' perceptions when factored by users' years of work experience.	
		H23.1 ₀ : there is no significant difference in mean agreement that the current annual financial reports display the qualitative characteristics of financial information between user groups.	H24.1 ₀ : there is no significant difference in mean agreement that the current annual financial reports display the qualitative characteristics of financial information between user groups.	H ₀ : There are significant differences between Libyan listed and unlisted companies in mean agreement of user groups with that, the current annual financial reports of Libyan listed companies display the qualitative characteristics of financial information.
		H23.2 ₀ : there is no significant difference in mean agreement that the current annual financial reports display the qualitative characteristics of financial information when factored by the highest education level.	H24.2 ₀ : there is no significant difference in mean agreement that the current annual financial reports display the qualitative characteristics of financial information when factored by the highest education level.	
		H23.3 ₀ : there is no significant difference in mean agreement that the current annual financial reports display the qualitative characteristics of financial information when factored by users' years of work experience.	H24.3 ₀ : there is no significant difference in mean agreement that the current annual financial reports display the qualitative characteristics of financial information when factored by users' years of work experience.	

Objectives	Questions	Do the respondents' backgrounds (occupation, highest education level and years of work experience) affect their perceptions of evaluating the usefulness of the current corporate annual reports? One-way ANOVA	paired t-test
<p>3. To analyse the external users' perceptions of the adequacy of current disclosure in the published annual reports of Libyan listed and unlisted companies.</p>	<p>Q4. How do respondents evaluate the improvement in the adequacy of disclosure and assess the current disclosure of the annual reports published by Libyan listed and unlisted companies regarding investment decisions or recommendations?</p>	<p>Regarding listed companies</p> <p>H25.1₀: <i>There are no significant differences in improved mean of the adequacy of the annual reports published by Libyan listed companies when factored by occupations of users.</i></p> <p>H25.2₀: <i>There are no significant differences in improved mean of the adequacy of the annual reports published by Libyan listed companies when factored by the highest education level.</i></p> <p>H25.3₀: <i>There are no significant differences in improved mean of the adequacy of the annual reports published by Libyan listed companies when factored by users' years of work experience.</i></p> <p>H27.1₀: <i>There are no significant differences in adequate mean of the disclosure in the annual reports published by Libyan listed companies when factored by occupations of users.</i></p> <p>H27.2₀: <i>There are no significant differences in adequate mean of the disclosure in the annual reports published by Libyan listed companies when factored by the highest education level.</i></p> <p>H27.3₀: <i>There are no significant differences in adequate mean of the disclosure in the annual reports published by Libyan listed companies when factored by users' years of work experience.</i></p>	<p>Regarding unlisted companies</p> <p>H26.1₀: <i>There are no significant differences in improved mean change of the adequacy of the annual reports published by Libyan unlisted companies when factored by occupations of users.</i></p> <p>H26.2₀: <i>There are no significant differences in improved mean change of the adequacy of the annual reports published by Libyan unlisted companies when factored by the highest education level.</i></p> <p>H26.3₀: <i>There are no significant differences in improved mean change of the adequacy of the annual reports published by Libyan unlisted companies when factored by users' years of work experience.</i></p> <p>H28.1₀: <i>There are no significant differences in adequate mean of the disclosure in the annual reports published by Libyan unlisted companies when factored by occupations of users.</i></p> <p>H28.2₀: <i>There are no significant differences in adequate mean of the disclosure in the annual reports published by Libyan unlisted companies when factored by the highest education level.</i></p> <p>H28.3₀: <i>There are no significant differences in adequate mean of the disclosure in the annual reports published by Libyan unlisted companies when factored by users' years of work experience.</i></p>
		<p>H₀: <i>There are significant differences between listed and unlisted companies in improved mean of the adequacy of the annual reports attached by user groups.</i></p>	
		<p>H₀: <i>There are significant difference between listed and unlisted companies in adequate mean of the disclosure in the annual reports attached by user groups.</i></p>	

One-way ANOVA			
Objectives	Questions	Regarding listed companies	Regarding unlisted companies
		<p>4. To investigate the need for additional disclosure, and what kind of information external users would like to be disclosed for the purposes of investment decisions.</p>	<p>Q5. Do respondents demand additional disclosure in the annual financial reports published by Libyan listed and unlisted companies?</p>
			<p>paired t-test</p> <p>H₀: <i>There is no significant difference in mean usefulness between listed and unlisted companies regarding each of the selected information items.</i></p>

CHAPTER SIX

FINDINGS OF SEMI-STRUCTURED INTERVIEWS

6.1 Introduction

The previous chapter presented a quantitative analysis of questionnaires. Qualitative methods will be used in this chapter to present and analyse the results of the interviews. For purpose of this study twenty two semi-structured interviews were conducted with five different external user groups see table (6.1). As explained in chapter four, these interviews are used to triangulate the questionnaire method. In other words, the interviews were used to provide supporting evidence for the questionnaire findings. Nine main questions were developed and asked of interviewees (see appendix 2).

The interviews ranged in length from 40 to 65 minutes with most lasting between 45 to 60 minutes. Five interviews were recorded. The interviews have identified particular points of view related to the importance and the usefulness of financial reporting in Libya and the effect of the Libyan stock market on annual reports. The data collected from interviewees were analyzed using content analysis.

Table (6.1) Number of interviewees and their occupation

Occupation	Number of interviewees	Total interviewees
Individual investor	1 to 5	5
Institutional investor	6 to 9	4
Financial Analyst	10 to 13	4
Stockbroker	14 to 17	4
External Auditor	18 to 22	5
Total		22

6.2 Interviewees' Perceptions Concerning the Importance of the Annual Reports as a Source of Financial Information

The first question of the interview was: *What is the importance of the annual reports as a source of financial information to make investment decisions about a company in Libya and why?*

The vast majority of the interviewees (95.45%) believe that the financial statements are very necessary to make sound investment decisions about a company. This result is consistent with the result of the questionnaire in chapter five, section 5.4.1 concerning the importance of the annual reports in making investment decisions and the result of sub-question 2.3.4 regarding rely on the annual reports. To discuss this result the following question was asked: *why are the annual financial reports very important to make investment decisions?* The main reasons why the annual reports are important can be summarised as follows: There are three reasons behind the importance of the annual reports that were quoted from the interviews.

The first reason according to the vast majority of the interviewees (95.45%): is “the financial statements provide useful information that is not available from other sources” (see matrix 1 appendix 6) For example; interviewee No.4 who is an individual investor said:

“Annual reports of Libyan companies especially of listed companies are very important for investment decisions. It is important as it provides useful financial information for liquidity, profitability and activity which will help investors in assessing the financial situation and predict the future of the company.”

In line with the discussion above, interviewee No.6 who is an institutional investor reported that:

“The annual reports issued by the Libyan listed companies are very important to make investment decisions for two reasons: Firstly, these reports contain useful information for the investment decision which cannot be obtained from elsewhere.”

Interviewee No.12 who is a financial analyst said:

“The annual corporate reports provide financial information about companies and it is difficult to obtain this information from other sources. Therefore, despite being marred by criticism, it is without doubt the main source of financial information.”

According to the interviewee No.22 who is an external auditor:

“The importance of the corporate annual reports is the fact that they are the main source of accurate financial information on the companies.”

The second reason is that, other financial sources are limited in Libya such as financial magazines and advisory services. The majority of the interviewees (fifteen out of twenty-two (68.2%)) believe that the annual reports of Libyan companies are very important as they provide information for investment decisions because of the limit on other sources of financial information in Libyan market such as circulars and specialist publications (See matrix 1, appendix 6). For example interviewee No.6 believes that there are two reasons why they are important for investment decisions:

“....secondly these shares of trading companies have recently listed on the Libyan stock market and other alternative sources of financial information are limited compared to developed countries.” According to interviewee No.6

Stockbrokers firms are just beginning to emerge on the Libyan stock market and they have not provided advice as they should (Interviewees 11, 16 and 19). The interviewee No.11 who is a financial analyst said:

“I believe that advisory services as a source of financial information to the investor in making sound investment decisions on Libyan companies are not clearly available or at least limited so far. This is for several reasons such as lack of investment environment thus high prices of these services and lack of awareness of their importance as in developed countries, especially among individual investors.”

In this regard, interviewee No.16 said:

“...for example, brokerage firms should help investors by providing them with advice through the preparation of concise reports as well as providing information related to the future of the position of companies. In fact, this is currently not available or very limited in Libya. ”

This result supports the findings of the questionnaire regarding the importance of other sources; for example: 63.6% of the respondents believe that, the advisory service is an important or a very important information source about listed companies and 39.5% from unlisted companies respectively, see table (5.6 and 5.7 in chapter five).

The third reason is that: according to some of the interviewees (45.45%) who think that annual reports are very important for investment decisions because they are audited by external auditors who give independent views about the annual financial statements according to the legal requirements and stated rules in Libya. Therefore, they are considered to be reliable sources of information (Interviewees 4, 6, 8, 15, 19, 20, 21 and 22). In this respect, Interviewee No.20 said that,

“...The annual reports are of greater importance compared with other sources of financial information in Libya, for example, I think the quarterly financial reports are less important because they are subjected to a review process while the annual statements are subjected to an auditing process. ”

Interviewee No.8 said that,

“...The financial statements are very necessary for investment decisions about any company. This source provides useful information for investment decision. The financial statements are certified by a neutral agent according to the law which the external auditor, which will indicate whether these statements have been prepared in accordance with the accepted accounting principles or not; as well as whether they give a picture of the financial position and clarify the company's performance or not. All these are reasons which prove that relying on annual reports is very important in making investment decisions.”

In addition, Interviewee No.8 said that

“...the annual reports derive their importance in being the source of precise financial information about companies, and hence is a safe and reliable source, which you can rely on; and because most other sources, especially Circulars, are not precise as required, and to trace when preparing for the

most part accepted principles in the preparation of annual financial reports.”

In spite of the reference for the need to increase the independence of the external auditor, interviewee No.15 who is the head of a brokerage firm confirms that the report of the external auditor increases confidence in the financial statements.

“A review of financial statements by the external auditor increases the confidence in these reports, although in Libya we need to improve the independence of the external auditor” Interviewee No.15.

All the interviewees who are external auditors (19, 20, 21, and 22) consider this reason to be one of the reasons which makes the annual reports very important for making investment decisions.

From the above discussion three reasons behind the importance of the annual reports in making investment decisions or recommendations can be summed up as follows:

- a) The annual financial statements provide useful information that is not available in other sources.
- b) Shortage of other sources that provide useful financial information related to Libyan companies.
- c) The annual reports are very important for investment decisions about a company because they are audited by an external auditor who gives an independent view about it.

On the other hand, some of the interviewees have different points of view and criticism regarding the annual financial reports. The annual financial reports of Libyan companies are subject to some criticism by individual investors, institutional investors, financial analysts, stockbrokers and external auditors. Some of the interviewees (45.5%) stated that the annual reports in some cases, lack transparency especially in unlisted companies which do not have enough control over their disclosure. Therefore, some of them (22.7%) reveal that there is not enough confidence in the annual reports of Libyan unlisted companies. The following comments explain the views of some of the

interviewees from the several groups in this study. Interviewee No.2 who is an individual investor said:

“...Despite the importance of financial information statements for making investment decisions there are several reasons for reducing this importance: there is not enough transparency in the annual reports of companies; I think the management tries to conceal information which is sometimes very important in making investment decisions; as well as the lack of control over the disclosure especially regarding Libyan unlisted companies. Therefore, there is not enough confidence in the financial statements of Libyan companies”

The majority of the interviewees (63.6%) stated that the annual reports are not usually published on time and this result is consistent with the questionnaire result in section 5.9.1 see table (5.50 and 5.51). In addition, some of the interviewees (36.4%) said that the annual reports are limited in that they only provide historical information and do not include information which is important such as the cash flow statement. Interviewee No.4 said that

“Generally the annual reports lack the timeliness, as there is a delay in the ratification and adoption which is consequently reflected in a prospectus and therefore may lose or reduce its importance, as well as convenience in some decisions, such as identifying the volume of existing commitments, where some of these reports do not contain the controversial statement of the reconstruction of creditors and credit bank and the size of the outstanding debt and late payment.”

Interviewee No.22 suggests that

“The annual reports of Libyan companies have limited usefulness because they only include historical information in the financial report and most of them do not address the company’s position in the market and do not include plans for the financial future and do not contain the cash flow statement or list information on the performance and workers.”

In addition, the annual reports, in some cases, lack credibility because some external auditors do not perform their duties conscientiously. The annual reports sometimes disregard breaches of regulations which affect users’ confidence in the annual financial

reports (3, 2, 5, 7, 9, 11, 13 and 14 (36.4%)). For example in the questionnaire, one of the respondents who is an individual investor stated that:

“Libyan unlisted companies avoid taxes through the preparation of incorrect financial statements as well as auditors preparing dishonesty reports.”

Interviewee No.9 who is board member of an investment company said that:

“The basic problem facing the annual reports of Libyan companies is the low level of confidence in the accuracy of these reports because the external auditor, in some cases does not have the ability to detect errors and irregularities for several reasons, including inexperience, and lack of independence.”

Interviewee No.14 who is a stockbroker said:

“Some external auditors do not comply with the rules and ethics of the audit profession. This affects investor's confidence in financial reporting by Libyan companies. Therefore, laws should be passed on default in the performance of the profession”

This is consistent with the opinion of the external auditor (interviewee N.21) who said:

“...The unlisted companies are trying to avoid paying taxes by not including the disclosure of their assets, and implementing a number of projects without showing them in the accounts. Therefore, direct contact with the company's management and direct dialogue and the need to obtain the necessary information more meaningful than those reported in unlisted companies accounts”

Moreover, Interviewee No.5 said:

“The importance of financial reporting as a basis for investment decisions is low to the maximum extent. The first reason in my view is the delay of the annual reports. The Second reason is the low confidence in the data contained in these reports especially the auditor's report on the unlisted companies”

In this regard one external auditor (No.20) refrained from commenting on the credibility of the annual reports; said “It is in the hands of the auditors”. This means that the

external auditors should do their work as required to increase credibility of annual reports.

This argument differs from the result of the questionnaire regarding listed companies in chapter five, section (5.4.1), when the 93.4% of respondents believe that the auditor's report of listed companies is important or very important. On the other hand, this result (of the interview) is consistent with that, 71.7% of the respondents consider that the auditor's report of unlisted companies is important or very important (see section (5.4.1)).

Therefore, the question is why the annual reports of Libyan companies face these criticisms. Some of the interviewees (financial analyst and external auditor and individual investors) point out some of the reasons behind these criticisms. The accounting system in Libya is not developed enough. In addition, the current account system is designed to serve the purposes of the public sector under socialism. Furthermore, there are not any accounting standards in Libya that Libyan companies had to apply and the relevant laws did not develop for a long time.

In addition, one of the interviewees (financial analyst) reveals that there is a gap between accounting education and accounting practice in Libya. Accounting education is very traditional and could not improve its role in the accounting function.

On the other hand, some of the interviewees believe that the economic changes in recent years in Libya suggest that there have been many offer opportunities to enhance the accounting role in the Libyan environment. In addition, majority of the Interviewees argue that the Libyan Stock Market has had a good influence on the quality of the annual reports of listed companies. One of them reported it is too early to have any an influence on corporate reporting and he expected that this influence will be in the future.

Interviewee No.19 Said:

"The accounting and auditing professions have not been used as important tools in other words the accounting system did not progress at all."

He added:

"However, after expanding the ownership base there is a need to revive the role of accounting, but the accounting is still weak so far."

According to the interviewee No.2,

“The Libyan stock market has a good effect on the annual financial reports of listed companies.”

The interviewee No.15 who is chairman of brokerage firm suggested that

“Accounting curricula is inadequate in Libya as accountants are educated in traditional ways and they are not able to produce useful financial information for investment purposes.”

However, interviewee No.19 suggested that,

“...But in recent years there are economic changes that aim to expand the base of the ownership most notably the establishment of the stock market and the privatization of a number of public companies, the entry of foreign investors and the adoption of international standards of accounting and auditing.”

From the above discussion some points of criticisms of the annual financial reports can be summarised as the follows:

- a- Annual reports usually are not published on time especially concerning unlisted companies.
- b- There is a lack of transparency.
- c- Annual reports are limited to only historical information.
- d- Some external auditors do not perform conscientious work and sometimes breach regulations.
- e- There is not enough confidence in the annual reports of Libyan unlisted companies.

6.3 Interviewees' Perceptions Concerning the Importance of the Corporate Annual Report Sections:

In this section the interviewees were asked to give their views about the importance of the annual report sections for making investment decisions.

There is agreement between interviewees that all financial statements are important in making investment decisions. All of the interviewees (100%) believe that, income statements and the balance sheets are the most important sections in the annual report

for making investment decisions. This result supports the result of the questionnaire in chapter five, section (5.5.1). For example interviewee No.1 who is an individual investor, said that,

“Balance sheets and the income statements are the most important section in the annual report from which you can decide on the financial position of the company and management effectiveness”

According to interviewee No. 5

“I would like to confirm that the income statement is the most important section in the annual report in which the investor depends. It reflects the reality of operational activity of the company and the comparison with each year shows the stability of the activities that are handled by the company.”

According to interviewee No.20 who is an external auditor:

“In fact all sections of the annual report are important and useful in making investment decisions, they are connected to each other; However, the income statement and balance sheet are the most commonly used as most Libyan companies provide them in annual reports.”

This may be because income statements and balance sheets are more popular and the users have more experience about these statements. In addition, interviewee No.13 who is a financial analyst believes that,

“For making their investment decisions the individual investors are looking to the revenues and who is in the management of the company, may be because they do not like to pay the advice services costs as other investing companies.”

In addition, this is accepted by several interviewees, who are individual investors for example interviewee No.2 said that,

“Investment in the stock market is still a new idea in our society, the Libyan investor looks for the annual revenue paid by companies to shareholders (dividends). It (in his view) expresses the success of the company and he makes a decision to invest or not. I have noticed this trend from many individual investors.”

Moreover, Interviewee No.4 said:

“After examining the income statement and balance sheet, I discuss the decision with my family and friends.”

In addition, the cash flow statement is considered important for making investment decisions. Some interviewees (5, 7, 11, 13, 19, 20 and 22(22.7%)) reported that despite the importance of the cash flow statement, most Libyan companies do not publish them in their annual reports. This result is in line with the result of the questionnaire, (see table 5.14 and 5.15)

Interviewees No.20 stated that,

“...the cash flow statement is very important for making investment decisions but the most Libyan Listed and unlisted companies do not publish it in the annual reports.”

This is because the cash flow statement is considered to be a new requirement by Libyan stock market and this statement is not a prerequisite by Libyan commercial law from Libyan unlisted companies except Libyan commercial banks which should work in compliance with IASs based on Law (N.1/2005). Therefore, the majority of Libyan companies do not produce cash flow statements.

Interviewee No.22 said:

“The most important part in taking investment decisions is the financial reports, sales, cash flows, company's debts and the company's credit position.”

In addition, some interviewees (45.5%) believe that the auditor's report is a very important section in annual reports in listed companies. They argued that the auditor's report increases the level of confidence in financial reports by users. Some interviewees say they prefer a well known auditing office for they believe that the financial statements which are reviewed by these offices comply with the accounting principles and accounting standards, and in their work they come very close to the principles of disclosure. Some interviewees confirm the existence of a classification of audit offices, which depends on the reputation of the auditors in the market.

On the other hand, some interviewees (36.4%) disagree with the above argument when they state that, some external auditors do not perform their duty conscientiously and sometimes breach regulations. In addition, the directors' report as an important section of the corporate annual reports lacks transparency as an adequate disclosure (the interviews No. 2 and 11).

6.4 Interviewees' Perceptions Concerning Understanding of the Information Included in the Annual Reports

This section aims to examine the interviewees' perceptions concerning understanding of the information included in the corporate annual reports produced by Libyan companies. The majority of the interviewees (16 out of 22(72.7%)) believe that the information contained in the annual financial reports is not easy to understand.

For example interviewee No.1 stated that,

"I think that the information contained in the annual reports is not easy to understand but needs to be written in clearer and easier language, as well as adhere to accounting standards in its preparation."

In addition, some interviewees (No. 2, 3, 4, 5, 7, 10, 11,14, 19 and 21(45.5%)) reported that the notes to the financial statements should include more explanation about items in the financial statements. Sometimes annual reports seem to be ambiguous because of the lack of standardization and clear information (the external auditors No.21); in addition, managers of companies in some cases manipulate words and numbers to improve the company's image in the market especially unlisted companies (the stockbroker No.15). The stockbrokers reveal that, not all investors can understand the information included in the annual reports. Just those who have a high level of experience may have the ability to understand the reports properly (interviewees No.15, 16 and 17).

On the other hand some interviewees reveal that the information included in the annual reports is simple (the interviewee No. 11 and 22).

Interviewee No.11 said

"The information included in the annual reports is understandable but still limited in content and does not include all the details that are important in developed countries which work according the principles of disclosure."

This supports the result of the questionnaire (see table 5.21 and 5.22).

6.5 Interviewees' Perceptions Concerning the Usefulness of the Current Annual Reports in Making Investment Decisions

This section aims to support the questionnaire findings regarding usefulness of the information contained in the current annual reports for investment decisions.

The vast majority of the interviewees believe that, the information contained in the current annual financial reports are useful in making investment decisions for listed companies. In the interviews with most of the individual investors, institutional investors, financial analysts, stockbrokers and external auditors, state that the current annual financial reports are not enough to make investment decisions about unlisted companies. Most interviewees reveal that the annual reports of listed companies are more useful than the annual reports of unlisted companies for making investment decisions or recommendations. They consider that, listed companies are more committed to the IASs, they also provide adequate information to some extent to meet the needs of users in the field of investment; this is because the stock market demands that the companies should abide by IASs in the preparation of their annual reports. For example interviewee No.6 said that,

“The listed companies in the Libyan stock market publish annual reports which are very useful for making investment decisions; recently there is an evolution in the timeliness of the annual reports and the disclosure of adequate information to make investment decisions. On the other hand, the unlisted companies still have much to do to continue investors' confidence about those reports.”

In addition, interviewee No.15 said:

“The annual reports of listed companies are very useful as they provide information to assist investors in making the new investment decisions. They also provide information on profits and earnings per share and the possibility of the comparison over the years. In addition, some companies included the cash flow statement in the annual report.”

He also believes that,

“the annual reports of listed companies have improved regarding the issue time whereas the annual reports of unlisted companies are issued very late.” (Interviewee No.15)

Interviewee No.16 said that,

“The annual reports of listed companies provide essential information which plays a major role in investment decisions.”

Some interviewees have more confidence in the auditors' reports of listed companies than those of unlisted (See section 6.2 above). This is may be because the auditing offices which produce these reports are recognized in the stock market so they guard their reputation in the market by producing more accurate and credible reports.

Moreover, the majority of interviewees (72.7%) believe that, annual reports of Libyan listed companies provide information which allows them comparison of a company's performance over time. This result is consistent with the questionnaire findings (see table (5.37) in chapter five). However, interviewee No.11 believes that, it is not possible to make a comparison between financial statements of Libyan companies, because there is no basis of comparison in the country.

On the other hand, some interviewees indicated that the information included in some annual reports of Libyan companies do not meet many basic qualitative characteristics of financial information such as timeliness, comparability, consistent in accounting methods, completeness and materiality. For example, as presented in section (6.2.2) above, 54.5% of the interviewee stated that the annual reports usually are not published on time.

In addition, some interviewees reveal that the annual financial statements are limited for historical information and they do not include sufficient information which is very important such as cash flow statements (see section 6.1 above).

Regarding the credibility of the information included in the annual financial reports, the vast majority of the interviewees (90%) believe that annual financial reports of listed companies have more credibility than the annual financial reports of unlisted companies. This result supports questionnaire findings (see tables 5.46 and 4.47). The majority of interviewees (16 out of 22(72.7%)) believe that annual financial reports of Libyan listed companies are moderately credible; while the reports published by the unlisted companies lack credibility in content. For example interviewee No.4 states that,

“I believe that there is a very high percentage of credibility in the annual reports of Libyan companies because it is possible to make sure that the rules of engagement through the institutio’s reputation in the business market as well as through the financial reports published by the regulators and the media. In addition, the External Auditor's report is considered one of the reports that support the credibility of these reports as neutral and independent in order to enjoy the kind of transparency and impartiality.”

On the other hand, many reasons led to the lack of credibility in annual reports of Libyan companies which can be summarized as follows: All these reasons were suggested by the interviewees and where appropriate these reasons are substantiated by specific quotes from the interviews:

Some interviewees (36.4%) view that the annual reports in some cases lack credibility because the external auditors in some cases are not doing the work they should; this impacts on the quality of disclosure in corporate annual reports in Libya. In addition, this affects users’ confidence in the annual financial reports.

Interviewee No.11 said:

“There is a clear failure and negligence by the external auditors in their review of the financial statements. And they lack credibility due to several reasons: most importantly the absence of a code of ethics for accounting and auditing. And low religious motivation among many and focus on the material side more than other; the thing which has the adverse impact on the performance of the auditors; as well as some negative impact on performance because lack of experience.”

This reason could be less important because it is different to a large extent with the results of the survey in this study which indicated that the auditor’s report is considered as the most credible section of the annual reports of listed and unlisted companies with a mean scores of 3.8 and 3.5 (between neutral to credible) respectively.

Moreover, some of the interviewees (12 out of 22) believe that, the Libyan unlisted companies do not provide factual reports because of tax evasion. For example the external auditor in interviewee No.21 said that:

“There is a clear transparency in the annual reports of listed companies, while the unlisted companies are trying to avoid paying taxes by not

including the disclosure of their assets, and implement a number of projects without showing them in the accounts. The direct contact with the company's management and direct discussion with them allows to obtain the necessary information and is more important than the annual reports of unlisted companies”

In addition, the majority of the interviewees reveal that there is no implementation of laws under which to penalize an inadequate preparation, review and the adoption of the financial statements.

Some of the interviewees believe that because the external auditors obtain their fees from the management of companies, they owe allegiance to the management and therefore condone some irregularities (Interviewee No.10, 14, 15, 16 and 18).

In this regard, the interviewee No.20 with the external auditor expressed a reservation about the answer and only said the credibility of the annual reports is in the hands of the auditors.

The interviewees No. 2, 11 and 19 suggested that the internal control procedures are inadequate in many cases and non-existent in some cases with some companies, as well as the preparers and investors (individual and institutional) having in sufficient awareness of the annual reports of its importance and usefulness for the company and investments (interviewees No. 2 and 11). The interviewee No.11 added that sometimes the companies who prepare the financial statements also review and adopt them which reduces the quality of the audit of the financial statements.

6.6 Interviewees' Perceptions Concerning the Adequacy of the Current Disclosure of Information in the Annual Reports of Libyan Companies

This section aims to investigate the interviewees' opinions concerning the impact of the Libyan Stock Market on the disclosure in the annual reports and the adequacy of the current disclosure of information in the annual reports of Libyan companies in making investment decisions. In this regard the interviewees were asked two questions as follows:

1. Do you think that the Libyan stock-market has had an impact on the adequacy of disclosure in corporate annual reports in Libya?
2. In general, what is the degree of adequacy of the current disclosure of information in corporate annual reports of Libyan companies (listed and unlisted) in making investment decisions?

As in the questionnaire findings in section 5.31, the vast majority of the interviewees (77%) believed that the Libyan stock-market has had a positive impact on the adequacy of disclosure in the annual reports of listed companies. In addition, there are new requirements for listed companies; the most important of these requirements is that these companies must be applying IASs in preparing their annual reports. For example, interviewee No.3 said:

“There is no doubt that the stock market plays an important role in increasing the degree and level of disclosure of information in the corporate annual reports. On the other hand, there should be accounting standards in Libya because the absence of clear standards leading to the production of less useful information.”

Interviewee No.14 suggested that,

“The stock market has had a positive impact on the degree of disclosure and transparency, but does not go far enough yet”

Moreover, some of the interviewees indicated that, there is a control over the disclosure by the Department of Control and Follow up Risk in the stock market; the reason which helps to make the disclosure in the annual reports in listed companies more adequate.

The interviewee No.19 said:

“The listed companies in the Libyan stock market are committed to the requirements of listing in the stock market, and are subject to more control because the stock market is recently established in Libya and the number of companies listed there is very limited and all this helped in the process of control on the companies disclosure.”

However, the vast majority (77%) of the interviewees believe that, the current disclosure in the annual reports in Libya is adequate in making investment decisions regarding listed companies whereas it is inadequate in making investment decisions regarding unlisted companies. There is a high level of agreement in that Libyan unlisted companies do not publish the cash flow statements. Moreover, the vast majority of the interviewees think that the current disclosure in the annual reports of listed companies is more adequate than the current disclosure in the annual financial reports of unlisted companies. This result supports questionnaire findings (see table 5.56).

The interviewee No.4 said that,

“The current disclosure is inadequate because the current annual reports do not contain data to meet all the needs of investors.”

In addition, the interviewee No.11 supported that idea by saying:

There is a deficiency in financial information that should be included in the reports of the joint companies, also we can not say that the disclosure in the annual reports of the Libyan companies is sufficient at the moment due to the absence of certain regulations and laws which determine the necessary information that should be declared in the published annual reports.”

The interviewee No.19 said:

“In fact, the disclosure in the corporate annual reports is considered weak, especially in unlisted companies that do not provide sufficient information to make investment decisions, such as cash flows and forecast information about profits of company.”

On the other hand, the contrasting opinion was issued from the interview No.5 who asserts the following:

“the market is relatively new to reflect the impact on the corporate annual reports and most of the listed companies were originally public companies. Most of these companies received an injection to help improve their financial position before being listed on the stock market to ensure a sufficient demand to buy their shares; regarding the unlisted companies, shareholders are seeking now to reduce the number of owners and mostly these companies are based on a single source of capital, though in the form of a

joint stock company in line with the law of companies which is applied on the Libyan market.”

According to the above discussion, it can be argued that the stock market has had impact on the adequacy of disclosure in annual reports of Libyan listed companies. In addition, the vast majority of the interviewees think that the current disclosure in the annual reports of listed companies is more adequate than the annual financial reports of unlisted companies.

Moreover, the interviewees were asked to give their views about the degree of compliance with IAS and IFRS requirements of the annual reports published by Libyan companies. The results of the interviews reveal that there is weakness in complying with the international accounting standards by the Libyan companies in general and unlisted companies in particular. In addition, they suggested several reasons behind this weakness in adherence to IASs.

The majority of the interviewees believe that failing to abide by laws is one of reasons behind the inadequacy in meeting the international accounting standards in corporate reports in Libya. For example interviewee No.19 said that:

“As I said, accounting is still weak and one manifestation of this weakness is the lack of application of international accounting standards or standards of local accountability and this absence is due to the absence of the abiding by the laws of the country. Nevertheless, there have been good attempts in recent years for the application of international accounting standards such as the Law No. 1 / 2005 on commercial banks as well as the decision of the General Peoples Committee (134/2006), which stipulated that the listed companies should be committed to the preparation of financial reports in accordance with international standards of accounting.”

In addition, interview No.8 said that,

“the level of commitment to the application of IASs is low so far for several reasons. They were not mandatory to apply in the previous time, just were a individual jurisprudence based on accounting systems of foreign companies.”

Moreover, some of the interviewees (seven out of twenty two) added another reason which is the lack of experience about the IASs of those who prepare the financial statements. In this regard, for example interview No.12 said that,

“Applying the international standards require accountants who have experience in IAS which is now missed by most of the preparers the financial statements in Libya. Hence in order to be able to apply the IASs and IFRSs we need to train preparers and auditors regularly as well as improving accounting education in Libya.”

Some of the interviewees believe that there are attempts to improve the compliance with the IASs and IFRSs by Libyan companies. According to interview No.11 said that

“In general, there is no good application by Libyan companies in the preparation of annual reports according to the IASs, due to the lack of experience by the preparers in these standards. On the other hand some individual companies are trying to comply with the requirements of international accounting standards by organizing some training courses on IASs.”

However, the vast majority of the interviewees (77.2%) think that the listed companies have improved their financial reporting and the compliance with the IASs and IFRSs, for example interview No.20 said that,

“We have seen an improvement in the listed companies for the preparation of the financial statements and increase respect for the implementation of the principles of accounting, assets and try to start the application of IASs which is still missed by unlisted companies.”

In addition, interviewee No.15 agreed with that when he said:

“I think that the listed companies’ level of compliance with IASs and IFRS had been influenced by Libyan Stock Market disclosure requirements over the years.”

6.7 Demand for Additional Disclosure

This section aims to present and analyze the opinions of interviewees related to their demands for additional disclosure in the annual reports published by Libyan companies.

All of the interviewees have expressed the desire to see more disclosure. The vast majority of the interviewees (86.4%) viewed that the annual reports should include the cash flow statements, distribution of expected profits and future information about plans of the company. For example, the interviewee No.20 said that,

“The cash flow statements should be included in the corporate annual reports.”

Moreover, the interviewee No.22 believe that

“Yes, there is a lot of information such as funding plans for future projects, and investment plans and sources of funds and expected cash flows.”

However, 63.6% of the interviewees, mainly (2, 4, 10, 11, 14, 19 and 22) see that the expected events that would affect the company's activity will be very useful if presented in the corporate annual reports. For example, the interviewee No.14 said

“Most Libyan companies do not provide information about cash flows during the year as they do not contain information about the future plans of the company and anticipated events that would affect the company's activity.”

22.7% of the interviewees, mainly (2, 6, 11, 16, and 22) reveal the usefulness of the information about plans regarding the application of technology; the means of development; in addition, the company's share in the market and plans to maintain and develop. For example interviewee No.22 said that,

“In addition, the corporate annual reports should include the information concerning the replacement of employment with machinery, and the means of development.”

The conclusion that can be drawn from the above discussion is that most interviewees are demanding more disclosure. The vast majority of the interviewees viewed that the annual reports should include the cash flow statements, distribution of expected profits and future information about plans of the company. In addition, the majority of the interviewees believe that the expected events that would affect the company's activity are very useful for making investment decisions.

6.8 Summary

A qualitative method was used in this chapter to analyse and present the results of twenty two semi-structured interviews, which were conducted with five different external user groups. The interview method used in this study to support the questionnaire method.

With regard to the interviewees' attitudes towards the importance of the annual financial reports for external users to make investment decisions or recommendations, the vast majority of the interviewees believed that the financial statements are necessary to make sound investment decisions about a company. They suggested three reasons behind the reliance on annual reports; the first reason, and that is according to vast majority of the interviewees, is that financial statements provide useful information that is not available from other sources. The second reason is that, the majority of the interviewees believed that the annual reports of Libyan companies are very important to provide information for investment decisions because of the limitation of other sources of financial information in Libyan market. The third reason is that: some of the interviewees believed that annual reports are very important for investment decisions because they are audited by external auditors who provide independent views about them.

On the other hand, there were some notes of criticism of the annual financial reports by the interviewees. More than half of the interviewees believe that annual reports usually are not published on time especially concerning unlisted companies. Some of the interviewees reveal that there is a lack of transparency. In addition, some external auditors do not perform conscientious work and sometimes breach regulations.

However, there was agreement between interviewees that all financial statements were important in making investment decisions. They believe that, income statements and balance sheets are the most important sections in the annual report.

The majority of the interviewees believed that the information contained in the annual reports is not easy to understand. They suggested that the notes of the financial statements should include more explanation about items in the financial statements. The stockbrokers reveal that, not all investors can understand the information included in the annual reports. Only those who have a high level of experience may have the ability to understand the reports properly.

Concerning the usefulness of the information contained in the current annual financial reports, the vast majority of the interviewees believe that, they were useful in making investment decisions for listed companies but they were not enough to make investment decisions about unlisted companies. They believe that annual reports of listed companies have more credibility than the annual reports of unlisted companies.

The vast majority of the interviewees believed that the Libyan stock-market has had an impact on the adequacy of disclosure in the annual reports in listed companies. However, the vast majority of the interviewees believe that, the current disclosure in the annual reports in Libya is adequate in making investment decisions regarding listed companies whereas it is inadequate in making investment decisions regarding unlisted companies.

The results of the interviews reveal that there is weakness in complying with the international accounting standards by the Libyan companies in general and unlisted companies in particular.

As a final point, all of the interviewees recommended more disclosure. The vast majority of the interviewees said that the annual reports should include the cash flow statements, distribution of expected profits and future information about plans of the company.

CHAPTER SEVEN

DISCUSSION AND CONCLUSIONS

7.1 Introduction

The aim of this chapter is to discuss the main findings of the data collected for the purpose of this study which are the questionnaires and the semi-structured interviews; moreover, to link the main conclusions that emerge from the research. This chapter is divided into five sections. The second section discusses the results of the study. The third section presents a conclusion to the study. Section four presented the recommendations while the fifth section highlights the contribution of the study to knowledge. Section six discusses the limitations of the study while section seven illustrates the need for further research.

The study sets out to investigate the usefulness of annual financial reporting of Libyan listed and unlisted companies following the economic changes in Libya and to determine external users' perceptions of demand for additional information in annual financial reports published by Libyan listed and unlisted companies. The objectives of this study can be outlined as follows:

1. To examine the importance of the corporate annual reports for external users to make investment decisions or recommendations in Libyan listed and unlisted companies.
2. To determine the external users' perceptions of corporate annual reports in Libya towards the use and usefulness of these reports.
3. To analyse the external users' perceptions of the adequacy of current disclosure in the published annual reports of Libyan listed and unlisted companies.
4. To investigate the need for additional disclosure, and what kind of information external users would like to be disclosed for the purposes of investment decisions.

In order to fulfill the above objectives, this study seeks to answer the following questions:

1. How important is the corporate annual report as a source of information among other sources for respondents to make investment decisions or recommendations about Libyan listed and unlisted companies?
2. What are the most important sections of corporate annual reports of Libyan listed and unlisted companies for respondents?
3. How do respondents evaluate the use, the understandability and the usefulness of the current corporate annual reports of Libyan listed and unlisted companies regarding making investment decisions or recommendations?
4. How do respondents evaluate the improvement in the adequacy of disclosure and assess the current disclosure of the annual reports published by Libyan listed and unlisted companies regarding making investment decisions or recommendations?
5. Do respondents demand additional disclosure in the annual financial reports published by Libyan listed and unlisted companies?

7.2 Discussion of Results

This section discusses and interprets the main findings of the study that are presented in Chapters five and six. Furthermore, it is important in comparing the results of the study with previous studies and explaining what the similarities and differences are and why they have occurred (Greswell 1994).

7.2.1 The Importance of Corporate Information Sources

In the accounting literature, the importance of information sources is considered a significant factor in determining the relative usefulness of corporate annual reports. Therefore, to investigate users' perceptions of the importance of corporate annual

reports respondents were asked to rate their importance in making investment decisions compared with other information sources. The results presented in chapter five, section 5.4 reveal that generally, there is agreement among all external user groups surveyed in this study that corporate annual reports were considered as the most important source of information about Libyan listed and unlisted companies. However, it is important to note that all five groups of external users ranked corporate annual reports as the most important source of information about listed and unlisted companies. This result was confirmed by the interview findings when the vast majority of the interviewees (twenty-one out of twenty-two (95.5%)) believed that the financial statements are very necessary to make sound investment decisions about a company. The most important reason behind this is that the annual financial statements provide information that is not available from other sources. This may be because other sources are new and limited in the Libyan context. This is also supported by the results of the question 2.6 of the questionnaire regarding useful areas of the annual reports (see section 7.5). In addition, the annual reports of listed companies were given a mean score higher than the annual reports of unlisted companies. This is may be because the listed companies are subject to the requirements of the Libyan stock market, which imposes censorship on the disclosure in the annual reports published by listed companies, such as to prepare the reports in accordance with IASs. In addition, according to legal requirements in Libya, these reports should be approved by external auditors.

This result was supported by the results of a One-way ANOVA test which indicates that there are no statistically significant differences in mean importance of the annual reports of listed companies between the user groups (see table (5.8) in chapter five, section 5.3.2) as well as, when factored by years of work experience, the results indicate that there are no statistically significant differences in mean importance of the annual reports of listed and unlisted companies between the user groups whereas when factored by level of education, the results of the One-way ANOVA test presented in table (5.11) in chapter five reveal that there are statistically significant differences at level 0.05 between the user groups of the annual report of Libyan listed and unlisted companies. Therefore, a post hoc test using Duncan indicated that the respondents who have less than a university level education thought the importance of annual reports of listed companies is less than for other respondents.

On the other hand, the annual reports of Libyan companies were subject to some criticisms by the interviewees suggesting that the annual reports in some cases, lack transparency especially in unlisted companies which do not disclose sufficient information discloser. As well, they suggested that, the annual reports, in some cases, lack credibility because some external auditors do not perform their duties conscientiously. The annual reports sometimes disregard breaches of regulations which affect users' confidence in the annual financial reports. Therefore, they reveal that there is not enough confidence in the annual reports of Libyan unlisted companies. This could be explained by the findings of Almalhouf (2009) who found that, 53.2% of the respondents disagreed that the Libyan Accounting and Auditors Association (LAAA) is playing an important role in developing the accounting and auditing profession. Moreover, Almalhouf (2009) highlighted that, 46.4% of the responses disagreed that rules and regulations in the Libyan laws include comprehensive provisions that enhance and maintain the auditor's independence.

In addition, It is noteworthy that there is a high level of agreement among target groups in this study that each information source was ranked more important regarding listed companies than the same source about unlisted companies, except "Direct information from the company" which was given a mean score of 3.8 about listed companies as the third most important source and 3.9 from unlisted companies as the second most important source of information. These results matched the results of t-test (Paired Samples) which indicated that there are significant differences in respondents' perceptions between Libyan listed and unlisted companies in mean importance of information sources for all sources in the list.

However, the reason for giving "Direct information from the company" a higher ranking than the interim reports may be due be to the fact that the latter are not required to publish by the Libyan unlisted companies. In addition, as the majority of the interviewees suggested, the annual reports of unlisted companies are not sufficient for making investment decisions or recommendations. In addition "Personal recommendations and advice" was considered as the eighth most important source about listed companies with a mean score of 2.6 as well the eighth most important source of information about unlisted companies but with a mean score of 2.7. It is clear

that the respondents do not rely on personal recommendations and advice to make their investment decisions.

Therefore, the answer to the first question of this study which is: *How important is the corporate annual report as a source of information among other sources for respondents to make investment decisions or recommendations about Libyan listed and unlisted companies?* Generally, there is agreement among all external user groups surveyed in this study that corporate annual reports were considered as the most important source of information about Libyan listed and unlisted companies.

7.2.1.1 A Comparison with Previous Studies Regarding the Users' Rating of the Importance of Various Sources of Corporate Information

There are several studies that have examined the relative importance of corporate annual reports to the external users in making investment decisions in comparison with other sources of information. These studies show some differences. They were undertaken in developed and developing countries. In addition, differences could be attributable to the population from, which the samples surveyed, were drawn. Also, these adapted different methods of measuring users' perceptions regarding the importance of sources of corporate information. From table (7.1) a comparison with another study undertaken in Libya (Bribesh 2006) which was limited to the users' perceptions about Libyan companies before the establishment of the Libyan stock market. Comparing the results of the present study with Bribesh (2006) demonstrates that corporate annual reports are still the most important sources of financial information for user groups in Libya. However, the respondents in the present study gave a higher mean score for importance of the annual reports of listed companies than annual reports of unlisted companies. Therefore, based on responses of the interviewees, it is argued that the establishment of the Libyan Stock Market has raised the importance which was given to corporate annual reports. In addition, the results indicated that, direct information from the company as a source of information was considered to be the second most important source about unlisted companies and third regarding listed companies. This means that external users in Libya depend mainly on information published by the companies for their investment decisions.

However, the results of the present study regarding the importance of the annual reports as a source of financial information supports the findings of many previous empirical studies in developing and developed countries (e. g. Lee and Tweedie 1975 and 1981; Anderson, 1981; Chang and Most, 1981; Day, 1986; Abdelsalam, 1990; Epstein and Pava, 1993; Abu-Nassar and Rutherford, 1996; Naser et al. 2003; Mirshekary and Saudagaran, 2005 and Al-Ajmi, 2009).

In three countries; the USA, the UK and New Zealand for example, Chang and Most (1981) investigated the perceived usefulness of quantitative and qualitative data contained in annual reports. They surveyed three user groups included individual investors, institutional investors and financial analysts. They found that the corporate annual report is the most important source of information for investment decisions. In Iran, Mirshekary and Saudagaran, (2005) found that the annual report is the most important source of information and advice from friends and acquaintances is the least important source. Al-Ajmi, (2009) found that the individual investors in Bahrain perceived corporate financial statements as the most important source of information for their investment decisions.

On the other hand, the results in this study are not consistent with the findings of Bartlett and Chandler (1997) who found the annual report to be the seventh most important source of information about the company; and Anderson & Epstein (1995) who found it was considered as the third most important source.

Anderson and Epstein (1995) found that the financial newspapers and magazines were considered as the second basis of shareholder investment decisions after advice of the stockbrokers, which was the first; while, in the present study, the results show that financial newspapers and magazines as a source of financial information, was ranked as the seventh most important source (mean, 3.4) about listed companies and the sixth regarding unlisted companies but with a mean score of 2.8.

Moreover, table (7.1) shows, that the market rumours was ranked (in the current study) as the least important source with a mean score of (2.5 and 2.3) about listed and unlisted companies respectively. This result is largely similar to the results of some previous studies presented in table (7.1). In Jordan for example, Abu-Nassar and Rutherford, (1996) found that, the market rumours was considered as the eighth (least) most

important source. In addition, in Qatar, Alattar and Al-Khater (2007) and in Bahrain, Al-Ajmi, (2009) found that the rumours were the less important source of corporate information.

Table (7.1) Comparing the results of the present study with those studies undertaken in developed and developing countries regarding importance of the sources of financial information.

	Current study in Libya		Developing countries						Developed countries				
	Regarding Libyan listed companies		Regarding Libyan unlisted companies		Bribesh, (2006) Libya	Al-Ajmi, (2009) Bahrain	Mirshekary & Saudagaran, (2005) Iran	Naser et al, (2003) Kuwait	Abu-Nassar and Rutherford, (1996) Jordan	Bartlett and Chandler (1997) UK	Anderson and Epstein (1995) Australia	Epstein and Pava (1993) USA	Anderson (1981) Australia
	Mean	Ranking	Mean	Ranking	Ranking	Ranking	Ranking	Ranking	Ranking	Ranking	Ranking	Ranking	Ranking
Annual reports of companies	4.7	1	4.1	1	1	1	1	1	1	7	3	1	1
Interim reports	4.1	2	3.1	5	NA	NA	5	NA	NA	4	NA	NA	NA
Advisory services	3.8	3 ^F	3.2	4	2	3	6	3	NA	NA	4	3	5
Direct information from the company	3.8	4 ^F	3.9	2	3	NA	4	2	2	NA	NA	NA	3
Financial newspapers and magazines	3.4	7	2.8	6	5	5	3	8	5	1	2	3	4
Government publications and statistics on companies	3.8	5 ^F	3.4	3	NA	NA	NA	4	NA	NA	NA	NA	6
Personal recommendations and advice	2.6	8	2.7	8 ^F	4	8	7	7	5	NA	6	6	NA
Market rumours	2.5	9	2.3	9	NA	9	5	6	8	NA	NA	NA	7
Internet	3.7	6	2.7	7 ^F	NA	NA	NA	NA	NA	NA	NA	NA	NA

^F = As the mean scores were equal, rank based on the lowest standard deviation

7.2.2 The Importance of Sections of Corporate Annual Report

This section discusses the main findings of the study related to the most important section of corporate annual reports published by Libyan listed and unlisted companies. The main findings in the present study regarding the most important section of corporate annual reports are presented in chapter five, section 5.4 shows that all sections of the annual report are important or very important for making investment decisions or recommendations about Libyan listed and unlisted companies except the directors' report (see table, 5.14 and 5.15). In addition, the income statement and balance sheet are considered as the most important sections. This result was supported by the interview findings when all of the interviewees (100%) believed that, the income statement and the balance sheet were the most important sections in the annual report for making investment decisions. This is because the income statement and balance sheet are more popular with other sections of the annual report and the users have more experience of these statements. In addition, the income statement seems to provide the most important information to individual investors, which is profitability and the dividends, to decide whether to buy, to hold, or to sell the company's stock.

Moreover, the result is consistent with the findings of many previous studies (e. g. Lee and Tweedie 1975; Anderson 1981; Epstein and Pava 1993; Berry and Waring, 1995; Abdelsalam 1990; Abu-Nassar and Rutherford 1996; Rawy, 2003; Bribesh, 2006; Al-Razeen and Karbhari 2004 & 2007; Al-Ajmi, 2009 and Dardor, 2009).

The auditor's report was perceived as the third most important section after the income statement and the balance sheet regarding listed and unlisted companies. The reason for this perception, as explained by the interviewees, is that the external auditor provides an independent view about the financial statements. This finding is similar to findings by Abu-Nassar and Rutherford (1996), Al-Razeen and Karbhari (2007) and Dardor, (2009). On the other hand, there are a number of differences with the results of the US and Australia studies regarding that. This result is contrary to the result reported by the Anderson and Epstein (1995) study in Australia who found that the auditor's report was found to be the least useful section contained in the annual report. In addition, Bartlett and Chandler (1997) found that the income statement was considered as the third most important section in the annual report for making investment decisions, the balance

sheet as the seventh most important sections and the auditor's report was ranked as the eleventh sections.

The cash flow statement was ranked as the fifth most important section of the annual report with regard to listed companies; whereas it was ranked as the sixth most important section with reference to unlisted companies. This probably reveals that the user groups are concerned about profitability more than liquidity. There is some difference with the result found here. The cash flow statement was also ranked as the third most useful section equal to the balance sheet and after the income statement (Christopher and Hassan 1999).

In the present study, the directors' report was considered as the least important section of annual reports of Libyan listed and unlisted companies. This is also supported by the interview findings. Some of the interviewees thought that, the directors' report as a section of the corporate annual report lacks the transparency as an adequate disclosure. These results are similar to findings by Bribesh (2006) who found that financial information, including the balance sheet and the profit and loss statement are the most important sections in the annual report followed by the audit report. In addition, these results are similar to findings by Dardor (2009) who found that Management report was considered as the least important section of annual reports of Libyan industry companies.

The present study was slightly different with Lee and Tweedie (1975) when they found that the directors' report was ranked as the fourth most important section and Anderson and Epstein (1995) who found that the directors' report was considered as the sixth useful section in the annual reports.

The results of the survey also indicated that participants from the target groups achieved a general consensus on the importance of the balance sheet. In both listed and unlisted companies, the results indicate that there is no statistically significant difference in mean importance of the balance sheet when factored by occupations and work experience years of the respondents.

Moreover, the results show that the background of the respondents (occupation, highest education level and years of work experience) significantly affect their perceptions of

the cash flow statement in the annual reports of listed and unlisted companies in making investment decisions or recommendations. For instance, individual investors gave a mean less important reflecting for cash flow statements. On the basis of Alattar's and Al-Khater's (2007) research this is not unduly surprising as for the findings reported by Tweedie (1975), Wilton and Tabb (1978). Therefore, the answer to the second question of this study which is: *What is the most important section of corporate annual reports of Libyan listed and unlisted companies for respondents?* Generally, the respondents considered all sections of the annual reports as important or very important for making investment decisions or recommendations about Libyan listed and unlisted companies except the directors' report. In addition, the most important sections were the income statement and balance sheet followed by the auditor's report.

7.2.3 Use of the Annual Reports of Listed and Unlisted Libyan Companies

This section aims to discuss the results of the four sub-questions in question 2.3 which are (2.3.1, 2.3.2, 2.3.4 and 2.3.5); however the sub-question 2.3.3 will be covered in the next section.

The results of the present study show that majority of the respondents (83.9% and 75.9%) either agree or strongly agree (in question 2.3.1) with the fact that the annual reports are used for their investment decisions regarding listed and unlisted companies. These results are somewhat similar to Bribesh (2006) who found that 66% of the target user groups in his study, usually or always use corporate annual reports for their decisions about a company.

The results of the present study indicate that, respondents' occupation significantly affects their perceptions of the use of the annual financial reports of listed and unlisted companies in making investment decisions or recommendations. Moreover, the Duncan test reveals that, financial analysts use the annual reports more than other user groups. The mean score assigned to financial analysts was 4.6 and is significantly different from means scores of 4.2, 4.2, 4.1 and 4.1 for institutional investors, external auditors, stockbrokers and individual investors respectively. This might be attributable to their experience as respondents' years of work experience have affected their answers regarding the use of reports; both in listed or unlisted companies; as well as users

groups use of annual reports with different levels of means. These results are consistent with Abu-Nassar and Rutherford, (1996) and Mirshekary & Saudagaran, (2005).

In addition, the results of the present study reveal that most of the respondents agree or strongly agree (in question 2.3.2) with the fact that they read carefully the information within the annual reports of listed and unlisted companies. The results indicate that respondents generally read carefully the information provided in annual reports of listed companies (mean 4.1) more than unlisted companies (mean 3.8) (see tables 5.21 and 5.22). The results demonstrate that there is no significant difference in the reading of the annual reports of listed companies in making investment decisions or recommendations attributed to respondents' occupation, highest education level and years of work experience of users. In contrast to listed companies, respondents' occupations and years of work experience do affect respondents' perceptions of the reading of the annual reports of unlisted companies. For example, the stockbrokers group was in less agreement with this sentence "I read carefully nearly all the information within the annual financial reports" than other groups with the exception of the individual investors group. This may be because stockbrokers are interested in listed companies more than unlisted companies.

The question 2.3.4 aimed to investigate the extent to which respondents rely on the annual reports of listed and unlisted companies in making investment decisions or recommendations. The results have shown that the majority of the respondents rely on the annual reports of listed companies in making investment decisions or recommendations (mean 3.9); whereas half of them rely on the annual reports of unlisted companies (mean 3.4). This result is supported by the result of question 2.1 which suggested that, the annual report of listed companies was more important than unlisted companies. Furthermore, these results are supported by interview findings when the vast majority of the interviewees believe that the financial statements are very necessary to make sound investment decisions about a company. This is because the financial statements provide useful information that is not available in other sources. This result is inconsistent with the Anderson and Epstein (1995) study that found that just 14.4% of shareholders in their study suggested that they make their investment decisions on the basis of their analysis of annual reports. The results of a one way ANOVA test revealed that there was no consensus among the perceptions of

respondents attributed to their occupation and highest education level regarding the reliance on the annual reports of unlisted companies. More specifically, there are significant differences between external auditor and financial analysts (with mean score of 3.6 & 3.7) in the same subset and the stockbrokers and individual investors groups in another subset (with a mean score of 3.1 & 3.2). In addition, the respondents who have less than university level education rely on the annual reports of unlisted companies less than other respondents who have a university degree or above.

Finally, question (2.3.5) aimed to generally investigate the respondents satisfaction with the information provided in the annual financial reports of Libyan listed and unlisted companies. The results reveal that half of the respondents were satisfied with the information provided in annual reports of listed companies whereas just 28.3 % said they are satisfied regarding unlisted companies. The results indicate that respondents are generally somewhat satisfied with the information provided in annual reports of listed companies (mean 3.4) more than unlisted companies (mean 2.9) when making their investment decisions or recommendations. This is in line with the result found in the following sections.

7.2.4 The Understanding of the Information Included in the Annual Reports

For corporate information to be useful, it should be presented in an understandable manner. The level of understanding of the corporate annual reports by external parties is considered to be one of the important qualitative characteristics which annual reports should have. The corporate annual report is seen as an important device for communication between management and shareholders (and others), (Bartlett and Chandler, 1997). As a result, information that is not understood is neither communicated nor useful. (Smith and Taffler, 1984:139)

By checking whether respondents generally understood the information within the annual reports; in question 2.3.3 of the questionnaire, the respondents were asked about their agreement level with the statements that is "*In general, I find the information within the annual reports easy to understand.*" The result reveals that, from listed companies, half of the respondents in the overall sample agree or strongly agree with the fact that the information within the annual financial reports is easy to understand whereas just 12% of them disagreed or strongly disagreed (table 5.21). The results of

the study indicate that respondents' occupation did not affect significantly their perceptions of the understandability of information within the annual reports published by listed companies while it did affect their perceptions with regard to unlisted companies. Based on Duncan test, the stockbrokers' agreement mean (2.9) is significantly different from the means given by institutional investors and financial analysts groups (3.5 and 3.3). In addition, the mean given by institutional investors (3.5) is significantly different from the means given by stockbrokers and individual investors (2.9 and 3.0). This is because the institutional investors and financial analysts have more experience than the stockbrokers and individual investors groups regarding unlisted companies; where the differences in respondents' years of work experience significantly affected their perceptions regarding the understandability of information within the annual reports published by listed and unlisted companies (see table 5.25). This result is consistent with interviewees' opinion which reveals that, not all investors can understand the information included in the annual reports; they suggested that just those who have a high level of experience may be having the ability to understand the reports properly.

In question (2.4) of the questionnaire, the respondents were asked to rate the understanding level of seven sections of the corporate annual report. The results (section 5.6) indicate that the auditor's report is considered as the most understandable section about listed and unlisted companies followed by the income statement and balance sheet. In addition, the results show clearly that all groups consider that the auditor's report, the income statement and the balance sheet are the three most understandable sections in the annual reports of listed and unlisted companies. This may be because the income statement and balance sheet are more popular and the users have more experience about these statements. The cash flow statement was considered as the least understandable section with a mean score of 3.20 for listed companies and 2.78 for the unlisted companies. All respondents groups ranked the cash flow statement as the least understandable section in the annual reports of listed and unlisted companies, as it received the lowest mean score by all groups except the institutional investors group who ranked the cash flow statement of unlisted companies as the sixth out of seven understandable sections in the annual reports of listed companies followed by notes to the financial statements. This result is matched by the interviews findings when some

interviewees reported that despite the importance of the cash flow statement, most Libyan companies did not publish them in their annual reports in breach of IAS requirements. This result supports the findings of some previous empirical studies which found that the Auditor's report as the most understandable section (e. g. Anderson & Epstein, 1995; Abu-Nassar and Rutherford, 1996 and Naser et al. 2003). However, this result was somewhat different to the finding by Epstein & Pava, 1993; Hung et al., 1995; Al-Razeen & Karbhari, 2007; and Alattar and Al-Khater, 2007). For example this result contradicts with Alattar and Al-Khater (2007) study which revealed that the auditor's report was the fourth most understandable section of annual reports in Qatar. In addition, Hung et al. (1995) reported that the majority of the respondents in their study believed that the cash flow statement easy to understand.

Regarding the effects of background characteristics of respondents, the results of the present study indicate that respondents' occupation did affect respondents' perceptions for all the sections of the report of listed and unlisted companies except "Notes to the financial statements" and "Directors' report" of listed companies. The results indicated that the individual investors have significantly different views than the majority of other user groups on the understanding of the five sections which are the balance sheet, statement of retained earnings, income statement, cash flow statement and auditor's report. For example, the individual investors group perceived the balance sheet (in listed companies) to be less understandable than the institutional investors, financial analysts and external auditor groups did. The plausible explanation for these results might be that other groups are specialized in the field of accounting more than the individual investors.

Concerning the listed companies, respondents' highest education levels did not affect their perceptions for all the sections of the report with the exception of the cash flow statements of listed companies, whereas the respondents' highest education levels do affect their perceptions for the balance sheet, income statement and cash flow statement of unlisted companies. For example, with regard to the cash flow statement of unlisted companies, the lowest mean score (2.1) was assigned by the respondents who have less than a university level of education. It is significantly different from all means given by other groups. Therefore, the results reveal that the highest levels of education of the respondents have a slightly significant influence on their perceptions regarding the

understanding of the annual reports sections. Moreover, the results of the present study reveal that, the years of work experience of the respondents had influenced their understanding of the annual reports sections. In general, understanding of the annual reports sections is at a lower level for the respondents who did not have any years of work experience and who have less than 5 years of work experience which is not surprising. This perhaps reveals a need to introduce some changes to the sections that showed a low level of understanding allowing the information to be more understandable for these particular user groups (Alattar and Al-Khater 2007 and Alijarde, 1997).

7.2.5 Users' Perceptions on the Usefulness of the Current Annual Reports of Listed and Unlisted Libyan Companies in Making Investment Decisions

The financial reporting objectives provided by International Accounting Standards Board (IASB) sets out the following principles:

"The objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity" (2010:10).

This section, therefore, aims to discuss the main findings of the study related to respondents' evaluation of the usefulness of the current corporate annual reports of LJSC regarding making investment decisions or recommendations.

Firstly, the results of this study indicated that users in general believe that the annual reports of Libyan listed companies to be useful (with mean score of 3.8) in making investment decisions or recommendations (see table 5.35 in chapter five). Concerning Libyan unlisted companies, the respondents gave a mean score of 3.1. Only 6.3% considered it to be very useful and 29.4% considered it to be useful. In contrast, 20.3% considered it to be not useful and 3.5% of respondents considered it not useful at all. These results show that, all user groups of this study considered that the annual reports of Libyan listed companies are in general more useful than the annual reports of Libyan unlisted companies. These results are consistent with the Abu-Nassar and Rutherford,

(1996) who found that most external users felt that financial reporting was at least moderately useful.

Moreover, statistically, the one-way ANOVA test in table (5.39) revealed that there were significant differences ($P = .016$) between the respondents' perceptions of usefulness measured by the mean with regard to the information included in the annual reports of Libyan listed companies (when factored by respondents' occupations). In addition, the result of the Duncan test indicated that there are significant differences between individual investors (with a mean score of 3.7) in the subset one and institutional investors in the subset two (with a mean score of 4.0) and the stockbrokers group in the subset three (with a mean score of 4.1). On the other hand, the results show that, all user groups in this study (individual investors, institutional investors, financial analysts, stockbrokers, external auditors) believe that the information included in the annual reports of Libyan unlisted companies is not useful in making investment decisions or recommendations with mean scores of (3.1, 3.2, 3.1, 2.9, 3.2 respectively). The main reasons for these results were suggested from the interviews. The listed companies are more committed to the IASs. They also provide adequate information to some extent which meets the needs of users in the field of investment; this is because the Libyan Stock Market demands that the companies should abide by IASs in the preparation of their annual reports.

Secondly, to investigate the usefulness in another way, eight statements were selected from the accounting literature to reflect the areas where the annual reports can be useful in making investment decisions. The respondents were asked to indicate their agreement with these eight statements in question 2.6 in the questionnaire. Concerning listed companies, the respondents' level of agreement with the eight statements was between 3.1 and 4.0 with the exception of the fact that the annual reports of Libyan listed companies are providing information to formulate forecasts about future performance, which gives the lowest mean (2.1). This fact also gives the lowest mean regarding unlisted companies. The possible reason for this result may be that the information included in the reports tends to be of a historical nature, based on compiled data which reflects business behavior and performance in a retrospective manner. This result is in line with the findings of Naser et al. (2003) who found that the annual reports published

by the Kuwaiti companies have little ability to predict corporate dividend policy see table (7.2) below.

The majority of the respondents agreed or strongly agreed that the annual reports of listed companies provide information which helps investors in making new investment decisions. This was considered the first useful area with a mean score of 4.0, followed by providing information which assists investors to compare company's performance over time with a mean score of 3.9.

The major finding from the question 2.6 is that corporate annual reports of Libyan listed companies were considered to be useful in many areas related to investment decisions. This result might explain why the annual report was considered as the most important source of financial information for making investment decisions or recommendations by the vast majority of the questionnaire respondents and the interviewees.

These results are consistent with some previous studies such as (Anderson, 1981; Chang and Most, 1985; Lee and Tweedie, 1975; and Streuly, 1994). In addition, as can be seen from table (7.2) the results of the present study can be compared with those of other related studies carried out in some developing countries. There are some similarities between the results of the present study and the other studies. For example, *"providing information to help investors in making new investment decisions"* was considered the first useful area in Listed and unlisted companies in the present study and in Naser et al; (2003) study. It was considered as the second in Al-Mubarak, (1997) and Rawy, (2003).

"Providing information to help investors to monitor their investment" statement was ranked third in listed companies in the present study and Naser et al. (2003) while it was ranked six in Al-Mubarak, (1997) and Rawy, (2003). Providing information to formulate forecasts about future performance was ranked as the last area in this study and Naser et al. (2003).

In addition, one-way ANOVA test supported these results and indicated that there are no significant differences in the mean between the respondents' perceptions from the last six statements, whereas there are significant differences in two statements which are *"providing information to assess the cash flow of the company"* and *"providing*

information to help investors to make a comparison between a company's performance with other companies' performance within a single industry".

Concerning Libyan unlisted companies, the results indicated that the eight statements in question 2.6 were given score means of (3.3; 3.0, 2.5, 2.9, 3.0, 1.9, 3.3, 2.5) see table 5.38 in chapter five. Generally, these results indicated that the annual reports of unlisted companies lack useful information for making investment decisions. These results support the results of the present study in question 2.5 and are supported by interview findings. These results are inconsistent with the result found by Naser et al. (2003).

Table (7.2) Comparing result of the present study with those of other studies in developing countries related to the areas of usefulness of the annual reports

	The annual reports of Libyan listed companies are:	Current study in Libya(1)				Naser et al, (2003) Kuwait (2)		Rawy, (2003) Egypt (3)		Al-Mubarak, (1997) Saudi Arabia (4)	
		Regarding Listed companies		Regarding Unlisted companies		Mean	Rank	Mean	Rank	Mean	Rank
		Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank
2.6.1	Providing information to help investors in making new investment decisions.	4.0	1	3.3	1 ⁼	4.43	1	4.24	2	1.381	2
2.6.2	Providing information to help investors to monitor their investment.	3.8	3	3.0	3 [*]	4.27	3	4.06	6	1.651	6
2.6.3	Providing information to assess the cash flow of the company.	3.6	6	2.5	6	4.17	6	4.16	4	NA	NA
2.6.4	Providing information to predict profits and return on the share price.	3.7	5 ⁼	2.9	5	4.21	5	4.31	1	1.492	3
2.6.5	Providing information to evaluate managerial effectiveness.	3.7	4 ⁼	3.0	4 [*]	NA	NA	NA	NA	NA	NA
2.6.6	Providing information to formulate forecasts about future performance.	2.1	8	1.9	8	3.9	7 out of 7	NA	NA	NA	NA
2.6.7	Providing information to help investors to compare company's performance over time.	3.9	2	3.3	2 ⁼	4.33	2	4.22	3	1.492	4
2.6.8	Providing information to help investors to make comparison between a company's performance with other companies' performance within a single industry.	3.1	7	2.5	7 ⁼	4.27	3	4.11	5	1.619	5

(1), Mean values scoring :1 is strongly disagree and 5= strongly agree
(2), Mean values scoring: 1 is not useful at all and 5 very useful.
(3), Mean values scoring: 1 is not important at all and 5 very important.
(4), Mean values scoring: 1 is very important and 5 not important at all.
⁼& ^{*} As the mean scores were equal, rank based on the lowest standard deviation.

7.2.6 Users' Perceptions about the Credibility of the Information Contained in the Diverse Sections of the Annual Report

The credibility of corporate information is considered as one of the most important characteristics of useful information, as lack of credibility will make the information useless. The results of the current study regarding perceptions of users groups concerning the credibility of corporate annual reports in Libya revealed that, generally, the annual financial reports of listed companies have more credibility than the annual financial reports of unlisted companies. As it was presented in chapter five, section 5.8, the auditor's report is considered as the first most credible section for listed and unlisted companies with mean scores of 3.8 and 3.5 (between neutral to credible) respectively. This result diminishes the importance of criticism by 36.4% of the interviewees concerning the external auditors. In addition, the financial statements were ranked as the second most credible part of the annual report in both listed and unlisted companies with means of 3.5 (between neutral to credible) and 2.8 (between not credible to neutral), while, the directors' report was considered as the least credible section regarding listed and unlisted companies with means of (3.0 and 2.6). This result is generally consistent with the interview findings, which is 90% of interviewees, believed that annual financial reports of listed companies have more credibility than the annual financial reports of unlisted companies.

Similar to the results found here, Naser et al; (2003) and Al-Razeen, (1999), indicate that the "*notes to the financial statements*" as section of annual reports was considered as the third most credible part and directors' report, however, as the least credible part (table 7.3)

Regarding the auditor's report, in the result of this study it was ranked as the most credible section however it was considered as the second most credible section in Kuwaiti and Saudi corporate annual reports preceded by financial statements (Al-Razeen, 1999 and Naser et al; 2003).

Table (7.3) Comparing result of the present study with those of other studies in developing countries related to the credibility of the annual report parts

No.	Main sections of the annual reports	Current study in Libya(1)				Naser et al, (2003) Kuwait (2)		Al-Razeen, 1999 (3)	
		Regarding Listed companies		Regarding Unlisted companies		Mean	rank	Mean	rank
		Mean	rank	Mean	rank				
2.7.1	Financial statements	3.5	2	2.8	2	3.96	1	3.942	1
2.7.2	Notes to the financial statements	3.2	3	2.7	3	3.67	3	3.663	3
2.7.3	Directors' report	3.0	4	2.6	4	2.69	4	3.282	4
2.7.4	Auditor's report	3.8	1	3.5	1	3.93	2	3.855	2

Concerning the differences of perceptions of user groups in the present study, the results from one way ANOVA test revealed that there were no statistically significant differences for financial statements , notes to the financial statements and auditor's of listed companies. Directors' report of listed companies produced significant differences between the perceptions of respondents when the credible mean by individual investors group was the lowest mean and statistically significant differences from means given by other groups. Moreover, the results define that individual investors and stockbrokers groups gave less credible mean scores for all main sections of annual reports of unlisted companies. These results can be explained on the basis that the financial information is given more attention by users. In particular individual investors, therefore, give little attention to what the directors say in their report.

7.2.7 The Users' Perceptions on Qualitative Characteristics of the Information Contained in the Annual Report

In order, question (2.8) in the questionnaire focused attention on to six other important characteristics of usefulness of information in the annual reports. It is obvious from the table (5.48) that the respondents, generally, between 'agree' and 'neutral' with all listed statements (characteristics) in relation to listed companies. However, the results indicated that the first most applied criterion is that the current annual financial reports of Libyan listed companies have the consistency in accounting methods within the company over time. This result supports the finding of this study in question 2.6.7 concerning the annual reports of Libyan listed companies that provide information to help investors to compare company's performance over time. This result is consistent

with Abu-Nassar and Rutherford (1996) who suggested a lack of comparability and consistency in accounting methods between different companies within a single industry. They added that this is likely to be attributable to the limited scope of the regulation of accounting practice.

The second most applied criterion is that the current annual financial reports of Libyan listed companies display the materiality criterion, which reveals disclosure of those events important enough to have influence on the reader. The lowest agreement by respondents was received that the annual reports of Libyan listed companies display the neutrality of the information criterion. In this regard, the lowest mean score was given by individual investors (2.7) which is significantly different with the mean given by external auditors group (3.28). A similar result was found by Abu-Nassar and Rutherford (1996) who revealed a major weakness in the reliability expressed in terms of neutrality and credibility.

Similarly, in this study, the timeliness of annual reports received low agreement from all user groups, especially individual investors groups. This result is supported by interview findings when 54.5% of the interviewees believed that the annual reports usually are not published on time. The timeliness is considered as the important measure used to examine the quality of annual report disclosures (Abayo et al; 1993).

On the other hand, regarding the unlisted companies, respondents gave means between 'disagreed' and 'neutral' for all characteristics with the exception of the consistency in accounting methods within the company over time which was given the highest mean score (3.67). This result in general, suggested that the user groups believed that the current annual financial reports of Libyan unlisted companies do not have to display the qualitative characteristics of financial information. This result is consistent with Dardor, (2009) who found that the academics have negative views regarding completeness, consistency and prudence of the annual reports they examined as suggested by the less favourable ranking of these qualitative characteristics. However, in Dardor, (2009) the consistency was a less applied criteria with mean scores of 2.87.

The possible justification for this is that the regulations of accounting practice in Libya is inadequate and is not developed enough.

From the results of one way ANOVA test presented in tables (5.39), (5.40), (5.46) and (5.52) it is clear that, the highest education level of the respondents and their years of work experience did not affect their perceptions of the relative usefulness of all items in questions 2.5, 2.6, 2.7 and 2.8 regarding listed and unlisted companies. These results reveal that there is agreement there is a high level of agreement among target groups in this study that the annual reports of listed companies more useful than the annual reports of unlisted companies in Libya.

7.2.8 Users' Perceptions of the Adequacy of Disclosure in Annual Reports of Libyan Companies

This section discusses the findings of the questions 2.9 and 2.10 of the questionnaire which is presented in section 5.10 and the interviews in section 6.6 to evaluate the improvement in the adequacy of disclosure of the annual reports published by Libyan listed and unlisted companies after the establishment of the Libyan stock-market and privatization program.

Firstly, the results suggested that, the target groups of this study believed that, the adequacy of disclosure of the annual reports of Libyan listed companies have slightly improved whereas, there is no change in the adequacy of disclosure of the annual reports of Libyan unlisted companies. Most of the respondents (70%) thought that, the adequacy of disclosure of the annual reports of Libyan listed companies have slightly improved or improved substantially. Just 25.5% of respondents considered that the adequacy of disclosure in annual reports of Libyan unlisted companies have slightly improved or improved substantially. The majority of the respondents (63.6%) considered that the adequacy of disclosure in annual reports of Libyan unlisted companies did not change after the establishment of the Libyan stock-market and privatization programme. This result is consistent with the vast majority of the interviewees who believed that the Libyan stock-market has had a positive impact on the degree of disclosure and transparency in the annual reports in listed companies. This is not surprising because there are new requirements for listed companies and the most

important of these requirements is that these companies must be applying IASs in preparing their annual reports. In addition, the Department of Control and Follow up Risk in the stock market have good control over the disclosure by the listed companies. This result is consistent with the findings by Cooke (1993) and Cürük, (2009).

Secondly, three-quarters of the respondents believe that, the adequacy of disclosure in annual reports in Libyan listed companies was adequate or very adequate with a mean score of 3.92 (Adequate). On the other hand, just 26.9% of respondents considered that the adequacy of disclosure of annual reports in Libyan unlisted companies was adequate or very adequate with a mean score of 2.86 (between inadequate and neutral). This result is consistent with the findings of the interviews in section 6.6 in this study. Moreover, this is also consistent with the results of this study regarding the usefulness of annual reports of listed and unlisted companies, which revealed that the annual reports of Libyan listed companies are in general more useful than the annual reports of Libyan unlisted companies and the latter lacks useful information for making investment decisions.

Moreover, the results show that the background of the respondents (occupation, highest education level and years of work experience) did not affect their perceptions concerning adequacy of the disclosure in annual reports of Libyan listed and unlisted companies.

In this regard, Ellabbar and Havard, (2005) suggested that in Libya (before creating the Libyan Stock Market), experts believed that the information published by Libyan companies is not enough and is not available to all users on time. In addition, Ellabbar and Havard, (2005:537) state:

“To improve the level of accounting disclosure the experts suggest that the Libyan accounting profession develops and adopts accounting standards that are suitable for the country’s environment and comply with the international accounting standards in the near future.”

Moreover, the result of the interviews reveals that there is weakness in compliance with the international accounting standards by the Libyan companies in general and unlisted companies in particular. The interviewees attributed the lack of compliance’ companies

with the international accounting standards to a number of reasons which were lack of binding laws that may be because failure Libya to adopt these standards until 2005 regarding Libyan banks and until 2006 regarding listed companies. In addition, they added another reason which is the lack of experience about the IASs of those who prepare the financial statements.

7.2.9 Respondents' Demands for Additional Disclosure:

In order to examine the perception of user groups about additional disclosure in the annual reports of Libyan listed and unlisted companies, respondents were asked to rate the usefulness of these additional disclosure items:

1. Expected sales for the current year or years to come
2. Distribution of expected profits
3. Projected cash flows for the current year or years to come
4. Future plans of the company
5. Information on the current value of the balance sheet items
6. Environmental information
7. Social responsibility information

The results of the questionnaire and interviews suggested that, all user groups wish to have additional disclosure of information in the annual reports of listed and unlisted companies to assist their decision making. This result is in line with the results of Chang and Most (1985); Al-hajji (2003); and Rawy (2003).

Distribution of the expected profits item was ranked as the first most useful items followed by future plans of the company item and the third most useful items were the projected cash flows for the current year or years to come. This result is supported by the findings of the question 2.6.1 which revealed that, the annual reports lack information to formulate forecasts about future performance. In addition, the vast majority of the interviewees suggested that the annual reports should include the actual and expected cash flows, distribution of expected profits and future information about plans of the company. This result is consistent with the findings of Al-hajji (2003) and Rawy (2003).

However, in this study, the non-financial information (environmental information and social responsibility information) received a low level score for usefulness from all user groups (mean score below 4.00). This result is broadly consistent with the findings of Al-hajji (2003) and Rawy (2003); these results suggested that, the environmental information and social responsibility information did not attract respondents' attention. The possible justification is that in general, the respondents in some developing countries such as Libya are not interested in such information being provided in the corporate annual reports.

Regarding the statistically differences, when factored by respondents' occupation, the results of one way ANOVA test reveal that, there are no significant differences between user groups in the mean of the relative usefulness in the first two items from listed and unlisted companies. Moreover, there is a significant difference between user groups in mean usefulness from the item "*Future plans of the company*" ($p = 0.44 < 0.05$) within listed companies whereas there is not from unlisted companies ($p = 0.349 > 0.050$).

However, there is no significant difference between user groups in the mean score with the item "*Information on the current value of the balance sheet items*" from listed and unlisted companies. In addition, the results of One-way ANOVA test revealed that, there is a significant difference between user groups in mean usefulness from listed and unlisted companies regarding the item "Environmental information".

On the other hand, the results show that the highest education level of the respondents did not affect their perceptions of the relative usefulness of all items in question 2.11 regarding listed companies with the exception of one item which was "Projected cash flows for the current year or years to come". However, the results indicated that the highest education level of the respondents did not affect their perceptions of the relative usefulness of all items in question 2.11 regarding unlisted companies with the exception of one item which was "Information on the current value of the balance sheet items".

Finally, the investigation if *there are any significant differences in the perceptions of respondents towards the annual reports of listed companies and annual reports of unlisted companies.*

The results of Paired Samples t-test indicated that there are significant differences in the perceptions of respondents towards the annual reports of listed companies and annual reports of unlisted companies regarding all issues examined in this study with the exception of three issues in question 2.11 which are “expected sales for the current year or years to come”, “Distribution of expected profits” and “Information on the current value of the balance sheet”.

7.3 Conclusion

This chapter has discussed the main findings of the study. A key finding of the study is that the corporate annual report is the most important source of corporate information for making investment decisions or recommendations. The interviews provide reasons why the annual report was chosen as the most important source of information even though other sources of information have been used. The most important reason behind this is that the annual financial statements provide information that is not available from other sources.

The respondents' background characteristics namely occupation, highest education level and years of work experience were examined to see whether differences in such characteristics would affect their perception of the importance of the various sources of information.

The results of one way ANOVA indicate that the occupation and years of work experience have not affected respondents' perceptions of the importance of the annual reports as a source of information regarding listed companies. In addition, years of work experience have not influenced their perceptions regarding unlisted companies.

In evaluating the importance of various sections of the corporate annual report, the results showed that the income statement and balance sheet are considered as the most important sections in annual reports. Regarding the balance sheet, the results also indicated that there are significant differences only in listed companies when factored by highest education level. However, there are no significant differences in main important of income statement in listed companies when factored by occupation and highest education level of the respondents.

Another important result of this study indicated that all user groups of this study considered that the annual reports of Libyan listed companies are in general more useful than the annual reports of Libyan unlisted companies.

Regarding unlisted companies, users complained of lack of qualitative characteristics of information such as credibility, materiality, neutrality, timeliness and comparability and consistency between different companies within a single industry.

The results also indicated that the Libyan stock-market has had a positive impact on the degree of disclosure and transparency in the annual reports of listed companies. In addition, the results showed that respondents are generally somewhat satisfied with the information provided in annual reports of listed companies but they are dissatisfied with the information provided in annual reports of unlisted companies.

On the other hand, respondents surveyed expressed their demand for additional disclosure of information, especially future-oriented information such as distribution of the expected profits item and future plans of the company item which are not regularly published in corporate annual reports, even though these types of information were perceived by respondents to be the most important items for securities investment activities.

The respondents' characteristics (occupation, education and work experience) have influenced their perceptions in many issues in this study in this regard the table in appendix (7) gives a summary of the one-way ANOVA test's results.

7.4 The Recommendations of the Study

The Libyan government spends a large proportion of its income on economic programmes and activities for development purpose. It has placed economic reforms at the top of its priorities in order to pull the economy out of recession (Bribesh, 2006). Many general companies have been privatized in order to broaden the base of ownership and thus allow the private sector to participate in economic development. Therefore, the LSM was established which has created a demand for good quality financial information. It has accelerated economic reforms and attracted both local and some international investors.

The results of the present study clearly reveal that the annual reports of listed and unlisted companies are considered the most important source of financial information

for Libyan external user groups in making investment decisions and recommendations. Through this result, the evidence presented in the present study suggests that there are several criticisms of Libyan corporate annual reports. The most acute problem seems to be inadequacy disclosure, comparability and reliability of information published in corporate annual reports. Therefore, several points should be taken into consideration:

1. Respondents made several comments and criticisms of corporate annual reports, as they are currently presented. The most frequent demand was for improved and increased transparency or disclosure of future information and more compliance with the IASs and IFRSs.
2. The results revealed that accounting terms used in preparing corporate reports are still difficult for several groups of users and can affect their understanding of such reports and, hence, the usefulness of these reports. Respondents surveyed demanded the publication of clearer and more detailed information in order to increase the understandability of information provided in the corporate reports. More interpretations of figures included in corporate annual reports and more explanations of the terms used in them could increase the understandability of those reports and hence, their usefulness. This was also a suggestion of a majority of the interviewees. Such issues must be considered when preparing corporate reports, because the majority of the interviewees expressed their dissatisfaction with the language used in preparing such reports especially concerning unlisted companies.
3. Although respondents in this study believed that the annual reports of Libyan companies are the most important source of financial information in making investment decisions and recommendations, they also believe that these reports have some shortcomings in terms of the qualitative characteristics. In this regard, credibility, neutrality of the information, and timeliness of the information were ranked low by all the user groups in this study. Therefore, to improve the quality of Libyan corporate reports, more efforts need to be taken by the Libyan Accountants and Auditors Association (LAAA) and Libyan Stock Market (LSM) for a violation of standards and regulations should be brought to the attention of both the external auditor and the companies' management. In

other words, there is a need for concerned government bodies to ensure adequate disclosure of information. This can be achieved through accelerating the issuing of accounting and disclosure standards and imposing penalties on companies that do not adhere to these standards.

4. Some of the interviewees suggest that there is a need for increased spread of the culture of investment awareness of the present and potential investors in Libya. This can be achieved via intensive seminars and discussion panels, conferences and workshops on the investment basics to modernise the knowledge of the investment society in Libya and how investors benefit from the information contained in corporate reports when making their investment decisions. It should lead to assist to reduce problems concerning lack of aware, myopic and herd mentality and then to continuous pressures on companies for improve disclosure.
5. Much attention from all of the interviewees on the need to apply accounting standards, local or international to improve the usefulness of the corporate financial reports; therefore, it can be seen that there is an urgent need for some advanced courses, especially for both the Libyan Accounting Standards (LASs) and the IASs to be presented for preparers and other parties interested in this area, in order to achieve greater understanding of these standards and their application with more attention must be given from Regulation Bodies to the environment in which such standards apply. Furthermore, the accounting departments in the Libyan universities should include these courses in accounting curricula.
6. In the light of the findings based on the respondents' demands for additional disclosure (Chapter five, 5.5), it is recommended that future-oriented items of information should be mandatory required to be disclosed in corporate reports of these companies.

7.5 Contribution to Knowledge

The present study critically analysed many previous studies which treated related the subject area of this study. The findings reached in the present study are likely to be of importance for several reasons. First of all, to the best of the researcher's knowledge, the present study is the first study that investigated empirically the usefulness of annual reports of Libyan listed companies and unlisted companies following the establishment of the Libyan stock market. Thus, the existing literature on corporate annual reports will be enhanced. In addition, the current study is one of the first studies that empirically investigated respondents' perceptions of the nature of the current practice of corporate disclosure of information in the published annual reports of listed and unlisted companies, especially its understandability, credibility, comparability, timeliness, and adequacy, also to the uses of corporate annual reports and demands for additional disclosure.

In addition, it is anticipated that the results of this study will be useful locally to reform the economy in Libya, and also internationally because it will clarify many current and future obstacles and their causes which need to be solved in order to achieve successful reform. It also provides insights into other countries on the issue of corporate reporting and acts as a guide and basis for more studies on corporate reports.

Therefore, in fulfilling its objectives, it is believed that the present study has achieved following contributions:

1. The study examined the main sources of financial information to the various interested groups of users of corporate annual reports of listed and unlisted companies in Libya, when making their investment decisions or recommendations. Fulfilling this objective will enhance our understanding of the behaviour of the different interested parties in companies, and will reveal the relative importance of the annual report as a source of corporate information.
2. This study investigated eight areas that the corporate annual reports can be useful in securities investment activities for the first time in Libya which have

not previously been tested in the Libyan context. As such, the current study examined at areas that have not been examined before in the light of current changes in the Libyan's context. This, in turn, could reveal an interesting insight into Libyan reporting practice and the degree of involvement corporate annual reports have in securities investment activities. It also enables the detection of areas of weaknesses, in the published corporate annual reports in Libya.

3. The study empirically investigated users' perceptions of the qualitative characteristics of financial information in the first time in Libya may draw the attention of the both preparers and regulators of deficiencies in the corporate reports and then correct them.
4. This study examined the degree of adequacy of the current disclosure and the improvement in the adequacy of the annual reports published by Libyan listed and unlisted companies will enhance our understanding of the role of the LSM in improving the financial reporting in Libya as well as may help both preparers and regulators in improving the financial reporting practice of those companies.
5. The study investigated empirically the degree of satisfaction of the major groups of users of the corporate annual reports with the current practices of financial reporting of listed and unlisted companies in Libya. Achieving this objective could be beneficial to both preparers and regulators in their endeavour towards the production of adequate and informative annual reports.
6. To the best of the researcher's knowledge, seven items of information that are not currently contained in the published corporate annual reports of listed and unlisted companies were investigated for the first time in Libya. As such, the present study provided a piece of new information to be investigated for the first time in the light of modern changes in the Libyan's context. This, too, could reveal an interesting insight into the usefulness of additional disclosure and direct preparers and regulators attention to the usefulness of future-oriented information that is not among the disclosure requirements in Libya at present and what kind of information should be made mandatory.

7.6 Limitations of the Study

This section will discuss some limitations which are deemed to have affected the study. Firstly, the current study focuses only on users' perceptions of the usefulness and adequacy of corporate annual reports of listed and unlisted companies. This means that the preparers' perceptions were an exception to this study. Secondly, based on the objectives of the study, the empirical study investigated only user groups that were thought to be more important in the study area, based on previous empirical studies in such field. Moreover, these groups are mainly involved in securities investment decisions, directly or indirectly. Hence, as is the case in similar studies, the empirical findings of this study are to be judged in the light of and limited by the attitudes, views, experiences and education of the people who were surveyed in this study. Generalizations can be drawn only from the views of those respondents who participated in the current study. Furthermore, the present study focuses only the usefulness of annual reports for investment decisions hence reporting for internal purposes were not addressed.

7.7 Further Research

Financial annual reporting in Libya is limited however, there is some progress following the establishment of the stock market. This study explores a wide range of issues surrounding financial reporting. Therefore, it opens up opportunities and provides avenues for more in-depth research related to financial reporting, particularly in areas such as that extent of disclosure and compliance with the IASs and IFRSs.

One of the possibilities for future research is that research may consider a longitudinal study, that is comparing annual reports before and after the establishment of a stock market. In addition, this could open the door for future research into the cost and benefit of financial disclosure. Furthermore, in this study, only five of external user groups' perceptions were surveyed to gather their perceptions towards different aspects of corporate annual reports. Further research could include other external and internal user groups and/or gather the perceptions of those who prepare these reports.

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APPENDIX (1A): SURVEY QUESTIONNAIRE



Liverpool John Moores University

Business School

**Users' Perceptions of Annual Financial Reports of Libyan
listed and unlisted companies**

Survey Questionnaire



Questioner No.....

Dear sir/ Madam

I am a lecturer at the University of Elmergeb in Libya, Department of Accounting and currently, and a PhD student at the Liverpool John Moores University in the UK. I would like to thank you for giving your time to complete this questionnaire about 'Annual Financial Reporting and the Economic Changes in Libyan Environment.' The questionnaire is part of a PhD research project.

The empirical study aims to investigate the views of users of corporate annual reports on the extent to which corporate annual reports, published by Libyan companies (Listed and Unlisted companies), meet users' needs for useful information in financial reports to make economic decisions, in the light of the contemporary economic changes in Libya.

It is hoped that the study will contribute to improving disclosure in financial reports to increase their usefulness for the purposes of economic decisions-making.

Your participation is of great help in meeting the research objectives. Any information will be given in this survey will be only used for the research process and confidentiality is guaranteed by researcher.

Thank you again for your time and cooperation.

Milad R. Ishmela

PhD Student

Liverpool John Moore University

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Section one: General notes and Personal Data

1. General Notes:

- The questionnaire includes a variety of questions which are intended to obtain your opinions about the extent to which the current published annual reports provide useful information to meet users' needs to make economic decisions, especially investment decisions, both in companies listed on the Libyan Stock Market or not. Furthermore, it aims to examine which type of information needs to be provided to improve the decision-making process, in the light of the contemporary economic changes in the Libyan environment.
- Each Respondent must be directly involved in both Libyan listed and unlisted companies activities.
- To answer, please use the scale of (1 to 5) as each question.
- To answer, you can use (✓) hint.

1.1 Please indicate which is the primary role you are usually in when you make a decision about a company?

-	Individual investor	
-	Institutional investor	
-	Financial Analyst	
-	Stockbroker	
-	External Auditor	
-	Other (please specify).....	

1.2 Place of work.....

1.3 Please indicate your highest education level:

Less than university level	
University level Bachelor	
Master or postgraduate diploma	
PhD	
Other (please specify).....	

1.4 Please indicate your Accounting and financial experience:

None	
Under 5 years	
Form 5 to 10 years	
From 11 to 15	
Over 15 years	

Section Two:

First Part: The importance of sources of corporate information and sections of annual report of companies:

This part of the questionnaire aims to identify the importance attached to corporate annual reports and other sources of financial information, and sections of corporate annual reports for the purposes of investment decision-making.

2.1 How do you estimate the importance of the following sources of financial information to make investment decisions about a company in Libya? **To answer please use columns numbered 1 to 5 and select one with regard to listed companies and one regarding unlisted companies:**

Not Important at all	Not Important	Neutral	important	Very important
1	2	3	4	5

No	The information sources	Regarding Listed companies					Regarding Unlisted companies				
		1	2	3	4	5	1	2	3	4	5
2.1.1	Annual reports of companies										
2.1.2	Interim reports										
2.1.3	Advice of stockbrokers										
2.1.4	Advice of friends										
2.1.5	Financial Newspapers and magazines										
2.1.6	Government Publications and statistics on companies										
2.1.7	Direct information from the company										
2.1.8	Market rumours										
2.1.9	Internet										
2.1.10	Other (please specify)										

2.2 To what extent do you rate the importance of annual financial report sections to make investment decisions in Libyan joint-companies?

Not Important at all	Not Important	Neutral	important	Very Important
1	2	3	4	5

No	Sections of the Annual Report	Regarding Listed companies					Regarding Unlisted companies				
		1	2	3	4	5	1	2	3	4	5
2.2.1	Balance sheet										
2.2.2	Statement of retained earnings										
2.2.3	Income statement										
2.2.4	Statement of cash flow										
2.2.5	Notes to the financial statements										
2.2.6	Director's report										
2.2.7	Auditor's report										

Second Part: Usefulness of the information provided in financial reports.

2.3 To what extent do you agree or disagree with the following items regarding use of the annual financial reports of Libyan companies to make your investments decisions or recommendations?

Strongly disagree	Disagree	Neither agree or nor agree	Agree	Strongly agree
1	2	3	4	5

No	Items	Regarding Listed companies					Regarding Unlisted companies				
		1	2	3	4	5	1	2	3	4	5
2.3.1	I use annual financial reports for my investment decisions or recommendations.										
2.3.2	I read carefully nearly all the information within the annual financial reports.										
2.3.3	In general, I find the information within the annual financial reports easy to understand.										
2.3.4	I rely on the annual financial reports for my investment decisions or recommendations.										
2.3.5	Generally, I am satisfied with the information provided in corporate annual financial reports.										

2.4 To what extents do you find the understandability of annual financial report sections of Libyan companies?

Not Understandable at all	Not understandable	Neutral	Understandable	Very understandable
1	2	3	4	5

No	Sections of the Annual Report	Regarding Listed companies					Regarding Unlisted companies				
		1	2	3	4	5	1	2	3	4	5
2.4.1	Balance sheet										
2.4.2	Statement of retained earnings										
2.4.3	Income statement										
2.4.4	Cash flow statement										
2.4.5	Notes to the financial statements										
2.4.6	Directors' report										
2.4.7	Auditor's report										

2.5 In general, how do you find the usefulness of the information provided in the current annual financial reports of Libyan companies to make investment decisions or recommendations?

	Not Useful at all	Not Useful	Neutral	Useful	Very Useful
Listed companies					
Unlisted companies					

2.6 Please indicate your level of agreement with the following statements.

The annual financial reports of Libyan companies are useful in the following areas:

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

No	The annual financial reports of Libyan companies are useful in the following areas:	Regarding Listed companies					Regarding Unlisted companies						
		1	2	3	4	5	1	2	3	4	5		
2.6.1	They provide information to help investors in making new investment decisions.												
2.6.2	They provide information to help investors to monitor their investment.												
2.6.3	They provide information to assess the cash flow of the company.												
2.6.4	They provide information to predict profits and return on the share price.												
2.6.5	They provide information to evaluate managerial effectiveness.												
2.6.6	They provide provide information to formulate forecasts about future performance												
2.6.7	They help investors to compare company's performance over time.												
2.6.8	They help investors to make comparison between a company's performances with other companies' performance within a single industry.												

2.7 To what extent do you consider that the Credibility criterion is adequate in corporate annual financial reports sections of Libyan companies or recommendations?

Not Credible at all	Not Credible	Neutral	Credible	Very Credible
1	2	3	4	5

No	Sections of the Annual Report	Regarding Listed companies					Regarding Unlisted companies				
		1	2	3	4	5	1	2	3	4	5
2.7.1	Financial Statements										
2.7.2	Notes to the financial statements										
2.7.3	Directors' report										
2.7.4	Auditor's report										

2.8 In general, to what extent do you agree or disagree with that the current financial reporting in Libya displays the characteristics which follow:

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

No	Characteristics of information	Regarding listed companies					Regarding unlisted companies				
		1	2	3	4	5	1	2	3	4	5
2.8.1	The consistency in accounting methods within the company over time.										
2.8.2	The consistency in accounting methods between different companies within a single industry.										
2.8.3	The Completeness criterion										
2.8.4	The Materiality criterion										
2.8.5	The Neutrality criterion										
2.8.6	The Timeliness criterion										

2.9 In your experience, how do you find the changes in the adequacy of disclosure of corporate annual financial reports in Libya after the establishment of the Libyan stock-market and privatization programme?

	Deteriorated a lot	Deteriorated a little	No Change	Slightly improvement	Improved substantially
Listed companies					
Unlisted companies					

2.10 In general, what is the degree of adequacy of the current disclosure of information in corporate annual reports of Libyan companies to make investment decisions?

	Totally Inadequate	Inadequate	Neutral	Adequate	Very Adequate
Listed companies					
Unlisted companies					

Third Part: Respondents' demands for additional disclosure:

2.11 The following items are not currently published in the annual reports of Libyan companies. In making stock investment decisions, how would you evaluate the degree of usefulness of these items if they were regularly published in corporate annual reports of Libyan companies?

Not useful at all	Not useful	Neutral	Useful	Very useful
1	2	3	4	5

No	Items	Regarding listed companies					Regarding unlisted companies				
		1	2	3	4	5	1	2	3	4	5
2.11.1	Expected sales for the current year or years to come										
2.11.2	Distribution of expected profits										
2.11.3	Projected cash flows for the current year or years to come										
2.11.4	Future plans of the company										
2.11.5	Information on the current value of the balance sheet items										
2.11.6	Non-financial information: Environmental information										
2.11.7	Social responsibility information										
2.11.8	Other (please specify).....										

If you have any comments, please state them in below.

- Thank you for completing the questionnaire.

APPENDIX (1B): THE ARABIC VERSION OF THE QUESTIONNAIRE



رقم الاستبيان.....

الأخ/ المشارك

السلام عليكم

الباحث محاضر في جامعة المرقب كلية الاقتصاد قسم المحاسبة، وحاليا طالب دكتوراه في جامعة ليفربول جون مورس بالمملكة المتحدة. أود أن أشكركم على منحي جزءا من وقتكم الثمين لملء هذا الاستبيان المتعلق بموضوع دراستي وهو فائدة التقارير المالية السنوية للشركات الليبية المساهمة في اتخاذ القرارات الاستثمارية.

تهدف الدراسة الميدانية لمعرفة رأيك في مدى تلبية التقارير السنوية التي تنشرها الشركات الليبية المساهمة (الشركات المدرجة و غير المدرجة في سوق الأوراق المالية الليبي) لاحتياجات المستخدمين من معلومات مفيدة لاتخاذ قرارات الاستثمار أو التوصية باتخاذها.

و الأمل معقود على هذه الدراسة في المساهمة في تحسين عملية الإفصاح من خلال التقارير المالية للشركات لزيادة فائدتها لاتخاذ القرارات الاستثمارية. إن مشاركتكم تعد مساهمة كبيرة في إتمام هذه الدراسة. كما أن أي معلومات تعطى سوف تستخدم فقط لعملية البحث وسريتها مكفولة من الباحث.

أشكركم مرة أخرى على مساعدتكم .

ميلاد رجب اشميله

طالب دكتوراه

جامعة ليفربول جون مورس

بريطانيا

M.Ishmela@2007.jum.co.uk

0926105225

ملاحظات عامة وبيانات شخصية

ملاحظات عامة:

- يشمل هذا الاستبيان مجموعة متنوعة من الأسئلة التي يقصد منها الحصول على آرائكم حول مدى تلبية التقارير السنوية التي تنشرها الشركات الليبية المساهمة لاحتياجات المستخدمين من معلومات مفيدة لاتخاذ قرارات الاستثمار في تلك الشركات. كما يقصد من تلك الأسئلة معرفة نوعية البيانات والمعلومات المرغوب في توفيرها لتحسين عملية صنع القرار الاستثماري، في ضوء المتغيرات الاقتصادية المعاصرة في الجماهيرية.
- يجب أن يكون كل مشارك في هذا الاستبيان على اتصال مباشر بكل من الشركات المدرجة وغير المدرجة في السوق المالي الليبي.
- للإجابة يرجى استخدام علامة (✓).

1. البيانات الشخصية:

1.1 وظيفتك الرئيسية عند اتخاذ قرار الاستثمار في شركة مساهمة؟

	مستثمر فردي	
	مسؤول في مؤسسة استثمارية	
	محلل مالي	
	موظف في شركة وساطة	
	مراجع خارجي	
	أخرى (يرجى ذكرها).....	

1.2 مكان العمل:

1.3 أعلى مستوى تعليمي تحصلت عليه.

	أقل من المستوى الجامعي	
	الشهادة الجامعية	
	ماجستير	
	دكتوراه	
	أخرى (يرجى ذكرها)	

1.4 مدة خبرتك المحاسبية و المالية.

	لا توجد سنوات خبرة .	
	أقل من 5 سنوات	
	من 5 إلى 10 سنوات	
	من 11 إلى 15 سنة	
	أكثر من 15 سنة	

القسم الثاني: أهمية مصادر المعلومات وأجزاء التقرير السنوي للشركة:

هدف هذا الجزء التعرف على وجهة نظركم فيما يتعلق بأهمية التقارير السنوية للشركات المساهمة وغيرها من مصادر المعلومات المالية، وكذلك أهمية كل جزء من أجزاء التقرير السنوي للشركة لأغراض اتخاذ القرارات الاستثمارية.

- يرجى اختيار الإجابة المناسبة حسب رأيك من أعمدة المقياس من 1 إلى 5 مع مراعات انقسام الشركات إلى مدرجة وغير مدرجة في السوق المالي.

2.1 ما هو تقديرك لأهمية مصادر المعلومات التالية لاتخاذ قرارات الاستثمار في الشركات المساهمة؟

غير مهم على الإطلاق	غير مهم	محايد	مهم	مهم جداً
1	2	3	4	5

مصادر المعلومات					فيما يتعلق بالشركات المدرجة					فيما يتعلق بالشركات غير المدرجة				
					1	2	3	4	5	1	2	3	4	5
التقارير السنوية للشركات														
التقارير ربع السنوية														
الخدمات الاستشارية														
الاتصال المباشر بالشركة														
الصحف والمجلات المالية														
المنشورات والإحصاءات الحكومية عن الشركات														
نصائح الأصدقاء														
الإشاعات في السوق														
الإنترنت														

2.2 ما هو تقييمك لأهمية أجزاء التقرير المالي السنوي في اتخاذ قرارات الاستثمار في الشركات المساهمة؟

غير مهم على الإطلاق	غير مهم	محايد	مهم	مهم جداً
1	2	3	4	5

البنود					فيما يتعلق بالشركات المدرجة					فيما يتعلق بالشركات غير المدرجة				
					1	2	3	4	5	1	2	3	4	5
الميزانية العمومية														
قائمة الأرباح المحتجزة														
قائمة الدخل														
قائمة التدفقات النقدية														
الملاحظات على القوائم المالية														
تقرير مجلس الإدارة														
تقرير المراجع الخارجي														

القسم الثالث: طبيعة المعلومات المقدمة في التقارير المالية السنوية

• استخدام وفهم التقارير المالية السنوية المنشورة

2.3 ما مدى موافقتك على العبارات التالية فيما يتعلق باستخدام التقارير المالية السنوية للشركات الليبية في اتخاذ القرارات الاستثمارية أو التوصية باتخاذها؟

غير موافق بشدة	غير موافق	محايد	موافق	موافق بشدة
1	2	3	4	5

البنود					فيما يتعلق بالشركات المدرجة					فيما يتعلق بالشركات غير المدرجة				
					1	2	3	4	5	1	2	3	4	5
أستخدمُ التقارير المالية السنوية لاتخاذ قراراتي الاستثمارية أو التوصية بها.														
أقرأ بعناية تقريبا جميع المعلومات الواردة في التقارير المالية السنوية.														
بشكل عام، أجد أن المعلومات الواردة في التقارير المالية السنوية سهلة الفهم.														
أعتمد على التقارير المالية السنوية في اتخاذ قرارات الاستثمار أو التوصية باتخاذها.														
بشكل عام، أنا راض عن المعلومات الواردة في التقارير المالية السنوية للشركات.														

2.4 إلى أي مدى تجد أن أجزاء التقرير المالي السنوي للشركات الليبية المساهمة مفهومة بالنسبة لك؟

غير مفهومة على الإطلاق	غير مفهومة	محايد	مفهومة	مفهومة جداً
1	2	3	4	5

البنود					فيما يتعلق بالشركات المدرجة					فيما يتعلق بالشركات غير المدرجة				
					1	2	3	4	5	1	2	3	4	5
الميزانية العمومية														
قائمة الأرباح المحتجزة														
قائمة الدخل														
قائمة التدفقات النقدية														
الملاحظات على القوائم المالية														
تقرير مجلس الإدارة														
تقرير المراجع الخارجي														

• فائدة التقارير المالية السنوية الحالية

2.5 بشكل عام، كيف تقيم الفائدة من المعلومات المنشورة في التقارير المالية السنوية الحالية للشركات الليبية المساهمة في اتخاذ قرارات الاستثمار أو التوصية بها؟

مفيدة جداً	مفيدة	محايد	غير مفيدة	غير مفيدة على الإطلاق	
					فيما يتعلق بالشركات المدرجة
					المدرجة فيما يتعلق بالشركات غير

2.6 يرجى تحديد مدى فائدة التقارير المالية السنوية الحالية للشركات الليبية المساهمة في المجالات التالية. مستخدماً المقياس من 1 إلى 5.

مفيدة جداً	مفيدة	محايد	غير مفيدة	غير مفيدة على الإطلاق
5	4	3	2	1

فيما يتعلق بالشركات غير المدرجة					فيما يتعلق بالشركات المدرجة					البنود	
5	4	3	2	1	5	4	3	2	1		
											توفير معلومات لمساعدة المستثمرين في اتخاذ القرارات الاستثمارية الجديدة.
											توفير معلومات لمساعدة المستثمرين على متابعة استثماراتهم.
											توفير معلومات لتقييم التدفقات النقدية للشركة.
											توفير معلومات للتنبؤ بالأرباح والعائد على السهم.
											توفير معلومات لتقييم قدرة الإدارة على تحقيق الأهداف.
											توفير معلومات مستقبلية عن أداء الشركة.
											توفير معلومات لمقارنة أداء الشركة على مر الزمن.
											توفير معلومات تساعد على مقارنة أداء الشركة مع الشركات الأخرى في إطار الصناعة الواحدة.

2.7 ما مدى تقييمك لمصداقية المعلومات التي تتضمنها أقسام التقرير السنوي للشركات الليبية المساهمة؟

غير موثوق بها على الإطلاق	بها غير موثوق	محايد	موثوق بها	موثوق بها جداً
1	2	3	4	5

البنود	فيما يتعلق بالشركات المدرجة					فيما يتعلق بالشركات غير المدرجة				
	1	2	3	4	5	1	2	3	4	5
القوائم المالية										
الملاحظات على القوائم المالية										
تقرير مجلس الإدارة										
تقرير رئيس مجلس الإدارة										
تقرير المراجع الخارجي										

2.8 بشكل عام، إلى أي مدى توافق أو لا توافق على أن الخصائص النوعية لفائدة المعلومات المذكورة أدناه متوفرة في التقارير المالية الحالية للشركات الليبية المساهمة؟

غير موافق بشدة	غير موافق	محايد	موافق	موافق بشدة
1	2	3	4	5

البنود	فيما يتعلق بالشركات المدرجة					فيما يتعلق بالشركات غير المدرجة				
	1	2	3	4	5	1	2	3	4	5
اتباع أساليب محاسبية متسقة داخل الشركة على مر الزمن.										
اتباع أساليب محاسبية متسقة بين شركات مختلفة في نفس الصناعة.										
توفر معلومات كاملة.										
توفر معلومات جوهرية بمعنى أنها تفصح عن أحداث مهمة تؤثر على اتخاذ القرار.										
توفر معلومات محايدة.										
توفر معلومات وقتية.										

APPENDIX (2): THE INTERVIEW QUESTIONS

-Place of work.....

-The highest educational qualification you have obtained.....

- Accounting and financial experience (years).....

1. What is the importance of financial information in making investment decisions about Libyan listed and unlisted companies and why?
2. What is the importance of the annual report sections in making investment decisions about Libyan listed and unlisted companies and why?
3. How understandable do you find annual financial report sections of Libyan companies?
4. How useful are the current annual financial reports of Libyan listed and unlisted companies in making investment decisions or recommendations?
5. How credible are corporate annual financial reports of Libyan joint-companies?
6. In general, what is the degree of adequacy of the current disclosure of information in corporate annual reports of Libyan joint-companies in making investment decisions?
7. Do you think that the Libyan stock-market has had an impact on the adequacy of disclosure in corporate annual financial reports in Libya?
8. In general, how do you assess the degree of compliance with IASs of the corporate annual reports in Libya and why?
9. What is kind of the information you think should be published in corporate annual reports of companies listed on the Libyan stock market that is not included already?

APPENDIX (3): THE RESULTS OF THE POST HOC TEST USING DUNCAN

Q1 of the questionnaire

The importance of the financial information sources for external users to make investment decisions or recommendations about Libyan listed companies:

**Table (2): the Importance of the Interim Reports of Listed Companies
Duncan**

Occupation	N	Subset for alpha = .05		
		1	2	3
External Auditor	60	3.9333		
Individual investor	82	3.9878	3.9878	
Stockbroker	43	4.0465	4.0465	
Financial Analyst	44		4.2955	4.2955
Institutional investor	57			4.3860
Sig.		.517	.074	.578

**Table (3): The importance of direct information from the company as source of information about listed companies
Duncan**

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	3.4024	
External Auditor	60	3.7833	3.7833
Stockbroker	43	3.7907	3.7907
Institutional investor	57		3.9825
Financial Analyst	44		4.0909
Sig.		.051	.139

**Table (4): the importance of Internet as source of information about listed companies
Duncan**

Occupation	N	Subset for alpha = .05	
		1	2
External Auditor	60	3.4333	
Individual investor	82	3.4512	
Institutional investor	57	3.8070	3.8070
Stockbroker	43		3.8837
Financial Analyst	44		3.9318
Sig.		.057	.530

Table (5): the importance of the annual reports of unlisted companies
Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Stockbroker	43	4.0000	
External Auditor	60	4.0167	
Individual investor	82	4.0854	
Financial Analyst	44	4.1818	4.1818
Institutional investor	57		4.4561
Sig.		.323	.098

Table (6): the importance of direct information from the company as source of information about unlisted companies
Duncan

Occupation	N	Subset for alpha = .05		
		1	2	3
Stockbroker	43	3.6512		
External Auditor	60	3.7667	3.7667	
Individual investor	82	3.8780	3.8780	3.8780
Institutional investor	57		4.0877	4.0877
Financial Analyst	44			4.1591
Sig.		.245	.098	.148

Table (7): the importance of advice of friends as source of information about unlisted companies
Duncan

Occupation	N	Subset for alpha = .05			
		1	2	3	4
Stockbroker	43	2.1628			
Institutional investor	57	2.4035	2.4035		
Financial Analyst	44		2.6818	2.6818	
Individual investor	82			3.0122	3.0122
External Auditor	60				3.1500
Sig.		.219	.155	.092	.481

Table (8): The importance of the annual reports of listed companies
Duncan

Education	N	Subset for alpha = .05	
		1	2
Less than university level	19	4.5263	
University level Bachelor	187	4.7005	4.7005
PhD	21		4.8571
Master or postgraduate diploma	59		4.8814
Sig.		.155	.165

Table (9): the Importance of Advisory services as source of Information about Listed Companies
Duncan

Education	N	Subset for alpha = .05	
		1	2
Less than university level	19	3.4737	
University level Bachelor	187	3.7433	3.7433
Master or postgraduate diploma	59		4.0169
PhD	21		4.0476
Sig.		.213	.186

Table (10): the importance of Financial Newspapers and Magazines as Source of Information about listed companies

Education		N	Subset for alpha = .05
		1	1
Tukey HSD(a,b)	Less than university level	19	3.2632
	University level Bachelor	187	3.3636
	PhD	21	3.4286
	Master or postgraduate diploma	59	3.7627
	Sig.		.146
Duncan(a,b)	Less than university level	19	3.2632
	University level Bachelor	187	3.3636
	PhD	21	3.4286
	Master or postgraduate diploma	59	3.7627
	Sig.		.051

Table (11): The importance of Government Publications and Statistics as source of information about listed companies
Duncan

Education	N	Subset for alpha = .05		
		1	2	3
Less than university level	19	3.1579		
University level Bachelor	187		3.7166	
PhD	21		3.7619	
Master or postgraduate diploma	59			4.2542
Sig.		1.000	.855	1.000

Table (12): The importance of advice of friends as source of information about listed companies
Duncan

Education	N	Subset for alpha = .05	
		2	1
PhD	21	2.0000	
University level Bachelor	187		2.5508
Master or postgraduate diploma	59		2.6271
Less than university level	19		2.9474
Sig.		1.000	.082

Table (13): The importance of the annual reports of unlisted companies
Duncan

Education	N	Subset for alpha = .05	
		1	2
Less than university level	19	3.9474	
University level Bachelor	187	4.0856	
Master or postgraduate diploma	59	4.2373	4.2373
PhD	21		4.6190
Sig.		.202	.074

Table (14): The importance of advice of friends as source of information about unlisted companies
Duncan

Education	N	Subset for alpha = .05		
		1	2	3
PhD	21	2.2381		
University level Bachelor	187	2.7166	2.7166	
Master or postgraduate diploma	59		2.7966	
Less than university level	19			3.3684
Sig.		.068	.759	1.000

Table (15): The importance of market rumours as source of information about unlisted companies
Duncan

Education	N	Subset for alpha = .05	
		1	2
PhD	21	1.7143	
Less than university level	19	2.1053	2.1053
Master or postgraduate diploma	59	2.1186	2.1186
University level Bachelor	187		2.4278
Sig.		.150	.252

Table (16): The Importance of the Interim Reports of Listed Companies

Duncan

Experience	N	Subset for alpha = .05		
		1	2	3
None	15	3.6000		
From 5 to 10 years	88	3.8750	3.8750	
Under 5 years	71		4.1972	4.1972
Over 15 years	69		4.2464	4.2464
From 11 to 15	43			4.4186
Sig.		.149	.065	.276

Table (17): The importance of direct information from the company as source of information about listed companies

Duncan

Experience	N	Subset for alpha = .05		
		1	2	3
None	15	3.2667		
Under 5 years	71	3.4789	3.4789	
Over 15 years	69		3.7681	3.7681
From 5 to 10 years	88		3.8636	3.8636
From 11 to 15	43			4.1860
Sig.		.343	.105	.077

Table (18): The importance of financial newspapers and magazines as source of information about listed companies

Duncan

Experience	N	Subset for alpha = .05		
		1	2	3
None	15	2.8667		
From 5 to 10 years	88		3.3523	
Over 15 years	69		3.3913	
Under 5 years	71		3.4930	3.4930
From 11 to 15	43			3.8372
Sig.		1.000	.540	.109

Table (19): The importance of advice of friends as source of information about listed companies

Duncan

Experience	N	Subset for alpha = .05	
		1	2
None	15	2.3333	
Under 5 years	71	2.3803	
From 5 to 10 years	88	2.5455	2.5455
Over 15 years	69	2.5507	2.5507
From 11 to 15	43		2.9302
Sig.		.326	.068

Table (20): The importance of Internet as source of information about listed companies
Duncan

Experience	N	Subset for alpha = .05	
		1	2
None	15	3.0667	
From 5 to 10 years	88		3.5227
Over 15 years	69		3.5362
From 11 to 15	43		3.8605
Under 5 years	71		3.9437
Sig.		1.000	.080

Table (21): The importance of Financial Newspapers and magazines as source of information about unlisted companies
Duncan

Experience	N	Subset for alpha = .05	
		1	2
None	15	2.5333	
Under 5 years	71	2.7324	
From 5 to 10 years	88	2.7500	
Over 15 years	69	2.7681	
From 11 to 15	43		3.3953
Sig.		.346	1.000

Table (22): The importance of Internet as source of information about unlisted companies
Duncan

Experience	N	Subset for alpha = .05		
		2	3	1
None	15	2.0667		
From 5 to 10 years	88		2.5114	
Under 5 years	71		2.6901	2.6901
Over 15 years	69		2.7536	2.7536
From 11 to 15	43			3.0233
Sig.		1.000	.294	.147

Q2 of the questionnaire

Table (23): Rating of the importance of statement of retained earnings to make investment decisions in listed companies

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	3.9756	
Institutional investor	57	4.2632	4.2632
Stockbroker	43		4.3256
External Auditor	60		4.3667
Financial Analyst	44		4.3864
Sig.		.063	.474

Table (24): Rating of the importance of statement of cash flow to make investment decisions in listed companies

Duncan

Occupation	N	Subset for alpha = .05		
		1	2	3
Individual investor	82	3.8049		
Stockbroker	43		4.1395	
Institutional investor	57		4.2632	4.2632
Financial Analyst	44		4.2955	4.2955
External Auditor	60			4.5500
Sig.		1.000	.366	.093

Table (25): Rating of the importance of auditor's report to make investment decisions in listed companies

Duncan

Occupation	N	Subset for alpha = .05		
		1	2	3
Individual investor	82	4.3780		
Institutional investor	57	4.4561		
Financial Analyst	44	4.5000	4.5000	
External Auditor	60		4.7000	4.7000
Stockbroker	43			4.8605
Sig.		.330	.089	.172

Table (26): Rating of the importance of Statement of retained earnings to make investment decisions in unlisted companies

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	3.5000	
Stockbroker	43	3.6279	
External Auditor	60	3.8333	3.8333
Financial Analyst	44		4.0455
Institutional investor	57		4.1053
Sig.		.084	.161

Table (27): Rating of the importance of Income statement to make investment decisions in unlisted companies
Duncan

Occupation	N	Subset for alpha = .05		
		1	2	3
Stockbroker	43	3.8140		
External Auditor	60		4.1333	
Financial Analyst	44		4.3864	4.3864
Individual investor	82			4.5000
Institutional investor	57			4.5789
Sig.		1.000	.105	.247

Table (28): Rating of the importance of Statement of cash flow to make investment decisions in unlisted companies
Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	3.3049	
Stockbroker	43	3.6279	3.6279
Financial Analyst	44		3.7500
External Auditor	60		3.8667
Institutional investor	57		3.8947
Sig.		.092	.208

Table (29): Rating of the importance of Notes to the financial statements to make investment decisions in unlisted companies.
Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Stockbroker	43	3.4651	
Individual investor	82	3.6585	3.6585
External Auditor	60	3.7667	3.7667
Financial Analyst	44	3.7727	3.7727
Institutional investor	57		4.0000
Sig.		.092	.060

Table (30): Rating of the importance of Balance sheet to make investment decisions in listed companies

Education		N	Subset for alpha = .05
		1	1
Tukey HSD(a,b)	University level Bachelor	187	4.6578
	Master or postgraduate diploma	59	4.8475
	Less than university level	19	4.8947
	PhD	21	4.9048
	Sig.		.249
Duncan(a,b)	University level Bachelor	187	4.6578
	Master or postgraduate diploma	59	4.8475
	Less than university level	19	4.8947
	PhD	21	4.9048
	Sig.		.091

Table (31): Rating of the importance of Statement of retained earnings to make investment decisions in listed companies

Education		N	Subset for alpha = .05
		1	1
Tukey	University level Bachelor	187	4.1444
	Less than university level	19	4.1579
	PhD	21	4.3810
	Master or postgraduate diploma	59	4.4746
	Sig.		.350
Duncan	University level Bachelor	187	4.1444
	Less than university level	19	4.1579
	PhD	21	4.3810
	Master or postgraduate diploma	59	4.4746
	Sig.		.134

Table (32): Rating of the importance of Notes to the financial statements to make investment decisions in listed companies
Duncan

Education	N	Subset for alpha = .05
		1
PhD	21	3.9524
Less than university level	19	4.0000
University level Bachelor	187	4.0428
Master or postgraduate diploma	59	4.3390
Sig.		.076

Table (33): Rating of the importance of Income statement to make investment decisions in listed companies
Duncan

Education	N	Subset for alpha = .05	
		1	2
University level Bachelor	187	4.6257	
PhD	21		4.9048
Master or postgraduate diploma	59		4.9322
Less than university level	19		5.0000
Sig.		1.000	.475

Table (34): Rating of the importance of Statement of cash flow to make investment decisions in listed companies
Duncan

Education	N	Subset for alpha = .05	
		1	2
Less than university level	19	3.5789	
University level Bachelor	187		4.1551
PhD	21		4.3333
Master or postgraduate diploma	59		4.3898
Sig.		1.000	.301

Table (35): Rating of the importance of Directors' report to make investment decisions in listed companies
Duncan

Education	N	Subset for alpha = .05	
		1	2
University level Bachelor	187	3.2353	
PhD	21	3.2857	3.2857
Less than university level	19	3.4211	3.4211
Master or postgraduate diploma	59		3.7627
Sig.		.469	.059

Table (36): Rating of the importance of Auditor's report to make investment decisions in listed companies
Duncan

Education	N	Subset for alpha = .05	
		1	2
Less than university level	19	4.2632	
PhD	21	4.4286	
University level Bachelor	187	4.5241	4.5241
Master or postgraduate diploma	59		4.7797
Sig.		.108	.096

Table (37): Rating of the importance of Statement of retained earnings to make investment decisions in unlisted companies
Duncan

Education	N	Subset for alpha = .05		
		1	2	3
Less than university level	19	3.3684		
University level Bachelor	187	3.6952	3.6952	
Master or postgraduate diploma	59		4.0678	4.0678
PhD	21			4.2857
Sig.		.165	.114	.354

Table (38) Rating of the importance of Income statement to make investment decisions in unlisted companies
Duncan

Education	N	Subset for alpha = .05	
		1	2
University level Bachelor	187	4.2086	
Less than university level	19	4.3158	
Master or postgraduate diploma	59	4.4915	4.4915
PhD	21		4.8095
Sig.		.197	.123

Table (39) Rating of the importance of Statement of cash flow to make investment decisions in unlisted companies
Duncan

Education	N	Subset for alpha = .05		
		1	2	3
Less than university level	19	2.9474		
University level Bachelor	187		3.5829	
Master or postgraduate diploma	59		3.9322	3.9322
PhD	21			4.1905
Sig.		1.000	.153	.290

Table (40) Rating of the importance of Directors' report to make investment decisions in unlisted companies
Duncan

Education	N	Subset for alpha = .05	
		1	2
University level Bachelor	187	2.8075	
Less than university level	19	2.8421	2.8421
PhD	21	3.2857	3.2857
Master or postgraduate diploma	59		3.3898
Sig.		.089	.051

Table (41) Rating of the importance of Auditor's report to make investment decisions in unlisted companies
Duncan

Education	N	Subset for alpha = .05	
		1	2
Less than university level	19	3.3684	
University level Bachelor	187		3.9786
PhD	21		4.0476
Master or postgraduate diploma	59		4.2034
Sig.		1.000	.404

Table (42) Rating of the importance of Statement of cash flow to make investment decisions in listed companies
Duncan

Experience	N	Subset for alpha = .05		
		1	2	3
None	15	3.2667		
Under 5 years	71		3.9577	
From 5 to 10 years	88		4.2045	4.2045
Over 15 years	69		4.3478	4.3478
From 11 to 15	43			4.5349
Sig.		1.000	.052	.101

Table (43): Rating of the importance of Income statement to make investment decisions in unlisted companies
Duncan

Experience	N	Subset for alpha = .05	
		1	2
Under 5 years	71	4.0845	
From 5 to 10 years	88	4.2841	4.2841
From 11 to 15	43	4.4186	4.4186
Over 15 years	69	4.4638	4.4638
None	15		4.6667
Sig.		.069	.067

Table (44): Rating of the importance of Statement of cash flow to make investment decisions in unlisted companies
Duncan

Experience	N	Subset for alpha = .05		
		1	2	3
None	15	2.8667		
Under 5 years	71	3.2817	3.2817	
From 5 to 10 years	88		3.6818	3.6818
From 11 to 15	43			3.9070
Over 15 years	69			4.0290
Sig.		.061	.071	.139

Table (45): Rating of the importance of Notes to the financial statements to make investment decisions in unlisted companies
Duncan

Experience	N	Subset for alpha = .05	
		2	1
From 5 to 10 years	88	3.5114	
Under 5 years	71	3.6761	3.6761
None	15	3.8000	3.8000
From 11 to 15	43	3.8605	3.8605
Over 15 years	69		4.0000
Sig.		.105	.133

Q2.3 of the questionnaire

Table (46) Usage the annual financial reports for investments decisions *in listed* companies.

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	4.0732	
Stockbroker	43	4.1395	
External Auditor	60	4.1500	
Institutional investor	57	4.2105	
Financial Analyst	44		4.5682
Sig.		.411	1.000

Table (47): Usage the annual financial reports for investments decisions in unlisted companies.

Duncan

Occupation	N	Subset for alpha = .05	
		2	1
Individual investor	82	3.7805	
Stockbroker	43	3.8140	
External Auditor	60	4.0333	
Institutional investor	57	4.0877	
Financial Analyst	44		4.4773
Sig.		.091	1.000

Table (48): Reading information contain within the annual financial reports of unlisted companies.

Duncan

Occupation	N	Subset for alpha = .05		
		2	3	1
Stockbroker	43	3.3953		
Individual investor	82	3.6585	3.6585	
External Auditor	60		3.8000	3.8000
Institutional investor	57			4.0351
Financial Analyst	44			4.0682
Sig.		.142	.429	.159

Table (49) In general, I find the information within the annual financial reports of unlisted companies easy to understand.

Duncan

Occupation	N	Subset for alpha = .05		
		1	2	3
Stockbroker	43	2.8837		
Individual investor	82	2.9878	2.9878	
External Auditor	60	3.1500	3.1500	3.1500
Financial Analyst	44		3.3182	3.3182
Institutional investor	57			3.4561
Sig.		.131	.060	.081

Table (50) "I rely on the annual financial reports of unlisted companies for my investments decisions"

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Stockbroker	43	3.1395	
Individual investor	82	3.2073	
Institutional investor	57	3.5263	3.5263
External Auditor	60		3.6333
Financial Analyst	44		3.7273
Sig.		.056	.325

Table (51): "Generally, I am satisfied with the information provided in corporate annual financial reports of unlisted companies."

Duncan

Occupation	N	Subset for alpha = .05		
		1	2	3
Stockbroker	43	2.4651		
Individual investor	82	2.8171	2.8171	
External Auditor	60		2.9667	2.9667
Financial Analyst	44		2.9773	2.9773
Institutional investor	57			3.2632
Sig.		.059	.421	.134

Table (52): "I rely on the annual financial reports of unlisted companies for my investments decisions."

Duncan

Education	N	Subset for alpha = .05	
		1	2
Less than university level	19	2.5263	
University level Bachelor	187		3.4011
PhD	21		3.5714
Master or postgraduate diploma	59		3.7627
Sig.		1.000	.160

Table (53): Usage the annual financial reports for investments decisions in listed companies.

Duncan

Experience	N	Subset for alpha = .05	
		1	2
None	15	3.4667	
From 11 to 15	43		4.1163
From 5 to 10 years	88		4.1818
Under 5 years	71		4.1831
Over 15 years	69		4.4638
Sig.		1.000	.070

Table (54): Usage the annual financial reports for investments decisions in unlisted companies.

Duncan

Experience	N	Subset for alpha = .05	
		1	2
None	15	3.4667	
Under 5 years	71		3.8592
From 11 to 15	43		3.9767
From 5 to 10 years	88		4.0227
Over 15 years	69		4.2754
Sig.		1.000	.055

Table (55): Reading information contain within the annual financial reports of unlisted companies.

Experience		N	Subset for alpha = .05
		1	1
Tukey	None	15	3.5333
	Under 5 years	71	3.5352
	From 5 to 10 years	88	3.7841
	From 11 to 15	43	3.9535
	Over 15 years	69	4.0000
	Sig.		.191
Duncan	None	15	3.5333
	Under 5 years	71	3.5352
	From 5 to 10 years	88	3.7841
	From 11 to 15	43	3.9535
	Over 15 years	69	4.0000
	Sig.		.052

Table (56): "In general, I find the information within the annual financial reports of listed companies easy to understand."

Duncan

Experience	N	Subset for alpha = .05	
		1	2
None	15	2.9333	
Under 5 years	71		3.3380
From 5 to 10 years	88		3.4659
From 11 to 15	43		3.5116
Over 15 years	69		3.7246
Sig.		1.000	.077

Table (57): "In general, I find the information within the annual financial reports of unlisted companies easy to understand."

Duncan

Experience	N	Subset for alpha = .05	
		1	2
None	15	2.9333	
Under 5 years	71	2.9718	
From 5 to 10 years	88	3.0795	3.0795
From 11 to 15	43	3.2093	3.2093
Over 15 years	69		3.4348
Sig.		.208	.090

Table (58): "I rely on the annual financial reports of listed companies for my investments decisions."

Duncan

Experience	N	Subset for alpha = .05	
		1	2
None	15	3.4000	
From 11 to 15	43	3.6744	3.6744
Under 5 years	71		3.9155
From 5 to 10 years	88		3.9545
Over 15 years	69		4.0580
Sig.		.181	.088

Table (59): "Generally, I am satisfied with the information provided in corporate annual financial reports of unlisted companies."

Duncan

Experience	N	Subset for alpha = .05	
		1	2
Under 5 years	71	2.6761	
From 5 to 10 years	88	2.7841	2.7841
None	15	3.0000	3.0000
Over 15 years	69	3.0870	3.0870
From 11 to 15	43		3.2326
Sig.		.093	.066

Table (60): To extent do you find the understandability of Balance sheet of listed companies?

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	3.7927	
Stockbroker	43	4.0000	4.0000
Institutional investor	57		4.2105
Financial Analyst	44		4.2273
External Auditor	60		4.2333
Sig.		.185	.177

Table (61): To extent do you find the understandability of Statement of retained earnings of listed companies?

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	3.4268	
Stockbroker	43		3.9302
Financial Analyst	44		4.0000
Institutional investor	57		4.0351
External Auditor	60		4.0500
Sig.		1.000	.543

Table (62): To extent do you find the understandability of Income statement of listed companies?

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	3.7195	
Stockbroker	43		4.0465
Financial Analyst	44		4.2273
External Auditor	60		4.2333
Institutional investor	57		4.2807
Sig.		1.000	.164

Table (63): To extent do you find the understandability of Statement of cash flow of listed companies?

Duncan

Occupation	N	Subset for alpha = .05	
		2	1
Individual investor	82	2.7561	
Stockbroker	43		3.1628
External Auditor	60		3.3500
Financial Analyst	44		3.5000
Institutional investor	57		3.5088
Sig.		1.000	.072

Table (64): To extent do you find the understandability of Auditor's report of listed companies?

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	4.1585	
Financial Analyst	44	4.1591	
External Auditor	60	4.3833	4.3833
Institutional investor	57	4.3860	4.3860
Stockbroker	43		4.4884
Sig.		.113	.452

Table (65): To extent do you find the understandability of Balance sheet of unlisted companies?

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	3.3780	
Stockbroker	43	3.4419	
Financial Analyst	44		3.8864
Institutional investor	57		4.1053
External Auditor	60		4.1167
Sig.		.708	.204

Table (66): To extent do you find the understandability of Statement of retained earnings of unlisted companies?

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	3.1585	
Stockbroker	43	3.2093	
Financial Analyst	44		3.6591
External Auditor	60		3.7333
Institutional investor	57		3.7544
Sig.		.774	.614

Table (67): To extent do you find the understandability of Income statement of unlisted companies?

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Stockbroker	43	3.3953	
Individual investor	82	3.4268	
Financial Analyst	44		3.8182
Institutional investor	57		4.0000
External Auditor	60		4.0333
Sig.		.861	.264

Table (68): To extent do you find the understandability of Statement of cash flow of unlisted companies?

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	2.4756	
Stockbroker	43	2.4884	
Financial Analyst	44	2.8182	
External Auditor	60	2.8667	
Institutional investor	57		3.3333
Sig.		.052	1.000

Table (69): To extent do you find the understandability of Balance sheet of listed companies?

Duncan

Education	N	Subset for alpha = .05	
		1	2
Less than university level	19	3.8421	
University level Bachelor	187	4.0321	
Master or postgraduate diploma	59	4.1017	4.1017
PhD	21		4.4762
Sig.		.232	.067

Table (70): To extent do you find the understandability of Balance sheet of unlisted companies?

Duncan

Education	N	Subset for alpha = .05		
		1	2	3
Less than university level	19	3.4737		
University level Bachelor	187	3.6631	3.6631	
Master or postgraduate diploma	59		3.9831	3.9831
PhD	21			4.3333
Sig.		.406	.161	.125

Table (71): To extent do you find the understandability of Income statement of unlisted companies?

Duncan

Education	N	Subset for alpha = .05
	1	1
Less than university level	19	3.5263
University level Bachelor	187	3.6310
PhD	21	3.9524
Master or postgraduate diploma	59	4.0000
Sig.		.070

Table (72): To extent do you find the understandability of Statement of cash flow of unlisted companies?

Duncan

Education	N	Subset for alpha = .05	
		1	2
Less than university level	19	2.0526	
University level Bachelor	187		2.8128
PhD	21		2.8571
Master or postgraduate diploma	59		2.8983
Sig.		1.000	.745

Table (73): To extent do you find the understandability of Balance sheet of listed companies?

Duncan

Experience	N	Subset for alpha = .05	
	1	1	2
None	15	3.4000	
Under 5 years	71	3.7183	
From 5 to 10 years	88		4.1591
From 11 to 15	43		4.1860
Over 15 years	69		4.3768
Sig.		.076	.253

Table (74): To extent do you find the understandability of Balance sheet of unlisted companies?

Duncan

Experience	N	Subset for alpha = .05	
	1	1	2
None	15	2.9333	
Under 5 years	71	3.2958	
From 5 to 10 years	88		3.8182
From 11 to 15	43		4.0930
Over 15 years	69		4.1594
Sig.		.067	.103

Table (75): To extent do you find the understandability of Statement of retained earnings of listed companies?

Duncan

Experience	N	Subset for alpha = .05	
	1	1	2
None	15	3.2000	
Under 5 years	71	3.3803	
From 5 to 10 years	88		3.9091
From 11 to 15	43		4.0233
Over 15 years	69		4.2609
Sig.		.373	.101

Table (76): To extent do you find the understandability of Statement of retained earnings of unlisted companies?

Duncan

Experience	N	Subset for alpha = .05		
		1	2	3
None	15	2.7333		
Under 5 years	71	3.0563		
From 5 to 10 years	88		3.4773	
From 11 to 15	43		3.7907	3.7907
Over 15 years	69			3.8986
Sig.		.110	.121	.593

Table (77): To extent do you find the understandability of Income statement of listed companies?

Duncan

Experience	N	Subset for alpha = .05	
		1	2
None	15	3.4667	
Under 5 years	71	3.6901	
From 5 to 10 years	88		4.1364
From 11 to 15	43		4.2326
Over 15 years	69		4.3913
Sig.		.205	.174

Table (78): To extent do you find the understandability of Income statement of unlisted companies?

Duncan

Experience	N	Subset for alpha = .05	
		1	2
None	15	2.8667	
Under 5 years	71	3.2535	
From 5 to 10 years	88		3.7955
From 11 to 15	43		3.9767
Over 15 years	69		4.1449
Sig.		.060	.108

Table (79): To extent do you find the understandability of Statement of cash flow of listed companies?

Duncan

Experience	N	Subset for alpha = .05		
		1	2	3
None	15	2.3333		
Under 5 years	71		2.9437	
From 5 to 10 years	88		3.2159	3.2159
From 11 to 15	43			3.4186
Over 15 years	69			3.5217
Sig.		1.000	.193	.169

Table (80): To extent do you find the understandability of Statement of cash flow of unlisted companies?

Duncan

Experience	N	Subset for alpha = .05	
		1	2
None	15	2.3333	
Under 5 years	71	2.5352	
From 5 to 10 years	88	2.6591	2.6591
From 11 to 15	43		3.0698
Over 15 years	69		3.1159
Sig.		.168	.052

Table (81): To extent do you find the understandability of notes to the financial statements of listed companies?

Duncan

Experience	N	Subset for alpha = .05		
		1	2	3
None	15	2.9333		
Under 5 years	71	3.1690	3.1690	
From 5 to 10 years	88		3.4659	3.4659
From 11 to 15	43			3.6744
Over 15 years	69			3.7826
Sig.		.202	.109	.106

Table (82): To extent do you find the understandability of notes to the financial statements of unlisted companies?

Duncan

Experience	N	Subset for alpha = .05	
		1	2
None	15	2.3333	
Under 5 years	71	2.6901	
From 5 to 10 years	88		3.1364
From 11 to 15	43		3.3256
Over 15 years	69		3.3913
Sig.		.101	.271

Table (83): To extent do you find the understandability of Directors' report of listed companies?

Duncan

Experience	N	Subset for alpha = .05	
		1	2
None	15	3.2000	
Under 5 years	71	3.3662	
From 5 to 10 years	88		3.7614
Over 15 years	69		3.7971
From 11 to 15	43		3.8140
Sig.		.350	.783

Table (84): To extent do you find the understandability of Directors' report of unlisted companies?

Duncan

Experience	N	Subset for alpha = .05	
		1	2
None	15	2.9333	
Under 5 years	71	3.0423	
From 5 to 10 years	88		3.5000
Over 15 years	69		3.5072
From 11 to 15	43		3.5814
Sig.		.608	.721

Table (85): To what extent do you find the understandability of Auditor's report of listed companies?

Duncan

Experience	N	Subset for alpha = .05		
		1	2	3
None	15	3.8667		
Under 5 years	71	4.0986	4.0986	
From 11 to 15	43		4.2558	4.2558
From 5 to 10 years	88			4.4318
Over 15 years	69			4.4638
Sig.		.128	.302	.199

Table (86): To extent do you find the understandability of Auditor's report of unlisted companies?

Duncan

Experience	N	Subset for alpha = .05		
		1	2	3
None	15	3.8000		
Under 5 years	71	3.8873		
From 11 to 15	43	4.0465	4.0465	
From 5 to 10 years	88		4.3523	4.3523
Over 15 years	69			4.4058
Sig.		.176	.075	.754

Table (87): In general, how do you find the usefulness of the information provided in the current annual financial reports of Libyan companies to make investment decisions or recommendations?

Duncan

Occupation	N	Subset for alpha = .05		
		1	2	3
Individual investor	82	3.6707		
Financial Analyst	44	3.7273	3.7273	
External Auditor	60	3.8167	3.8167	3.8167
Institutional investor	57		4.0175	4.0175
Stockbroker	43			4.1395
Sig.		.393	.087	.056

Table (88): The annual financial reports of listed companies are useful to provide information to assess the cash flow of company

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	3.3171	
Financial Analyst	44	3.5909	3.5909
Stockbroker	43		3.7907
Institutional investor	57		3.8070
External Auditor	60		3.8333
Sig.		.134	.231

Table (89): "The annual financial reports of listed companies are useful to help investors to make comparison between a company's performances with other companies' performance within a single industry"

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	2.5488	
Financial Analyst	44		3.1818
External Auditor	60		3.2167
Stockbroker	43		3.4419
Institutional investor	57		3.5614
Sig.		1.000	.065

Table (90): The annual financial reports of unlisted companies are useful to provide information to help investors in making new investment decisions.

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Stockbroker	43	3.0698	
Individual investor	82	3.1463	
External Auditor	60	3.2333	3.2333
Financial Analyst	44	3.4091	3.4091
Institutional investor	57		3.5789
Sig.		.077	.062

Table (91): "The annual financial reports of unlisted companies are useful to provide information to help investors to monitor their investment."

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Stockbroker	43	2.7209	
Financial Analyst	44	2.9773	2.9773
Individual investor	82	2.9878	2.9878
External Auditor	60	3.0667	3.0667
Institutional investor	57		3.3684
Sig.		.104	.064

Table (92): The annual financial reports of unlisted companies are useful to provide information to evaluate managerial effectiveness.

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Stockbroker	43	2.6279	
Individual investor	82	2.8659	2.8659
External Auditor	60		3.0833
Institutional investor	57		3.1930
Financial Analyst	44		3.2273
Sig.		.225	.093

Table (93): The annual financial reports of unlisted companies are useful to provide information to formulate forecasts about future performance

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	1.7439	
Stockbroker	43	1.9535	1.9535
Financial Analyst	44	1.9545	1.9545
Institutional investor	57	2.0351	2.0351
External Auditor	60		2.1333
Sig.		.062	.256

Table (94): "The annual financial reports of unlisted companies are useful to help investors to make comparison between a company's performances with other companies' performance within a single industry"

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	2.0976	
Stockbroker	43		2.5349
Financial Analyst	44		2.7045
External Auditor	60		2.7667
Institutional investor	57		2.8596
Sig.		1.000	.155

Table (95): Users' perceptions of the credibility of information in Directors' report of listed companies

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	2.6341	
Stockbroker	43		3.0465
Financial Analyst	44		3.1136
External Auditor	60		3.1500
Institutional investor	57		3.3158
Sig.		1.000	.181

Table (96): Users' perceptions of the credibility of the information in financial Statements of unlisted companies

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	2.4512	
Stockbroker	43	2.5581	
Financial Analyst	44		3.0000
Institutional investor	57		3.1754
External Auditor	60		3.1833
Sig.		.548	.335

Table (97): Users' perceptions of the credibility of information in notes to the financial statements of unlisted companies

Duncan

Occupation	N	Subset for alpha = .05		
		1	2	3
Individual investor	82	2.3902		
Stockbroker	43	2.5349	2.5349	
Financial Analyst	44		2.8182	2.8182
Institutional investor	57			3.0000
External Auditor	60			3.0333
Sig.		.425	.118	.265

Table (98): Users' perceptions of the credibility of information in Directors' report of unlisted companies

Duncan

Occupation	N	Subset for alpha = .05		
		1	2	3
Individual investor	82	2.2561		
Stockbroker	43	2.3953	2.3953	
Financial Analyst	44		2.6591	2.6591
External Auditor	60		2.7000	2.7000
Institutional investor	57			2.8947
Sig.		.439	.111	.219

Table (99): Users' perceptions of the credibility of information in Auditor's report of unlisted companies

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	3.3171	
Stockbroker	43	3.4651	3.4651
Financial Analyst	44	3.5227	3.5227
Institutional investor	57	3.6667	3.6667
External Auditor	60		3.8333
Sig.		.093	.076

Table (100): Users' perceptions of the Neutrality criterion of the current financial reporting of listed companies

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	2.6951	
Institutional investor	57	2.9825	2.9825
Financial Analyst	44	3.0227	3.0227
Stockbroker	43	3.0698	3.0698
External Auditor	60		3.2833
Sig.		.100	.190

Table (101): Users' perceptions of the Neutrality criterion of the current financial reporting of unlisted companies

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	2.1829	
Financial Analyst	44	2.3409	2.3409
Stockbroker	43	2.3953	2.3953
Institutional investor	57	2.5088	2.5088
External Auditor	60		2.7000
Sig.		.117	.083

Table (102): Projected cash flows for the current year or years to come of Listed Companies

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	4.0000	
Stockbroker	43		4.3256
External Auditor	60		4.3667
Institutional investor	57		4.3684
Financial Analyst	44		4.4545
Sig.		1.000	.419

Table (103): Projected cash flows for the current year or years to come of Unlisted Companies

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	4.0000	
Stockbroker	43	4.2558	4.2558
External Auditor	60	4.3000	4.3000
Institutional investor	57		4.3333
Financial Analyst	44		4.3864
Sig.		.053	.426

Table (104): Future plans of the company (Listed Companies)

			Subset for alpha = .05
Occupation		N	1
Tukey	Individual investor	82	4.2561
	External Auditor	60	4.2667
	Stockbroker	43	4.4884
	Institutional investor	57	4.5263
	Financial Analyst	44	4.5455
	Sig.		.207
Duncan	Individual investor	82	4.2561
	External Auditor	60	4.2667
	Stockbroker	43	4.4884
	Institutional investor	57	4.5263
	Financial Analyst	44	4.5455
	Sig.		.056

Table (105): Environmental information (Listed Companies)

Duncan

Occupation	N	Subset for alpha = .05		
		1	2	3
Individual investor	82	2.8659		
External Auditor	60	3.1167	3.1167	
Stockbroker	43		3.3953	3.3953
Institutional investor	57			3.5614
Financial Analyst	44			3.7045
Sig.		.126	.089	.074

Table (106): Environmental information (Unlisted Companies)

Duncan

Occupation	N	Subset for alpha = .05	
		1	2
Individual investor	82	2.8293	
Stockbroker	43	2.9535	
External Auditor	60	3.0333	
Financial Analyst	44		3.4773
Institutional investor	57		3.4912
Sig.		.253	.934

Table (107): Projected cash flows for the current year or years to come of Listed Companies

Duncan

Education	N	Subset for alpha = .05	
		1	2
Less than university level	19	3.9474	
University level Bachelor	187	4.2193	4.2193
Master or postgraduate diploma	59		4.4576
PhD	21		4.4762
Sig.		.144	.194

Table (108): Information on the current value of the balance sheet items (Unlisted Companies)

Duncan

	Education	N	Subset for alpha = .05
			1
Tukey	University level Bachelor	187	3.9412
	PhD	21	3.9524
	Less than university level	19	4.1053
	Master or postgraduate diploma	59	4.3220
	Sig.		.220
Duncan	University level Bachelor	187	3.9412
	PhD	21	3.9524
	Less than university level	19	4.1053
	Master or postgraduate diploma	59	4.3220
	Sig.		.079

Table (109): Projected cash flows for the current year or years to come of Listed Companies

Duncan

Experience	N	Subset for alpha = .05	
		1	2
None	15	3.2000	
Under 5 years	71		4.1831
Over 15 years	69		4.2464
From 5 to 10 years	88		4.4318
From 11 to 15	43		4.4884
Sig.		1.000	.086

Table (110): Projected cash flows for the current year or years to come of Unlisted Companies

Duncan

Experience	N	Subset for alpha = .05	
		1	2
None	15	3.2000	
Under 5 years	71		4.1831
Over 15 years	69		4.2029
From 5 to 10 years	88		4.3636
From 11 to 15	43		4.4186
Sig.		1.000	.203

APPENDIX (4): NORMALITY TEST

This table explores that, the normality assumption tested statistically using the Kurtosis and Skewness value tests

	<i>When factored by occupations of users</i>	Skewness	Kurtosis
		-1 to +1	-3 to +3
Q2.1.1	The importance of the annual reports of listed companies	-1.7418	2.2004
	The importance of the annual reports of unlisted companies	-0.9329	0.4681
Q2.1.2	The Importance of the Interim Reports of Listed Companies	-0.6853	0.0527
	The Importance of the Interim Reports of Unlisted Companies	-0.3666	-0.3131
Q2.1.3	The Importance of Advisory services as source of Information about Listed Companies	-0.3208	-0.3142
	The importance of Advisory services as source of information about unlisted companies	-0.0847	-0.5229
Q2.1.4	The importance of direct information from the company as source of information about listed companies	-0.6366	-0.1385
	The importance of direct information from the company as source of information about unlisted companies	-0.6495	-0.253
Q2.1.5	The importance of Financial Newspapers and Magazines as Source of Information about listed companies	-0.1908	-0.3686
	The importance of Financial Newspapers and magazines as source of information about unlisted companies	0.2301	-0.6916
Q2.1.6	The importance of Government Publications and Statistics as source of information about listed companies	-0.5361	-0.3876
	The importance of Government Publications and Statistics as source of information about unlisted companies	-0.2777	-0.5305
Q2.1.7	The importance of advice of friends as source of information about listed companies	0.3308	0.1876
	The importance of advice of friends as source of information about unlisted companies	0.0479	-0.7687
Q2.1.8	The importance of market rumours as source of information about listed companies	0.3756	-0.7119
	The importance of market rumours as source of information about unlisted companies	0.5434	-0.4231
Q2.1.9	The importance of Internet as source of information about listed companies	-0.4802	0.0554
	The importance of Internet as source of information about unlisted companies	0	-0.8599
Q2.2.1	Rating of the importance of Balance sheet to make investment decisions in listed companies	-1.9198	2.7381
	Rating of the importance of Balance sheet to make investment decisions in unlisted companies	-1.244	0.9831
Q2.2.2	Rating of the importance of Statement of retained earnings to make investment decisions in listed companies	-0.8797	0.4213
	Rating of the importance of Statement of retained earnings to make investment decisions in unlisted companies	-0.4787	-0.3196
Q2.2.3	Rating of the importance of Income statement to make investment decisions in listed companies	-1.8482	2.5604
	Rating of the importance of Income statement to make investment decisions in unlisted companies	-1.184	1.11
Q2.2.4	Rating of the importance of Statement of cash flow to make investment decisions in listed companies	-0.8625	0.1406
	Rating of the importance of Statement of cash flow to make investment decisions in unlisted companies	-0.5244	-0.3757
Q2.2.5	Rating of the importance of Notes to the financial statements to make investment decisions in listed companies	-0.6547	0.1835
	Rating of the importance of Notes to the financial statements to make investment decisions in unlisted companies	-0.4821	0.0903
Q2.2.6	Rating of the importance of Directors' report to make investment decisions in listed companies	-0.061	-0.7485
	Rating of the importance of Directors' report to make investment decisions in unlisted companies	-0.0596	-0.8165
Q2.2.7	Rating of the importance of Auditor's report to make investment decisions in listed companies	-1.1796	0.6896
	Rating of the importance of Auditor's report to make investment decisions in unlisted companies	-0.819	-0.0556
Q2.3.1	Usage the annual financial reports for investments decisions in listed companies.	-0.8061	0.2395

	Usage the annual financial reports for investments decisions in unlisted companies.	-0.744	0.2405
Q2.3.2	Reading information contain within the annual financial reports of listed companies.	-0.7743	0.4381
	Reading information contain within the annual financial reports of unlisted companies.	-0.4478	-0.3605
Q2.3.3	In general, I find the information within the annual financial reports of listed companies easy to understand.	-0.1216	-0.3278
	In general, I find the information within the annual financial reports of unlisted companies easy to understand.	-0.0802	0.1414
Q2.3.4	I rely on the annual financial reports of listed companies for my investments decisions.	-0.6243	-0.029
	I rely on the annual financial reports of unlisted companies for my investments decisions.	-0.2473	-0.603
Q2.3.5	Generally, I am satisfied with the information provided in corporate annual financial reports of listed companies.	-0.6278	0.3017
	Generally, I am satisfied with the information provided in corporate annual financial reports of unlisted companies.	0.009	-0.5118
Q2.4.1	To extent do you find the understandability of Balance sheet of listed companies?	-0.6462	0.2764
	To extent do you find the understandability of Balance sheet of unlisted companies?	-0.3615	-0.3955
Q2.4.2	To extent do you find the understandability of Statement of retained earnings of listed companies?	-0.6274	0.1044
	To extent do you find the understandability of Statement of retained earnings of unlisted companies?	-0.4312	0.0038
Q2.4.3	To extent do you find the understandability of Income statement of listed companies?	-0.5078	-0.4272
	To extent do you find the understandability of Income statement of unlisted companies?	-0.3692	-0.5247
Q2.4.4	To extent do you find the understandability of Statement of cash flow of listed companies?	-0.1329	-0.3918
	To extent do you find the understandability of Statement of cash flow of unlisted companies?	0.1517	-0.4227
Q2.4.5	To extent do you find the understandability of notes to the financial statements of listed companies?	-0.2284	-0.2807
	To extent do you find the understandability of notes to the financial statements of unlisted companies?	-0.0625	-0.536
Q2.4.6	To extent do you find the understandability of Directors' report of listed companies?	-0.1495	-0.4167
	To extent do you find the understandability of Directors' report of unlisted companies?	-0.2379	-0.2762
Q2.4.7	To extent do you find the understandability of Auditor's report of listed companies?	-0.5995	-0.2046
	To extent do you find the understandability of Auditor's report of unlisted companies?	-0.6292	-0.1911
Q2.5	In general, the usefulness of the information included in the current annual financial reports of Listed companies to make investment decisions	-0.3815	-0.2327
	In general, the usefulness of the information included in the current annual financial reports of unlisted companies to make investment decisions.	-0.0875	-0.3326
Q2.6.1	The annual financial reports of listed companies are useful to provide information to help investors in making new investment decisions.	-0.6027	0.0347
	The annual financial reports of unlisted companies are useful to provide information to help investors in making new investment decisions.	-0.1766	-0.4569
Q2.6.2	The annual financial reports of listed companies are useful to provide information to help investors to monitor their investment.	-0.5452	0.2313
	The annual financial reports of unlisted companies are useful to provide information to help investors to monitor their investment.	0.0437	-0.7698
Q2.6.3	The annual financial reports of listed companies are useful to provide information to assess the cash flow of company	-0.5789	0.0933
	The annual financial reports of unlisted companies are useful to provide information to assess the cash flow of company	0.5653	-0.101
Q2.6.4	The annual financial reports of listed companies are useful to provide information to predict profits and return on the share price.	-0.5589	-0.3672
	The annual financial reports of unlisted companies are useful to provide information to predict profits and return on the share price.	0.193	-0.9951
Q2.6.5	The annual financial reports of listed companies are useful to provide information to evaluate managerial effectiveness	-0.667	0.5559
	The annual financial reports of unlisted companies are useful to provide information to evaluate managerial effectiveness	0.0264	-0.8154
Q2.6.6	The annual financial reports of listed companies are useful to provide information to formulate forecasts about future performance	0.6202	0.1457
	The annual financial reports of unlisted companies are useful to provide information to formulate forecasts about future performance	0.7901	0.893
Q2.6.7	The annual financial reports of listed companies are useful to help investors to compare company's performance over time	-1.0077	1.1268
	The annual financial reports of unlisted companies are useful to help investors to compare company's performance over time	-0.3065	-0.6131
Q2.6.8	The annual financial reports of listed companies are useful to help investors to make comparison between a company's performances with other companies' performance	-0.0608	-0.6905

	within a single industry		
	The annual financial reports of unlisted companies are useful to help investors to make comparison between a company's performances with other companies' performance within a single industry	0.6364	-0.6085
Q2.7.1	Users' perceptions of the credibility of information in financial Statements of listed companies	-0.6476	0.2158
	Users' perceptions of the credibility of information in financial Statements of unlisted companies	0.0764	-0.8836
Q2.7.2	Users' perceptions of the credibility of information in notes to the financial statements of listed companies	-0.3416	-0.9804
	Users' perceptions of the credibility of information in notes to the financial statements of unlisted companies	0.278	-0.6836
Q2.7.3	Users' perceptions of the credibility of information in Directors' report of listed companies	0.0409	-0.8546
	Users' perceptions of the credibility of information in Directors' report of unlisted companies	0.4772	-0.3624
Q2.7.4	Users' perceptions of the credibility of information in Auditor's report of listed companies	-0.458	-0.2275
	Users' perceptions of the credibility of information in Auditor's report of unlisted companies	-0.7366	-0.0327
Q2.8.1	To extent listed companies display the consistency in accounting methods within the company over time	-1.1585	1.9028
	To extent unlisted companies display the consistency in accounting methods within the company over time	-1.0985	1.1309
Q2.8.2	To extent listed companies display the consistency in accounting methods between different companies within a single industry	-0.6001	-0.9783
	To extent unlisted companies display the consistency in accounting methods between different companies within a single industry	0.5568	-0.7658
Q2.8.3	Users' perceptions of the Completeness criterion of the current financial reporting of listed companies	-0.3827	-1.3472
	Users' perceptions of the Completeness criterion of the current financial reporting of unlisted companies	0.1593	-1.13
Q2.8.4	Users' perceptions of the Materiality criterion of the current financial reporting of listed companies	-0.1972	-0.9642
	Users' perceptions of the Materiality criterion of the current financial reporting of unlisted companies	0.392	-0.753
Q2.8.5	Users' perceptions of the Neutrality criterion of the current financial reporting of listed companies	0.0512	-1.1676
	Users' perceptions of the Neutrality criterion of the current financial reporting of unlisted companies	0.698	-0.1973
Q2.8.6	Users' perceptions of the Timeliness criterion of the current financial reporting of listed companies	-0.0835	-1.2912
	Users' perceptions of the Timeliness criterion of the current financial reporting of unlisted companies	0.411	-0.9623
Q2.9	Users' perceptions of the changes in the adequacy of disclosure in annual financial reports of listed companies	0.0996	-0.5759
	Users' perceptions of the changes in the adequacy of disclosure in annual financial reports of unlisted companies	0.0452	-0.0483
Q2.10	Users' perceptions of the degree of adequacy of the current disclosure in annual reports of listed companies	-0.4978	0.0808
	Users' perceptions of the degree of adequacy of the current disclosure in annual reports of unlisted companies	0.0437	-1.0248
Q2.11.1	Expected sales for the current year or years to come of Listed companies	-0.7568	0.4851
	Expected sales for the current year or years to come of Unlisted companies	-0.7439	0.5144
Q2.11.2	Distribution of expected profits of Listed Companies	-0.9548	-0.1779
	Distribution of expected profits of Unlisted Companies	-0.9378	-0.2135
Q2.11.3	Projected cash flows for the current year or years to come of Listed Companies	-1.1245	1.9949
	Projected cash flows for the current year or years to come of Unlisted Companies	-1.0596	1.7224
Q2.11.4	Future plans of the company (Listed Companies)	-1.0857	1.0836
	Future plans of the company (Unlisted Companies)	-0.9215	0.451
Q2.11.5	Information on the current value of the balance sheet items (Listed Companies)	-0.5239	0.2156
	Information on the current value of the balance sheet items (Unlisted Companies)	-0.5773	0.1139
Q2.11.6	Environmental information (Listed Companies)	-0.2031	-0.4037
	Environmental information (Unlisted Companies)	-0.0742	-0.5723
Q2.11.7	Social responsibility information (Listed Companies)	-0.0757	-0.3384
	Social responsibility information (Unlisted Companies)	0.063	-0.5171

APPENDIX (5): WELCH TEST COMPARING WITH ANOVA TEST (F)

This table clearly explores that, in each case of significance for Welch test maps to significance for ANOVA

	<i>When factored by occupations of users</i>	Robust Tests of Equality of Means (Welch)	One way ANAVA F
		Sig.	Sig.
Q2.1.1	The importance of the annual reports of listed companies	0.939	0.931
	The importance of the annual reports of unlisted companies	0.028	0.035
Q2.1.2	The Importance of the Interim Reports of Listed Companies	0.022	0.014
	The Importance of the Interim Reports of Unlisted Companies	0.134	0.107
Q2.1.3	The Importance of Advisory services as source of Information about Listed Companies	0.104	0.123
	The importance of Advisory services as source of information about unlisted companies	0.241	0.209
Q2.1.4	The importance of direct information from the company as source of information about listed companies	0.005	0.001
	The importance of direct information from the company as source of information about unlisted companies	0.046	0.049
Q2.1.5	The importance of Financial Newspapers and Magazines as Source of Information about listed companies	0.244	0.214
	The importance of Financial Newspapers and magazines as source of information about unlisted companies	0.344	0.343
Q2.1.6	The importance of Government Publications and Statistics as source of information about listed companies	0.125	0.155
	The importance of Government Publications and Statistics as source of information about unlisted companies	0.303	0.336
Q2.1.7	The importance of advice of friends as source of information about listed companies	0.440	0.401
	The importance of advice of friends as source of information about unlisted companies	0.000	0.000
Q2.1.8	The importance of market rumours as source of information about listed companies	0.663	0.700
	The importance of market rumours as source of information about unlisted companies	0.186	0.138
Q2.1.9	The importance of Internet as source of information about listed companies	0.004	0.007
	The importance of Internet as source of information about unlisted companies	0.088	0.093
Q2.2.1	Rating of the importance of Balance sheet to make investment decisions in listed companies	0.537	0.572
	Rating of the importance of Balance sheet to make investment decisions in unlisted companies	0.259	0.169
Q2.2.2	Rating of the importance of Statement of retained earnings to make investment decisions in listed companies	0.027	0.016
	Rating of the importance of Statement of retained earnings to make investment decisions in unlisted companies	0.002	0.001
Q2.2.3	Rating of the importance of Income statement to make investment decisions in listed companies	0.276	0.224
	Rating of the importance of Income statement to make investment decisions in unlisted companies	0.000	0.000
Q2.2.4	Rating of the importance of Statement of cash flow to make investment decisions in listed companies	0.000	0.000
	Rating of the importance of Statement of cash flow to make investment decisions in unlisted companies	0.005	0.003
Q2.2.5	Rating of the importance of Notes to the financial statements to make investment decisions in listed companies	0.788	0.805
	Rating of the importance of Notes to the financial statements to make investment decisions in unlisted companies	0.045	0.037
Q2.2.6	Rating of the importance of Directors' report to make investment decisions in listed companies	0.835	0.837
	Rating of the importance of Directors' report to make investment decisions in unlisted companies	0.502	0.463
Q2.2.7	Rating of the importance of Auditor's report to make investment decisions in listed companies	0.000	0.000

	Rating of the importance of Auditor's report to make investment decisions in unlisted companies	0.192	0.190
Q2.3.1	Usage the annual financial reports for investments decisions in listed companies.	0.005	0.015
	Usage the annual financial reports for investments decisions in unlisted companies.	0.000	0.000
Q2.3.2	Reading information contain within the annual financial reports of listed companies.	0.810	0.794
	Reading information contain within the annual financial reports of unlisted companies.	0.005	0.002
Q2.3.3	In general, I find the information within the annual financial reports of listed companies easy to understand.	0.227	0.249
	In general, I find the information within the annual financial reports of unlisted companies easy to understand.	0.006	0.004
Q2.3.4	I rely on the annual financial reports of listed companies for my investments decisions.	0.106	0.151
	I rely on the annual financial reports of unlisted companies for my investments decisions.	0.005	0.006
Q2.3.5	Generally, I am satisfied with the information provided in corporate annual financial reports of listed companies.	0.149	0.113
	Generally, I am satisfied with the information provided in corporate annual financial reports of unlisted companies.	0.004	0.002
Q2.4.1	To extent do you find the understandability of Balance sheet of listed companies?	0.002	0.004
	To extent do you find the understandability of Balance sheet of unlisted companies?	0.000	0.000
Q2.4.2	To extent do you find the understandability of Statement of retained earnings of listed companies?	0.001	0.000
	To extent do you find the understandability of Statement of retained earnings of unlisted companies?	0.000	0.000
Q2.4.3	To extent do you find the understandability of Income statement of listed companies?	0.000	0.000
	To extent do you find the understandability of Income statement of unlisted companies?	0.000	0.000
Q2.4.4	To extent do you find the understandability of Statement of cash flow of listed companies?	0.000	0.000
	To extent do you find the understandability of Statement of cash flow of unlisted companies?	0.000	0.000
Q2.4.5	To extent do you find the understandability of notes to the financial statements of listed companies?	0.115	0.140
	To extent do you find the understandability of notes to the financial statements of unlisted companies?	0.001	0.001
Q2.4.6	To extent do you find the understandability of Directors' report of listed companies?	0.534	0.588
	To extent do you find the understandability of Directors' report of unlisted companies?	0.008	0.016
Q2.4.7	To extent do you find the understandability of Auditor's report of listed companies?	0.046	0.034
	To extent do you find the understandability of Auditor's report of unlisted companies?	0.044	0.038
Q2.5	In general, the usefulness of the information included in the current annual financial reports of Listed companies to make investment decisions	0.015	0.016
	In general, the usefulness of the information included in the current annual financial reports of unlisted companies to make investment decisions.	0.553	0.407
Q2.6.1	The annual financial reports of listed companies are useful to provide information to help investors in making new investment decisions.	0.305	0.278
	The annual financial reports of unlisted companies are useful to provide information to help investors in making new investment decisions.	0.031	0.025
Q2.6.2	The annual financial reports of listed companies are useful to provide information to help investors to monitor their investment.	0.316	0.265
	The annual financial reports of unlisted companies are useful to provide information to help investors to monitor their investment.	0.023	0.030
Q2.6.3	The annual financial reports of listed companies are useful to provide information to assess the cash flow of company	0.014	0.006
	The annual financial reports of unlisted companies are useful to provide information to assess the cash flow of company	0.475	0.433
Q2.6.4	The annual financial reports of listed companies are useful to provide information to predict profits and return on the share price.	0.149	0.102
	The annual financial reports of unlisted companies are useful to provide information to predict profits and return on the share price.	0.402	0.314
Q2.6.5	The annual financial reports of listed companies are useful to provide information to evaluate managerial effectiveness	0.413	0.427
	The annual financial reports of unlisted companies are useful to provide information to evaluate managerial effectiveness	0.022	0.020
Q2.6.6	The annual financial reports of listed companies are useful to provide information to formulate forecasts about future performance	0.001	0.001
	The annual financial reports of unlisted companies are useful to provide information to formulate forecasts about future performance	0.042	0.031
Q2.6.7	The annual financial reports of listed companies are useful to help investors to	0.765	0.764

	compare company's performance over time		
	The annual financial reports of unlisted companies are useful to help investors to compare company's performance over time	0.142	0.163
Q2.6.8	The annual financial reports of listed companies are useful to help investors to make comparison between a company's performances with other companies' performance within a single industry	0.000	0.000
	The annual financial reports of unlisted companies are useful to help investors to make comparison between a company's performances with other companies' performance within a single industry	0.000	0.000
Q2.7.1	Users' perceptions of the credibility of information in financial Statements of listed companies	0.050	0.059
	Users' perceptions of the credibility of information in financial Statements of unlisted companies	0.000	0.000
Q2.7.2	Users' perceptions of the credibility of information in notes to the financial statements of listed companies	0.212	0.202
	Users' perceptions of the credibility of information in notes to the financial statements of unlisted companies	0.000	0.000
Q2.7.3	Users' perceptions of the credibility of information in Directors' report of listed companies	0.000	0.000
	Users' perceptions of the credibility of information in Directors' report of unlisted companies	0.001	0.001
Q2.7.4	Users' perceptions of the credibility of information in Auditor's report of listed companies	0.394	0.269
	Users' perceptions of the credibility of information in Auditor's report of unlisted companies	0.022	0.032
Q2.8.1	To extent listed companies display the consistency in accounting methods within the company over time	0.540	0.551
	To extent unlisted companies display the consistency in accounting methods within the company over time	0.290	0.311
Q2.8.2	To extent listed companies display the consistency in accounting methods between different companies within a single industry	0.101	0.076
	To extent unlisted companies display the consistency in accounting methods between different companies within a single industry	0.118	0.092
Q2.8.3	Users' perceptions of the Completeness criterion of the current financial reporting of listed companies	0.298	0.319
	Users' perceptions of the Completeness criterion of the current financial reporting of unlisted companies	0.620	0.639
Q2.8.4	Users' perceptions of the Materiality criterion of the current financial reporting of listed companies	0.557	0.552
	Users' perceptions of the Materiality criterion of the current financial reporting of unlisted companies	0.231	0.219
Q2.8.5	Users' perceptions of the Neutrality criterion of the current financial reporting of listed companies	0.024	0.030
	Users' perceptions of the Neutrality criterion of the current financial reporting of unlisted companies	0.047	0.036
Q2.8.6	Users' perceptions of the Timeliness criterion of the current financial reporting of listed companies	0.127	0.154
	Users' perceptions of the Timeliness criterion of the current financial reporting of unlisted companies	0.356	0.346
Q2.9	Users' perceptions of the changes in the adequacy of disclosure in annual financial reports of listed companies	0.571	0.622
	Users' perceptions of the changes in the adequacy of disclosure in annual financial reports of unlisted companies	0.731	0.710
Q2.10	Users' perceptions of the degree of adequacy of the current disclosure in annual reports of listed companies	0.132	0.158
	Users' perceptions of the degree of adequacy of the current disclosure in annual reports of unlisted companies	0.220	0.195
Q2.11.1	Expected sales for the current year or years to come of Listed companies	0.174	0.179
	Expected sales for the current year or years to come of Unlisted companies	0.144	0.138
Q2.11.2	Distribution of expected profits of Listed Companies	0.585	0.565
	Distribution of expected profits of Unlisted Companies	0.621	0.597
Q2.11.3	Projected cash flows for the current year or years to come of Listed Companies	0.013	0.004
	Projected cash flows for the current year or years to come of Unlisted Companies	0.049	0.030
Q2.11.4	Future plans of the company (Listed Companies)	0.047	0.044
	Future plans of the company (Unlisted Companies)	0.262	0.349
Q2.11.5	Information on the current value of the balance sheet items (Listed Companies)	0.323	0.271
	Information on the current value of the balance sheet items (Unlisted Companies)	0.205	0.193

Q2.11.6	Environmental information (Listed Companies)	0.000	0.000
	Environmental information (Unlisted Companies)	0.000	0.000
Q2.11.7	Social responsibility information (Listed Companies)	0.038	0.014
	Social responsibility information (Unlisted Companies)	0.023	0.015

APPENDIX (6): INTERVIEWEES, PERCEPTIONS

Matrix (1) the interviewees' perceptions regarding reasons behind the importance of the annual reports reasons:

- d) The annual financial statements provide useful information that is not available in other sources.
- e) Shortage of other sources that provide useful financial information related to Libyan companies.
- f) The annual reports are very important for investment decisions about a company because they are audited by an external auditor who gives an independent view about it.

Occupation	Population group		Reasons behind the importance of the annual reports		
			a	b	c
Individual investor	Interviewee 1		X	X	
	Interviewee 2		X	X	
	Interviewee 3		X		
	Interviewee 4		X	X	X
	Interviewee 5		X		
Institutional investor	Interviewee 6		X	X	X
	Interviewee 7		X		
	Interviewee 8		X	X	X
	Interviewee 9		X		
Financial Analyst	Interviewee 10		X		X
	Interviewee 11		X	X	
	Interviewee 12		X	X	
	Interviewee 13			X	
Stockbroker	Interviewee 14		X		
	Interviewee 15		X		X
	Interviewee 16		X	X	
	Interviewee 17		X	X	
External Auditor	Interviewee 18		X		X
	Interviewee 19		X	X	X
	Interviewee 20		X		X
	Interviewee 21		X	X	X
	Interviewee 22		X		X
	Total	No	21	15	10
		%	95.5	68.2%	45.45

Matrix (2) the notes or criticisms of the annual financial reports suggested by the interviewees:

- f- Annual reports usually are not published on time especially concerning unlisted companies.
- g- There is a lack of transparency.
- h- Annual reports are limited to only historical information.
- i- Some external auditors do not perform conscientious work and sometimes breach regulations.
- j- There is not enough confidence in the annual reports of Libyan unlisted companies.

Occupation	Population group	Criticisms of the annual financial reports				
		a	b	c	D	e
Individual investor	Interviewee 1	X				
	Interviewee 2	X	X		X	X
	Interviewee 3	X	X		X	
	Interviewee 4	X		X		
	Interviewee 5	X	X	X	X	X
Institutional investor	Interviewee 6					
	Interviewee 7	X		X	X	
	Interviewee 8					
	Interviewee 9	X	X		X	X
Financial Analyst	Interviewee 10					
	Interviewee 11	X	X	X	X	
	Interviewee 12					
	Interviewee 13	X	X	X	X	
Stockbroker	Interviewee 14	X	X		X	X
	Interviewee 15		X			
	Interviewee 16					
	Interviewee 17					
External Auditor	Interviewee 18	X	X	X		
	Interviewee 19	X	X	X		X
	Interviewee 20					
	Interviewee 21					
	Interviewee 22	X		X		
Total	NO.	12	10	8	8	5
	%	54.5	45.5	36.4	36.4	22.7

APPENDIX (7): SUMMARY OF THE ONE- WAY ANOVA TEST

Question Number	Listed companies			Unlisted companies		
	Occupation	Highest education level	Years of work experience	Occupation	Highest education level	Years of work experience
2.1.1	H1.1 ₀	H1.2 _A	H1.3 ₀	H2.1 _A	H2.2 _A	H2.3 ₀
2.1.2	H1.1 _A	H1.2 ₀	H1.3 _A	H2.1 ₀	H2.2 ₀	H2.3 ₀
2.1.3	H1.1 ₀	H1.2 _A	H1.3 ₀	H2.1 ₀	H2.2 ₀	H2.3 ₀
2.1.4	H1.1 _A	H1.2 ₀	H1.3 _A	H2.1 _A	H2.2 ₀	H2.3 ₀
2.1.5	H1.1 ₀	H1.2 _A	H1.3 _A	H2.1 ₀	H2.2 ₀	H2.3 _A
2.1.6	H1.1 ₀	H1.2 _A	H1.3 ₀	H2.1 ₀	H2.2 ₀	H2.3 ₀
2.1.7	H1.1 ₀	H1.2 _A	H1.3 _A	H2.1 _A	H2.2 _A	H2.3 ₀
2.1.8	H1.1 ₀	H1.2 ₀	H1.3 ₀	H2.1 ₀	H2.2 _A	H2.3 ₀
2.1.9	H1.1 _A	H1.2 ₀	H1.3 ₀	H2.1 ₀	H2.2 ₀	H2.3 _A
	6/9	4/9	5/9	6/9	6/9	7/9
2.2.1	H3.1 ₀	H3.2 _A	H3.3 ₀	H4.1 ₀	H4.2 ₀	H4.3 ₀
2.2.2	H3.1 _A	H3.2 _A	H3.3 ₀	H4.1 _A	H4.2 _A	H4.3 ₀
2.2.3	H3.1 ₀	H3.2 _A	H3.3 ₀	H4.1 _A	H4.2 _A	H4.3 _A
2.2.4	H3.1 _A	H3.2 _A	H3.3 _A	H4.1 _A	H4.2 _A	H4.3 _A
2.2.5	H3.1 ₀	H3.2 ₀	H3.3 ₀	H4.1 _A	H4.2 ₀	H4.3 _A
2.2.6	H3.1 ₀	H3.2 _A	H3.3 ₀	H4.1 ₀	H4.2 _A	H4.3 ₀
2.2.7	H3.1 _A	H3.2 _A	H3.3 ₀	H4.1 ₀	H4.2 _A	H4.3 ₀
	4/7	1/7	6/7	3/7	2/7	4/7
2.3.1	H5.1 _A	H5.2 ₀	H5.3 _A	H6.1 _A	H6.2 ₀	H6.3 _A
2.3.2	H7.1 ₀	H7.2 ₀	H7.3 ₀	H8.1 _A	H8.2 ₀	H8.3 _A
2.3.3	H9.1 ₀	H9.2 ₀	H9.3 _A	H10.1 _A	H10.2 ₀	H10.3 _A
2.3.4	H11.1 _A	H11.2 ₀	H11.3 _A	H12.1 _A	H12.2 _A	H12.3 ₀
2.3.5	H13.1 ₀	H13.2 ₀	H13.3 ₀	H14.1 _A	H14.2 ₀	H14.3 _A
	3/5	5/5	2/5	0/5	4/5	1/5
2.4.1	H15.1 _A	H15.2 ₀	H15.3 _A	H16.1 _A	H16.2 _A	H16.3 _A
2.4.2	H15.1 _A	H15.2 ₀	H15.3 _A	H16.1 _A	H16.2 ₀	H16.3 _A
2.4.3	H15.1 _A	H15.2 ₀	H15.3 _A	H16.1 _A	H16.2 _A	H16.3 _A
2.4.4	H15.1 _A	H15.2 _A	H15.3 _A	H16.1 _A	H16.2 _A	H16.3 _A
2.4.5	H15.1 ₀	H15.2 ₀	H15.3 _A	H16.1 _A	H16.2 ₀	H16.3 _A
2.4.6	H15.1 ₀	H15.2 ₀	H15.3 _A	H16.1 _A	H16.2 ₀	H16.3 _A
2.4.7	H15.1 _A	H15.2 ₀	H15.3 _A	H16.1 _A	H16.2 ₀	H16.3 _A
	2/7	6/7	0/7	0/7	4/7	0/7
2.5	H17.1 _A	H17.2 ₀	H17.3 ₀	H18.1 _A	H18.2 ₀	H18.3 ₀
2.6.1	H19.1 ₀	H19.2 ₀	H19.3 ₀	H20.1 _A	H20.2 ₀	H20.3 ₀
2.6.2	H19.1 ₀	H19.2 ₀	H19.3 ₀	H20.1 _A	H20.2 ₀	H20.3 ₀
2.6.3	H19.1 _A	H19.2 ₀	H19.3 ₀	H20.1 ₀	H20.2 ₀	H20.3 ₀
2.6.4	H19.1 ₀	H19.2 ₀	H19.3 ₀	H20.1 ₀	H20.2 ₀	H20.3 ₀
2.6.5	H19.1 ₀	H19.2 ₀	H19.3 ₀	H20.1 _A	H20.2 ₀	H20.3 ₀
2.6.6	H19.1 ₀	H19.2 ₀	H19.3 ₀	H20.1 _A	H20.2 ₀	H20.3 ₀
2.6.7	H19.1 ₀	H19.2 ₀	H19.3 ₀	H20.1 ₀	H20.2 ₀	H20.3 ₀
2.6.8	H19.1 _A	H19.2 _A	H19.3 _A	H20.1 _A	H20.2 ₀	H20.3 ₀
	6/8	7/8	7/8	3/8	8/8	8/8
2.7.1	H21.1 ₀	H21.2 ₀	H21.3 ₀	H22.1 _A	H22.2 ₀	H22.3 ₀
2.7.2	H21.1 ₀	H21.2 ₀	H21.3 ₀	H22.1 _A	H22.2 ₀	H22.3 ₀
2.7.3	H21.1 _A	H21.2 ₀	H21.3 ₀	H22.1 _A	H22.2 ₀	H22.3 ₀

2.7.4	H21.1 ₀	H21.2 ₀	H21.3 ₀	H22.1 _A	H22.2 ₀	H22.3 ₀
	3/7	4/4	4/4	0/4	4/4	4/4
2.8.1	H23.1 ₀	H23.2 ₀	H23.3 ₀	H24.1 ₀	H24.2 ₀	H24.3 ₀
2.8.2	H23.1 ₀	H23.2 ₀	H23.3 ₀	H24.1 ₀	H24.2 ₀	H24.3 ₀
2.8.3	H23.1 ₀	H23.2 ₀	H23.3 ₀	H24.1 ₀	H24.2 ₀	H24.3 ₀
2.8.4	H23.1 ₀	H23.2 ₀	H23.3 ₀	H24.1 ₀	H24.2 ₀	H24.3 ₀
2.8.5	H23.1 _A	H23.2 ₀	H23.3 ₀	H24.1 _A	H24.2 ₀	H24.3 ₀
2.8.6	H23.1 ₀	H23.2 ₀	H23.3 ₀	H24.1 ₀	H24.2 ₀	H24.3 ₀
	5/6	6/6	6/6	5/6	6/6	6/6
2.9	H25.1 ₀	H25.2 ₀	H25.3 ₀	H26.1 ₀	H26.1 ₀	H26.1 ₀
2.10	H27.1 ₀	H27.2 ₀	H27.3 ₀	H28.1 ₀	H28.2 ₀	H28.2 ₀
	2/2	2/2	2/2	2/2	2/2	2/2
2.11.1	H29.1 ₀	H29.2 ₀	H29.3 ₀	H30.1 ₀	H30.2 ₀	H30.3 ₀
2.11.2	H29.1 ₀	H29.2 ₀	H29.3 ₀	H30.1 ₀	H30.2 ₀	H30.3 ₀
2.11.3	H29.1 _A	H29.2 _A	H29.3 _A	H30.1 _A	H30.2 _A	H30.3 _A
2.11.4	H29.1 _A	H29.2 ₀	H29.3 ₀	H30.1 ₀	H30.2 ₀	H30.3 ₀
2.11.5	H29.1 ₀	H29.2 ₀	H29.3 ₀	H30.1 ₀	H30.2 ₀	H30.3 ₀
2.11.6	H29.1 _A	H29.2 ₀	H29.3 ₀	H30.1 _A	H30.2 _A	H30.3 ₀
2.11.7	H29.1 _A	H29.2 ₀	H29.3 ₀	H30.1 _A	H30.2 _A	H30.3 ₀
	3/7	6/7	6/7	4/7	4/7	6/7
General level of acceptance of null hypothesis	34/55 61.8%	42 /55 76.4	39/55 70.9%	24/55 43.6%	40/55 72.7%	38/55 69%

