

DO AUDIT COMMITTEE CHARACTERISTICS OF BAHRAINI LISTED COMPANIES HAVE AN EFFECT ON THE LEVEL OF INTERNET FINANCIAL REPORTING?

Sara AbdulHakeem Saleh AlMatrooshi*, Abdalmuttaleb M. A. Musleh Al-Sartawi**,
Zakeya Sanad**

* MBA, Ahlia University, Bahrain

** Department of Accounting and Economics, College of Business and Finance, Ahlia University, Kingdom of Bahrain

Abstract

Corporate Governance and IFR are influential topics that need to be addressed nowadays due to its importance. Especially since companies are growing and extending globally. This research is conducted in Kingdom of Bahrain through the year 2014, where it investigates the relationship between Audit Committee characteristics as a tool of CG and IFR. Literature review has been conducted, not to mention Multi-regression test was used to evaluate the relationship between Audit Committee characteristics and IFR for Bahraini listed companies. The results have showed that the relationship between Audit Committee characteristics and IFR is negative, which indicates that the Audit committee characteristics have no influence over the disclosure of financial information over the internet. However, Frequency of meeting of the board and Big4 resulted in a positive relationship with internet financial reporting. The study ends with a main conclusion and recommendation that contain certain steps and advices of disclosing financial information in an appropriate way through the internet in order to improve the relationship between Audit committee characteristics and IFR.

Keywords: Corporate Governance, Audit Committee Characteristics, Internet Financial Reporting, Bahrain Bourse

1. INTRODUCTION

Corporate governance (CG) consists of a framework of rules that a board of directors guarantees fairness and transparency in the relationship between the company and its stakeholders. The framework of corporate governance includes both explicit and implicit contracts between employees and the stakeholders in regard to the distribution of responsibilities and rewards, processes of reuniting conflicting interests, and processes of supervision and control within the system of checks-and-balances. Corporate governance has made changes in the business environment in general, and also specifically in terms of accounting and auditing. Mousa et al. (2013) acknowledged that during the past few years' interest has increased in regard to audit committee (AC) as it is a tool of corporate governance with the aim to increase the questioning of management and to increase independence of auditors. Moreover, Ioana and Mariana (2014) stated that the interest and "focus upon corporate governance has increased parallel to the number of bankruptcies caused by errors or fraud" in financial accounting. Ioana and Mariana (2014) also said that the reason behind such cases was the absence of integrity or managers within the specified organization; this resulted in the implementation of different creative accounting practices, increased

interest in personal gain, or biased reporting, all in order to gain financial benefits such as increasing prices in shares and so forth. Millstein (2003) specified that corporate governance has become a key issue in developing economies, while Abhayawansa and Johnson (2007) acknowledged that by stating that the core aim for developing economies to consider setting up corporate governance is the necessity to build the confidence of investors so economies are expanded and local and foreign investors are attracted.

After the 2008 global financial crisis, organizations began to "focus more on their corporate governance structures" (Mousa & Desoky, 2012), and so people started to demand quick and transparent information. As governance is the term used to describe the role of people entrusted with the monitoring, control, and direction of an organization, different bodies are responsible for corporate governance, one of which is the audit committee. An audit committee is a key column of corporate governance. An audit committee plays a crucial role in observing the degree of effectiveness of the internal control framework. An audit committee has the role to help a board of directors fulfill its corporate governance and to oversee responsibilities in relation to the financial reporting of an organization, its internal control system, its risk management system, as well as all audit functions. An audit committee's typical

responsibilities include the oversight of financial reporting, accounting policies and principles, processes of disclosure, hiring, performance, independence, and monitoring the process of internal control. It oversees internal audit performances and debates risk management policies with management. Due to its role of protecting shareholder's interest, financial supervision, and control, an audit committee is the most crucial advisory committee for any given organization. Hamdan et al. (2013) stated that organizations with more "independent boards and more effective audit committee disclose more information [in regard to] the impact of IFRS in financial statements".

An audit committee manages and evaluates the processes of financial reporting and acts as an intercessor between auditors both internal and external, as well as both managers and directors, in order to make sure that the flow of information and reporting transparency is smooth and error free (Mallin, 2007). The notion of audit committees changes depending on the stated purposes, goals, and responsibilities. Many countries worldwide spend increasing effort to define standards that bring about credibility in the reported standards. Also, those instructions and standards will aid towards initiating the role of audit committees and the independence of external auditor for acting as an independent part providing fair and unbiased opinions. As we mentioned earlier, Audit Committee is a part of the corporate governance, where corporate governance monitors over companies to guarantee the rights of investors. These investors ask for financial information and carry on certain decisions whether to continue with a certain company or not, and this is provided through the Internet Financial Reporting (IFR).

Lymer et al. (1999) stated that Internet Financial Reporting (IFR) is an organization's public reporting of financial and operating information using interrelated internet communication mediums or the World Wide Web. In addition, according to Basuony and Mohamed (2014), large organizations prefer to disclose a high level of information to decrease the asymmetry of information and decrease agency costs, as well as that they prefer to disclose information using the internet to gain from low costs. Moreover, Juhmani (2013) declared that those "disclosures play a crucial role in corporate governance by reporting reliable and transparent information to stakeholders and shareholders". Furthermore, IFR may be considered as a voluntary disclosure tool as it is disclosed via the internet. Oyelere & Kuruppu (2012), the internet is a voluntary communication channel for conveying financial information. Xiao et al. (2004) also agreed and stated that IFR is voluntary and unregulated. Debreceeny et al. (2002) added by stating that IFR is an example of total corporate disclosure which is aimed towards decreasing the asymmetry of information between an organizations shareholders and managers. Therefore, IFR aids in decreasing agency problems (Ojah, 2012), and enhancing corporate governance.

Bushee et al. (2014) declared that investors have different incentives that might encourage them to invest in a firm that uses more enhanced mechanisms of corporate governance. A number of studies examined and evaluated corporate

governance in the Kingdom of Bahrain to increase awareness and importance of corporate governance between different stakeholders, such as those studies conducted by Hussain and Mallin (2002), Mousa and Desoky (2012), Hamdan & Al-Sartawi (2013); Al-Sartawi & Hamdan (2013), Al-Sartawi (2015) and Al-Sartawi & Sanad (2015). However, only a few studies focused on the factors that influence IFR in Bahrain and the GCC, such as those studies conducted by Joshi and Al Bastaki (2000) and Mohamed (2010).

Furthermore, based on previous literature, only few researches linked IFR to corporate governance. Hence, the reason this area was chosen is due to the fact that the research relates to previous conducted studies in terms of the relationship and effect of audit committee characteristics, but also expands the study within the Kingdom of Bahrain where it has never been conducted previously. The need to examine the influence of audit committee characteristics on IFR performance quality is becoming a main focus amongst researchers, investors, accountants, and academics. The significance of the study is to examine and evaluate the relationship between specific audit committee characteristics and the internet financial reporting within specific organizations in the Kingdom of Bahrain. The role of audit committees is of great interest to both regulators and the public in corporate governance. This differentiates this research from previously conducted studies in other countries on a global basis upon the focus on Bahrain only.

1.1. Research problem

The Kingdom of Bahrain has focused on enhancing corporate governance policies and practices due to its geographical location where it is centered in the heart of the Gulf, and it is seen as the Gulf's Financial Hub (Sanad & Al-Sartawi, 2016). To be able to attract local and international investors, Bahrain started to apply the corporate governance code in order to guarantee that all organizations are associated with the right methods and practices related to corporate. Therefore, in 2011 Bahrain launched the corporate governance code. Several bodies are engaged for the responsibility of CG including Audit committee. Moreover, Audit committee goal aims to check whether the financial information handed over to investors is reliable and this is a part of CG role.

Upon research, it was found that there is a very limited amount of studies in terms of internet financial reporting and its link to Audit committee. Upon such note, this research study will examine and evaluate the relationship between AC characteristic and Internet Financial Reporting (IFR) within different listed companies within the Kingdom of Bahrain. Not to mention this study is also supported by the recent research of Sanad & Al-Sartawi (2016), which examined the relationship between corporate governance and IFR. The research is important due to the fact that it will study the audit committee and their bond with IFR.

The research problem can be expressed into two main research questions as following:

- What is the level of Internet Financial Reporting in Bahrain listed companies?

- Is there a relationship between the AC characteristics and IFR?

1.2. Significance and Contribution of the Study

The need to examine the influence of audit committee characteristics on IFR performance quality is becoming a main focus amongst researchers, investors, accountants, and academics.

The significance of the study is to examine and evaluate the relationship between specific audit committee characteristics and the internet financial reporting within specific organizations in the Kingdom of Bahrain. The role of audit committees is of great interest to both regulators and the public in corporate governance. This differentiates this research from previously conducted studies in other countries on a global basis upon the focus on Bahrain only.

This study provides regulators with evidence and facts in order to oversee the Bahrain Bourse and monitor the degree of audit committee characteristics impact have on the finances of companies. Organizations would gain benefits from a comprehensive study in regard to the role of audit committees and their relationship with quality and performance of IFR, demonstrating the extent that the characteristics contribute to quality of financial reports. In order to attract investors from across the world, Bahraini listed companies contribute in updating and enhancing their website. Also, all stakeholders will gain advantage through the recognition of Bahrain listed companies that undertake Internet Financial Reporting and the effect of their Audit Committee in terms of reliability and efficiency. Moreover, the degree of effect of audit committee characteristics would benefit investors and the board of directors in terms of their decision making process. This is due to the fact that all financial information has gone through an accurate monitoring process, therefore increasing the reliability of this information used in the decision making. Investors and the board of directors would be more assertive in regard to the presented information in financial reports, and so their decisions would be made more easily, in less time, and with more confidence.

Hence, the findings of the study would be advantageous in examining and evaluating an audit committee's characteristics that are beneficial to regulatory bodies, stakeholders, and the board of directors in developing the effectiveness of their audit committees.

1.3. Research objectives

Generally, the research is aimed towards identifying the relationship between Audit Committee characteristics and the quality of Internet Financial Reporting and to recommend possible changes in order to improve the relationship if required. Also, measures are suggested to narrow the gap in relationship between Audit Committee characteristics and IFR in order for it to lean more towards being a positive rather than a negative outcome.

The research questions can be expressed into research objectives as following:

- To evaluate the level of Internet Financial Reporting in Bahrain listed companies.

- To determine the relationship between the AC characteristics and IFR.

1.4. Research Structure

The project is set in the following method: the second section offers a thorough discussion of past literature published by different authors; the third section defines the method undertaken for the process of data collection; the fourth section reports the findings and results of the study; the fifth section draws conclusions upon the findings and suggests recommendation and opportunities for future research in the field, whilst also discussing the limitations faced upon completing the research.

2. LITERATURE REVIEW

2.1. Theoretical Framework

Corporate governance has generated many changes in both the business environment and in particular in the accounting and auditing professions. In the past few years, interest and focus upon the role of audit committees as they act as tools within corporate governance; audit committees' aims towards increasing questioning of the board of management and to intensify the role of audit independence (Hamdan & Mushtaha 2011).

During recent year, the interest in the role of audit committees expanded in terms of their role in preparing financial statements (Martinez & Fuentes 2007). Wild (1994) conducted a study which found that the reliability and equality of financial reports of organizations depends on the audit committee, while a study by Martinez and Fuentes (2007) found that an audit committee is more dynamic in reviewing financial statements and decreasing differences between managers and external auditors. This lessens the likelihood of a company having qualified opinions from the external auditor resulting from accounting errors and non-commitment to accounting standards.

Previously conducted studies by different authors deliver mixed evidence in regard to the relationship between corporate governance and the quality of financial reporting. Larcker et al. (2007), Klein (2002) Hamdan et al. (2013) and Al-Sartawi (2015) found little evidence suggesting that organizations with stronger governance have less earning management. Beasley (1996) and Al-Sartawi (2013) found that the more independent a board is, the less fraud there is within an organization.

Aguilera et al. (2008) debated that in previous literature the lack of reliable evidence in regard to corporate governance and financial reporting is due to the many mutual attributes between the two processes. In Anglo-Saxon countries corporate governance has the role of aligning the incentives of management with the interest of shareholders as organizations tend to separate an organization in terms of management and ownership (Fama and Jensen, 1983). Though in Europe, organizational conflict occurs more due to the intense ownership structure set within a company (Thomsen et al., 2006; Pae et al., 2008). On one side, problems arise between shareholders and management when

shareholders take a deep interest in their organization in terms of gathering information, reviewing processes, and exercising their voting power against managers in order for them to do what is best for the shareholders (La Porta et al., 2000). On the other side, such monitoring and voting power creates other organizational problems as large shareholders can gain more private advantageous in the expense of smaller shareholder (Faccio et al., 2001). Corporate governance aims towards resolving both types of conflicts (Verriest et al., 2013).

Klein (2002), Carcello et al. (2006) and Al-Sartawi et al. (2013) found that the effectiveness of an audit committee is positively related with the quality of financial statement, and is negatively related to fraud (Abbott et al., 2004; Carcello et al., 2006). A study by Goodwin et al. (2009) found that in Australia organizations with stronger governance have less forecasted management errors from the IFRS. Moreover, Garcia-Meca and Sanchez-Ballesta (2010) concluded in their study that there is a positive relationship between the independence of the board and the voluntary disclosure in countries who have intense investor protection rights.

Audit committees play a crucial role in the practices of corporate governance. Audit committees have the role of monitoring internal control system through associations with internal auditors, as external reporting and compliance is completed by external auditors. Amongst all aspects of relationships between internal auditors, external auditors, and the board of directors, audit committees have a crucial role. (Saibaba & Ansari, 2011).

The notion of audit committees varies in terms of the aims, purposes, and responsibilities that are allocated to them. Al-Thuneibat (2006) defined the concept of audit committees as a committee that is made of nonexecutive directors. The main goal behind setting up an audit committee is to enhance quality in financial reporting and auditing, and questioning the board of directors.

Arens et al. (2009) defines an audit committee as a group of individuals made of board members who have the responsibility of retaining auditor independence.

Previous literature was focused with checking audit committee qualities as a tool of corporate governance, with a number of influences such as increasing the quality of earnings, earnings management, and financial reporting. A lot of studies such Hamdan and Mushtaha's (2011), Al-Sartawi et al. (2013) and Hamdan et al. (2013) focusing toward evaluating the relationship between an organization having an audit reporting, earning management and the characteristics of audit committees. Results of the studies projected a positive impact in regard to the size of audit committees in terms of the report of external auditors. Moreover, the independence of executive and non-executive audit committee members, or the number of meetings has no impact on views of external auditors. An audit committee has the role of resolving issues and conflict with the administration and therefore they result in enhancing the quality of audits. (Mousa et al, 2013)

Quality of financial reporting is crucial due to the fact that those qualitative characteristics make the information on financial statements useful and

reliable to users. Abdullah (2006) stated that the framework established by the Financial Accounting Standards Boards (FASB) has listed many qualitative characteristics as useful financial information. Such qualitative characteristics include relevance, reliability, time, verifiability, honesty and integrity, neutrality, consistency, and comparability, and therefore financial statements are considered as being of high quality if they fulfill the aforementioned characteristics. (Suleiman & Alhaji, 2015).

The core characteristics that define an audit committee include the number of members in the committee (size), the frequency of meetings, members' independence, and the professional expertise and experience of those members in finance and accounting, as well as the position of the audit committee regard to corporate governance (specifically in terms of the organization's submission to the Corporate Governance Code. (Ioana and Mariana, 2014).

An audit committee acts as an oversight committee performing under the main board of directors. An audit committee is delegated by the board of directors in regard to the responsibility of corporate reporting process (Bedard & Gendron, 2010). Akhtaruddin & Haron, (2010) stated that an audit committee is considered as a monitoring device that decreases the symmetry of information as the Malaysian Code on Corporate Governance (2007) sees an audit committee as the definitive supervisor of the corporate reporting process.

Past literature on audit committees has stated that the effectiveness of an audit committee depends on its characteristics (Akhtaruddin & Haron, 2010; Dhaliwal et al., 2010; Li et al., 2012). Therefore, a reliable mixture of experience, expertise, and capabilities are crucial in supporting an audit committee's ability to efficiently carry out its responsibilities. (Madi et al., 2014).

Baxter and Cotter (2009) stated that an audit committee's independence is a key characteristic that influences a committee's competence and effectiveness in the process of managing financial statements. Also, Baxter and Cotter (2009) agreed that an audit committee's independence is greatly related to the measurement of earnings quality. On the other hand, Nimer et al. (2012) found that the results of multiple regressions specified that there is no relationship between the effectiveness of audit committee characteristics and the dividend payout policies in firms in Jordan. (Hamdan et al., 2013).

Aside from different board characteristics, a crucial variable is the independence of audit committees. An Audit committee (AC) is expected to play a key role in financial reporting, auditing, and corporate governance. DeZoort (1998) found that the most vital responsibility of an AC is to assess controls. Other crucial responsibilities are to evaluate financial statements, internal and external audits, letters of external auditors, and to assess auditor independence.

Khan and Kotishwar (2011) found that independent directors, along with non-executive directors of a company, have power and control over the chief executive. Those directors act as a link with the exterior environment and offer an international outlook. Moreover, independent directors put an effort in enhancing the processes conducted by

board members and even bring in specialists to make use of their expertise and knowledge, to provide continuity, and to assist in recognizing alliances and acquisitions; those directors help sustain a morally ethical climate within the organization. (Suleiman & Alhaji, 2015).

Likewise, Otchere et al. (2012) stated that non-executive directors should be categorized as a check and balance mechanism that improves the effectiveness of a board. A board influences the quantity of information disclosed and the time it took for them to be released. Hence, when the board is independent and acknowledge their obligations of transparency and accountability to stakeholders, they will disclose all information in a timely manner. The authors also found that the board and audit committees of listed firms in the Ghana Stock Exchange (GSE) are taken over by non-executive directors. (Suleiman & Alhaji, 2015).

Moreover, the more independent (nonexecutive) directors there are on the board the more monitoring and control there is. This is due to the fact that independent directors are able to control the excess of executive directors, and therefore safeguard shareholder and stakeholder interest. Also, independent directors are free from bias and influence and are able to reliably monitor processes that would improve the quality of information that is conveyed to users of financial statements (Suleiman & Alhaji, 2015). Therefore, it is suggested that employing independent directors on an organization's board should be based on past records and knowledge and not on the proportion of total numbers of directors on the board itself. Aside from different board characteristics, a crucial variable is the independence of audit committees. An Audit committee (AC) is expected to play a key role in financial reporting, auditing, and corporate governance. DeZoort (1998) found that the most vital responsibility of an AC is to assess controls. Other crucial responsibilities are to evaluate financial statements, internal and external audits, letters of external auditors, and to assess auditor independence.

The efficiency of an audit committee is enhanced by financial expertise of committee members; this is a key characteristic that ensures effective operation (Baxter & Cotter, 2009). Lisic et al. (2011) suggest that when there is a financial expert on the audit committee then that does not mean that there is more effective monitoring. Rather, monitoring effectiveness of audit committee financial expertise depends on the authority of top management. Moreover, there were some discrepancies in Baxter and Cotter's (2009) study between the results that failed to show a relation between the earnings management and the financial expertise of an audit committee. Accordingly, the authors recommended that financial expertise of an audit committee shouldn't be considered when trying to evaluate characteristics that effect performance of any given organization. (Hamdan et al., 2013).

On the other hand, in their study Teitel & Machuga (2010) found that after implementing the Best Corporate Practices Code in Mexico, when an organization hires auditors with high financial expertise and experience then there is great improvement in the quality of earnings in relation to

those firms with auditors of low expertise. It is stated that in Mexico it is believed that hiring high quality auditors is a mechanism to replace a weak regulatory environment. (Hamdan et al., 2013).

An essential reflection in regard to the absence of quality in financial expertise is the uncertain practices of auditors in terms of familiarity of International Financial Reporting Standards (IFRS). In China, regulators require that IFRS based financial statements have to be audited by an international well reputable auditor. Such regulation specifies the absence of experience of local auditors (Jinghan & Haitao, 2010). Tang (2000) stated that submission to accounting standards depends on constituency and competency of auditors. Tang also stated that most accountants received inadequate levels of education that is not compatible with IFRS practices.

In their study, Cohen et al. (2004) deliberate the role of audit committees in terms of different characteristics such as experience and expertise, effectiveness, responsibilities, earning management, and fraud. Most characteristics conversed by Cohen et al. (2004) are considered as core features of audit committees although availability of previous studies was scarce. By using the available information, results suggested that for an audit committee to play a key role in financial reporting then the committee has to be devolved with enough power and adequate expertise in order to be efficient in monitoring the actions of management. (Ghafran & O'Sullivan, 2013).

To efficiently supervise the process of corporate reporting, audit committee members have to be sufficiently financially educated in order for them to be able to comprehend financial statements successfully (Dhaliwal et al., 2010). Thorough financial expertise allows audit committee members to categorize and debate questions that challenge managers and external auditors to a bigger scope of financial reporting quality (Bedard & Gendron, 2010). In response, this will improve the clearness and reliability of corporate reporting and therefore lessen issues that are related to the flow of information. Studies conducted by (Kelton and Yang (2008), as well as Kent et al. (2010) found a positive relation between an audit committee's financial expertise and the quality of financial reporting.

Baxter and Cotter (2009) stated that the level, activities, and responsibilities of an audit committee are crucial in terms of improving the reliability in enhancing earnings quality. Also, the size of any given audit committee has positive effect on earnings quality. The bigger an audit committee is the more effective it is due to the fact that they comprise of members with diverse knowledge and expertise in order to perform more reliable monitoring of financial practices. (Hamdan et al., 2013).

Thoopsamut and Jaikengkit (2009) evaluated the relationship between audit committee characteristics and earnings managements in financial reports of organizations that are listed on the Stock Exchange of Thailand. The study conducted by the authors consisted of data collected from various financial documentation that was analyzed by using multiple regression with a 95% confidence interval. Results of the study showed a negative relation between the tenure of audit committees and earnings management.

Nevertheless, in the same study, the authors found that the number of meetings of an audit committee and the audit firm size are not significantly related to earnings management. The results of the study suggested that the tenure of audit committees has effect on the quality of financial reports. (Hamdan et al., 2013).

In their previous work, Allegrini & Greco (2011) stated the fact that the resource dependency theory argues that a large audit committee is more eager to dedicate resources and authority to effectively carry out responsibilities. The more directors there are on an audit committee, the more diversity and expertise and capabilities there are that would guarantee operative monitoring (Bedard & Gendron, 2010). Therefore, a large number of audit committee members are more likely to aid a committee to expose and solve issues and dilemmas in corporate reporting processes (Li et al., 2012). This means that size is an integral factor for an audit committee to oversee corporate disclosure practices (Persons, 2009). Persons found evidence that numerous directors on audit committees tend to improve the level of voluntary disclosures.

DeZoort et al. (2002) define the frequency of meetings as an evaluation of an auditor committee's due diligence. The frequency of meetings is a core element in the reliability and efficiency of a company's activities and processes, although there were few studies that acknowledged the connection between the performance of the company and the number of meetings (Ioana and Mariana, 2014).

The frequency of meetings is an important characteristic of auditor committees. Board members that regularly meet are more likely to accomplish their work and responsibilities attentively and successfully. Thorough boards would more effectively improve the level of oversight of the process of financial reporting both directly and indirectly through choices of external auditors and the audit committee (Yatim et al., 2006).

Financial statements with better quality means that there is more clearness, better disclosures, prevention of fraud, and lower degrees of accruals. Yige et al. (2012) view audit committee meetings and the independence of board of directors are complementary in corporate governance. The authors also find evidence that the independence of board members increases as audit committees' meetings increase. Xie et al. (2003) found that the more meetings there are, the more diligence there is. Raghunandan and Rama (2007) and Sharma et al. (2009) found that the frequency of audit committee meetings is positively associated with growth and profitability. Also, Abbott et al. (2000) and Beasley et al. (2000) found that the increasing frequency of meetings is related to better quality of financial statements. (Saibaba & Ansari, 2013)

In addition, Xie et al. (2003) debated the fact that when boards don't meet enough would only focus on reviewing management plans and listening to presentation, while they would not have the time to concentrate and focus on aspects such as earnings management and fraud within financial statements. Hence, the authors found that there is a negative relationship between earnings management and the frequency of meetings.

3. RESEARCH METHODOLOGY

3.1. Hypothesis Development

Audit committee characteristics as Independent Variables:

Ioana and Mariana (2014) stated that putting aside the management system adopted within a company, it is crucial to establish balance of power so that there is no specific group with unlimited control within any company. An audit committee is responsible for maximizing the value of a company through honesty, reliability, monitoring, and controlling management in order for them to prevent any acquiring of personal benefits. The authors note that AC characteristics affect profitability as many studies found positive relationships between performance and structure of committees, frequency of meetings, and expertise. Moreover, Hamdan et al. (2013) found that an AC does influence financial and stock performance, but has no impact on operating performance.

Beasley (1996) found that the size of the committee is positively associated with their ability to control disclosure decisions while Bushee et al. (2014) stated that such behavior is considered as ineffective governance due to lack of transparency and integrity when it comes to the managing and control of the company.

Hamdan et al. (2013) used AC size, financial expertise, and independence to determine factors that affect the use of IFR. Saibaba and Ansari (2011) considered independence and size in their study, and then chose the frequency of meetings as a control variable in their 2013 study. On the other hand, Basuony and Mohamed (2014) considered factors such as firm size, return on assets, leverage, industry type and auditor type, while Madi et al. (2014) included multiple directorship in their study. Also, based on Ghafran and O'Sullivan (2013), their review was set around regulatory expectations of audit committees trying to evaluate how specific characteristics influence the AC's effectiveness. It was found that larger and more independent AC's with more financial expertise will have a higher level of external audit coverage and assurance. The authors also found that specific AC characteristics such as independence, expertise, and frequency of meetings, result in more effective AC performance.

IFR Dependent Variables:

In order to evaluate IFR, different variables may be used for different indexes. Almilia (2009) structured an index to measure the technology used in IFR rather than to use content of information, while Kelton and Yang (2008) used content and format to evaluate IFR along with Khan and Ismail (2011) who used content and presentation for the IFR index.

The researcher of the study assumed an internet financial reporting index (IFRI) for the research by using indexes from previous studies. The IFR index included the dimensions of content and presentation of information due to the fact that they are adopted by most authors (Kelton and Yang, 2008; Almilia, 2009; Aly et al, 2010; Khan and Ismail, 2011) in order to measure the websites of the

selected companies. Moreover, the presentation formation may aid in arranging more reliable disclosure to the interested parties in terms of ease of access, readiness, and clearly set financial information that aid in acquiring the needed information (FASB, 2000).

Control Variables:

Upon reviewing numerous past studies conducted that examined different aspects that may or may not have influence over IFR, the researcher chose to select mainly the leverage, the size of the firm, age, and the type of Auditor and the sector as control variables for this study. Different researchers such as Joshi and Al-Bastaki (2000), Madi et al.(2014), Ghafran and O’Sullivan (2013) had all agreed that the size of a company or a firm is one of the main characteristics that influences whether a company is using the internet for broadcasting their financial information or not. Also, many studies have already determined the factors that have influence over IFR.

Firm size is calculated through calculating the total assets; leverage is calculated by dividing liabilities over assets, age is calculated through the first day of the company establishment till this day, as for the auditor type it is linked to the Big4 through identifying the listed companies that have been audited by one of these Big4 firms. Variable 1 is linked and zero otherwise, lastly sector type is classified into 3 sections: service, financial and industrial

The control variables to be used are held constant throughout the whole study. As the researcher aims to examine the influence of specific independent variables linked to Audit Committee characteristics, the possibility that other control variables exist is eliminated. All information gathered from Bahrain bourse website and the official websites of the companies under examination. The literature reviewed provided a base for the research hypotheses related to Audit committee characteristics and IFR. The hypotheses and sub-hypothesis are set as follows:

Hypothesis:

H0: *There is no relationship between Audit Committee characteristics and internet financial reporting (IFR) of companies that are listed in Bahrain Bourse.*

H1: *There is relationship between Audit Committee characteristics and internet financial*

reporting (IFR) of companies that are listed in Bahrain Bourse.

Sub-hypotheses:

H01: *There is no relationship between Audit Committee board independence and internet financial reporting (IFR) of companies that are listed in Bahrain Bourse.*

Ha1: *There is a relationship between Audit Committee board independence and internet financial reporting (IFR) of companies that are listed in Bahrain Bourse.*

H02: *There is no relationship between Audit Committee members' financial expertise and internet financial reporting (IFR) of companies that are listed in Bahrain Bourse.*

Ha2: *There is a relationship between Audit Committee members' financial expertise and internet financial reporting (IFR) of companies that are listed in Bahrain Bourse.*

H03: *There is no relationship between Audit Committee size and internet financial reporting (IFR) of companies that are listed in Bahrain Bourse.*

Ha3: *There is a relationship between Audit Committee size and internet financial reporting (IFR) of companies that are listed in Bahrain Bourse.*

H04: *There is no relationship between Audit Committee frequency of meetings and internet financial reporting (IFR) of companies that are listed in Bahrain Bourse.*

Ha4: *There is a relationship between Audit Committee frequency of meetings and internet financial reporting (IFR) of companies that are listed in Bahrain Bourse.*

3.2. Sample selection and distribution

The research study mainly depends on the sample selected which includes the original 48 companies which are listed in the Bahrain Bourse for the year 2014; some companies were excluded from the study due to several reasons such as maintenance to their websites or the actual website wasn't functioning well , so only 39 companies were chosen. Moreover, information required for the study was gathered by the researcher from the official websites of the companies selected in order to evaluate the relationship between Audit committee characteristics and the IFR in regard to the specific aforementioned characteristics.

Table 1. The Selection of Sampling

ITEMS	NO.	%
Listed companies in Bahrain stock Exchange	48	100%
Excluded from Bahrain stock exchange	-5	-10.4%
Company's Website not functioning properly	-1	-2.1%
Companies with no websites	-1	-2.1%
Companies with no investors relation in their	-1	-2.1%
Companies that are shutdown	-1	-2.1%
Total	39	81%

The sample of the research was divided into three sectors which are the financial sector, the services sector, and the industrial sector (see table below). The research study focuses on the

characteristics of the Audit committees which will be evaluated through independence, expertise, size, and frequency of meetings (Dharmadasa et al, 2014; Tai, 2015).

Table2. Sampling Distribution

Sector	Category	Companies within category
Financial	Banks	8
	Investment	10
	Insurance	5
Services	Services	9
	Hotels and Tourism	4
Industrial	Industrial	3
Total		39

3.3. Model Development

The variables selected for the research study are based upon the review of literature conducted by various authors. The IFR index is made of multi-factor independent dummy variables that are linked to the characteristics of the audit committees adopted from the literature. To be able to evaluate the IFR, the average of the variables is to be

calculated. The researcher aims to evaluate the average of IFR through the checklist structures based on the past literature examined in the previous chapter. Furthermore, to specify the relationship between the dependent variable that is internet financial reporting and the independent variable that is Audit committee characteristics, a multiple regression analysis is used through the following equation:

$$IFR_i = \beta_0 + \beta_1 AC_SIZE_i + \beta_2 AC_FM_i + \beta_3 AC_INDP_i + \beta_4 AC_FEX_i + \beta_5 ROA_i + \beta_6 F_SIZE_i + \beta_7 LVG_i + \beta_8 ROE_i + \sum \beta_i SECT_{i,v} + \beta_{10} AGE_i + \beta_{11} BIG4_i + \epsilon_i \quad (1)$$

Where:

Code	Variable Name	Operationalization
Dependent variable - Internet financial reporting index:		
IFRI	Internet financial reporting index	This is a binary variable wherein 0 indicates that the company does not use IFR and 1 otherwise
Independent Variables - AC Characteristics:		
AC_FEX	Financial expertise	This is a binary variable wherein 1 indicates that the member is of adequate financial expertise and 0 otherwise
AC_SIZE	Audit committee size (3)	This variable is calculated by counting out the number of members in the Audit committee during the year.
AC_INDP%	Audit committee independence	This variable is calculated by computing the percentage of independent members in the Audit committee during the year.
AC_FM	Meeting frequency (4)	This variable is calculated by counting out the number of Audit committee meetings held during the year.
Control Variables:		
F_SIZE	Firm size	Natural logarithm of Total Assets
ROA	Return on assets	Net income/Total Assets
ROE	Return on Equity	Net income/Shareholders Equity
LVG	Leverage	Total liabilities/ Total Assets
SECT	Financial sector	This is a binary Wherein 1 means that the company is Commercial Banks; Investment and Insurance and 0 otherwise
	Services sector	This is a binary Wherein 1 means that the company is Services, Hotels and Tourism and 0 otherwise
	Industrial sector	This is a binary Wherein 1 means that the company is Industrial and 0 otherwise
BIG4	Auditor Type	This is a binary if (Big 4) =1 , Otherwise=0

Age 1st day of company establishment till date
 ε_i Error

4. DATA ANALYSIS AND HYPOTHESIS TESTING

This chapter includes 3 sections; the first section addresses the descriptive analysis. The second section addresses the Empirical analysis and for the final section the hypothesis testing will be reviewed. The analysis has been conducted through a check list for Bahraini listed companies during the year of 2014.

4.1. Descriptive Analysis

Descriptive analysis or as we can call it the Descriptive statics is used to understand the main features of the data in our study. Or we can say the analysis of data that help us summarize or recognize the data in a more meaningful way.

Eventually this analysis provides us with simple and accurate summaries about the sample and its main measures.

4.2. General Descriptive Analysis

The main variables were categorized into three categories, the independent variable, and the dependent variable and control variables. Table No.3 shows the continuous variables summarized into descriptive statistics. The mean of Audit committee size is almost 4 and it ranges from 2 to 8, and according to the Code of Corporate Governance in Kingdom of Bahrain at least 3 members must be assigned in the Audit Committee, this means that the majority are following this rule. As for the frequency of meeting, there should be at least 4

meeting per year, the number of meetings range between 2 to 10 meetings and the mean is 4.38. This indicates that the majority are clearly following the code. Moving to the member's independence, the majority of the members of the committee including the chairman must be independent directors according to the corporate governance code. The mean is .557 which indicates that the board is increasing the independence of members that stimulates in attracting more investors and avoiding conflict of interest among the board. As for the financial expertise it appears that all members in Bahraini's listed companies have the right experience to acquire these positions. Financial expertise has not been mentioned in table no.3 because as we have mentioned earlier they all came as experienced persons, and the system have excluded them directly due to the lack of effectiveness to the model.

The mean of total assets is BD 1432226 of the sample size, this is a great indication that the mean size of the sample is big and that most companies are adopting IFR as showed by past studies who revealed that large companies are more into disclosing their annual report on their websites (Ismail and Tayib, 2000).

In addition, the mean of return on assets is .04893 ranging from -0.354 to .2664, which means that even if these companies are suffering from losses they disclose their information. Furthermore, the leverage range between .0415 and .8969, this also indicates that most companies depend on loans to finance their business and have a relatively high leverage. Moreover, IFR must be increased to ensure and provide the shareholders with the company's current performance.

ROE mean is .07938 and it is ranging from -.16230 and .2807, which means even loss is recognized and disclosed. And finally the age of the company, the mean of the age is almost 30 which are between 8 and 57. This shows that the majority of these companies have been established from a long time.

IFR index mean is .71 which is between .238 and .918. This index is calculated using the dummy variables in the checklist. The mean level of the IFR specify that majority of the companies are using a reasonable amount of internet financial reporting. Moreover, Kingdom of Bahrain is developing their selves in order to adopt new features and trends to allow an accurate presentation of financial information and transparency.

Table 3. Descriptive Statistics of Continues Variables

<i>Variable</i>	<i>N</i>	<i>MIN</i>	<i>MAX</i>	<i>Mean</i>	<i>SD</i>
Size of Audit Committee	39	2	8	3.95	1.255
Frequency of meeting	39	2	10	4.38	1.290
Independence%	39	.0	1.0	.557	.2607
Firm size/ Total assets	39	5949	12309764	1432226	2970637.707
ROA	39	-.0354251	.266468	0.489345	.06213082
Leverage	39	.04151089	.89694781	.4248997	.28448947
ROE	39	-.1623070	.280790	.0793872	.08246971
Age	39	8	57	29.95	12.137
IFR level	39	.23864	.91860	.7109300	.17004648

In table 4, descriptive statistics has been applied for dummy variables; only two variables have been mentioned.

According to Table No.4, we conclude that 80% of the companies have been audited by the Big4. This means that the majority of the samples' companies are appointing the Big4 which leads to a higher level of transparency in disclosure. Moreover, the study of Fan and Wong (2004) implies governance role can be played by external auditors,

which explains the increasing level of corporate governance in Bahraini's listed companies. The real reason why these companies acquire or hire these name brand auditors is to avoid conflict of interest in their structured ownership. As for Financial expertise, it appears that 100% of all members in Audit committee have the financial experience. And that's the main reason why this variable was not mention in the model or the previous tables.

Table 4. Descriptive Statistics for Dummy Variables

<i>Label</i>		<i>Frequency of 1's</i>		<i>Frequency of 0's</i>	
		<i>Frequency</i>	<i>%</i>	<i>Frequency</i>	<i>%</i>
Big 4	BIG4	32	80%	7	17.5%
Financial.EXP	AC_FEX	39	100%	0	0

4.3. Descriptive Statistics according to the Firm's Size

In this study the classification of firms has been classified into two groups; large firms and small firms. The large firms has a greater mean than the small firms, which resembles a higher level of IFR, on the other hand the small firms has a lesser mean which indicates a lower level of IFR. The analysis is summarized in Table No.5

As we have mentioned earlier, the Audit committee size must consists of at least 3 members, large firms has 3 or more members in their committee, whereas the smaller firms has less members. The mean for the large firms is (4.29), and on the other hand the small firm mean is (3.53). This means there is a significant relationship at 5% confidence due to the sig. results of (0.034), not to mention the t-test (1.884) was higher than its main value at 5% of confidence.

Furthermore, members of the audit committee must meet 4 times a year, large firms has followed

this rule and sometimes their meetings exceeds 4 times, however in smaller firms the meetings are less than 4. The mean for the large firms is (4.71), as for the small firms the mean is (3.94). The result was there is a significant relationship at 5% confidence, because the sig. result is (0.034) and the t-test (1.879) is higher than its crucial value at 5% of confidence.

The independence of the committee members in large firms is greater than the independence of members in small firms. The mean for the large firms is (.557), whereas the mean for the small firms is (.546). The result was not statistically significant because the sig result is (0.4495)

To conclude firms that has large audit committee, with frequent meetings and more independent board members has more commitment to IFR and apply IFR in the right manner, because these firms has wider experience than these small firms.

Total assets for large firms are (2011820) which is greater than the total assets for small firms (311676.53). The result is statistically significant at 5% of confidence due to the result of sig. (0.03).

Moreover, ROA for small firms were higher than the ROA for bigger firms, ROA for small firms

mean was (0.08095) and the large firms was (0.02448), therefore the result was significant at 1% of confidence. This is due to the sig. result at (0.002) and t-test at (3.053). This also proves that there is a negative significant relationship between the company's total asset and their earnings.

Moving to the leverage, large firms leverage is greater than the leverage of the smaller firms. The mean of the large companies leverage is (.4825), on the other hand the leverage of the small firms is (.3281). Therefore there is a significant relationship at 5% confidence because the sig. result is (0.045) and the t-test is (1.741).

Finally, ROE for small firms were higher than the ROE for bigger firms, ROE for small firms mean was (.10183) and the large firms was (.05902), therefore the result was significant at 10% of confidence. This is due to the sig. result at (0.058) and t-test at (1.610).

To summarize large firms with higher profits and with greater assets and leverage tend to practice IFR better than the smaller firms, this leads to a greater disclosure and transparency of financial information.

Table 5. Descriptive Statistics according to the Firm's Size

Variables	Obs.	Size of the firm		T.test	Sig.
		Large firms	Small firms		
Size of Committee	21-17	4.29	3.53	1.884**	0.034
Frequency of meeting	21-17	4.71	3.94	1.879**	0.034
Independence%	21-17	.557	.546	.128	0.4495
Firm size/Total assets	21-17	2011820	311676.53	1.940**	0.03
ROA	21-17	.02448725	.08095782	-3.053*	0.002
Leverage	21-17	.482599054	.328197790	1.741**	0.045
ROE	21-17	.05902050	.10183130	-1.610***	0.058

Statistically confident at: 10%***, 5%***, 1%*
C.T.test: 10% = 1.303, 5% = 1.684, 1% = 2.423

4.4. Empirical analysis

It is the path or the study in order to collect information or knowledge from means that are indirect or direct experience, the empirical analysis searches for more than one mean or variable, this analysis can be analyzed qualitatively or quantitatively.

The analysis depends on a small sample which is 48 listed companies in the Bahraini Bourse, however this number has been reduced to 39 companies due to many reason and factors that we have mentioned earlier in chapter 3. Main data of Audit committee characteristics and IFR were gathered from the company's websites and some by phone. The sample size is quite small because the Bahraini market is limited and not as wide as GCC markets. The validity of data will be tested

throughout this study to be sure that the model used is correct.

Two tests were used in this analysis, one is the Multicollinearity test and the other one is the Autocorrelation test. These tests will observe the relationship between Audit committee characteristics and the IFR in an accurate way.

Table No.6 shows the Autocorrelation test, this test is used to determine whether there is an autocorrelation problem or not. To check whether there is a problem or not Durbin Watson test is applied, the test measures whether two scenes are correlated or not, this will enhance the accuracy of the model used. The Durbin Watson figure shows a (2.278), and it is between the statistical ranges (1.5 - 2.5). This shows that there is no autocorrelation problem. A study of Durbin (1970) assures this rule, where he emphasizes no threat is associated with the model if figures range between (1.5 - 2.5).

Table 6. Autocorrelation Test

Model	R	R square	Adjusted R square	Std.Error of the Estimate	Durbin- Watson
1	.718	.516	.311	.14283	2.278

Moving to the second test which is the Multicollinearity test, this test examines two or more main variables in a linear model to check if they are highly correlated or not. If the correlation tends to

be negative, then the model would be inaccurate. Variance Inflation Factor (VIF) is used to guarantee whether correlation among variables exists. If VIF figures are greater than 10, it indicates a colinearity

problem. This is based on the study of Wooldridge (2013) as he assured a multicollinearity problem exists if VIF value is 10 or greater. Table No.7 shows

that all VIF figures are less than 10, which indicates that there is no collinearity problem.

Table 7. Collinearity Statistics Test

<i>Model</i>	<i>Tolerance</i>	<i>VIF</i>
Audit committee size	.566	1.765
Frequency of meeting	.679	1.473
Independence%	.800	1.249
ROA	.132	7.558
Firm size/ Total assets	.382	2.619
Leverage	.342	2.922
ROE	.193	5.170
AGE	.825	1.211
Auditor Type/Big 4	.529	1.890
SSECT	.362	2.760
INSECT	.550	1.818

4.5. Testing the hypothesis

Looking back at the pervious analysis that we have done, we summarize that the level of IFR and Audit committee characteristics are extremely high in Bahraini listed companies. The results showed a percentage of 71% concerning the IFR index, and 80% concerning the Audit committee characteristics. This section will explain the main results of the hypothesis done through the multi regression analysis.

H01: *There is no relationship between Audit Committee board independence and internet financial reporting (IFR) of companies that are listed in Bahrain Bourse.*

Ha1: *There is a relationship between Audit Committee board independence and internet financial reporting (IFR) of companies that are listed in Bahrain Bourse.*

Table No. 8 shows there is a negative relationship between Audit Committee board independence and (IFR), which means Audit Committee independence has no influence over IFR, although independency of members may encourage disclosure and enhance the transparency of financial information, but according to the results it shows the independency has no influence at all in this study. Moreover, the result of the sig showed (.231) which means it is not statistically significant. Therefore the null hypothesis is accepted.

H02: *There is no relationship between Audit Committee members' financial expertise and internet financial reporting (IFR) of companies that are listed in Bahrain Bourse.*

Ha2: *There is a relationship between Audit Committee members' financial expertise and internet financial reporting (IFR) of companies that are listed in Bahrain Bourse*

The financial expertise variable has not been included in Table No. 8, due to the fact that all members in the listed Bahraini companies has the financial experience, therefore it won't affect the result of the model. According to this financial expertise has been eliminated.

H03: *There is no relationship between Audit Committee size and internet financial reporting (IFR) of companies that are listed in Bahrain Bourse.*

Ha3: *There is a relationship between Audit Committee size and internet financial reporting (IFR) of companies that are listed in Bahrain Bourse*

There is a significant negative relationship between Audit committee size and the IFR. Although the recent study of Yap et al. (2011) claimed as the board gets wider and bigger so is the financial information range which enhances disclosure over websites, but according to this study the size of the Audit committee has no influence over the IFR. Additionally the result was not statistically significant, therefore H04 is accepted.

H04: *There is no relationship between Audit Committee frequency of meetings and internet financial reporting (IFR) of companies that are listed in Bahrain Bourse.*

Ha4: *There is a relationship between Audit Committee frequency of meetings and internet financial reporting (IFR) of companies that are listed in Bahrain Bourse.*

There is a significant positive relationship between Audit committee frequency of meetings and IFR. This is due to the fact that as these meetings increase, awareness and experience increases among members, and there will be more encouragement of financial information disclosure on the company's websites. But according to schedule No. 8 the result was not statistically significant, therefore the null hypothesis is accepted

Moreover, there is a positive relationship between firms' size and IFR, this is supported by the study of Xiao et al. (1996) who claimed that small firms are not so interested as much as larger firm in using IT technology in improving IFR.

As for the leverage and age, there was a negative relationship between them and the IFR. As well as a negative result that was not statically significant. Although in the study of Debreceeny et al. (2002) he has specified that there is a positive relationship between leverage and IFR. In our research the negative relationship is due to the fact as leverage increases the investors would like more financial information to understand whether the company is capable of paying its debts, however this disclosure is performed by the IFR, and IFR costs is incredibly high, and since IFR is voluntary not all

companies would like to apply it, which explains the negative relationship.

As for the age, the negative relationship is explained by the fact as the company grows older, there is no tendency to apply IFR especially because it is costly and they have attracted enough loyal customers and gained their trust. The result of both variables was not statistically significant.

Additionally, there was a negative relationship between ROA and IFR and a negative result that was not statistically significant. The negative relationship is due to the fact monitoring process that is provided by the Audit company is applied through the IFR, and IFR costs are high, which leads to a decline in the revenue which causes a further decline in the ROA. On the contra side the study of Islam et al. (2014) supports the positive relationship between ROA and IFR as he addressed that profitability is not sufficient in discussing the degree of voluntary disclosure of financial information. Meanwhile, a positive relationship existed between ROE and IFR but the result was not statistically significant.

As for the sectors they have been included it Table No. 8 just to balance out the control variables included in the model

Lastly, the big4 has maintained a positive relationship with IFR, which means companies using

Big4 firms are supporting the level of IFR. The study of (Xiao et al., 2004; Kelton and Yang, 2008) supports the theory that there is a positive relationship between the size of the firm and voluntary disclosure. Furthermore, the positive relationship is explained by the fact that the Audit Committee has a crucial role in hiring external auditors and assigning the main task of evaluation of disclosure to them, which explains the positive relationship. This action increases the monitoring control cost and therefore supporting the disclosure of financial information.

Going back to table No. 8, it shows that sig. is (.026) which is less than 5%, this is a great indication that the model we are using is accurate. According to De Iorio et al. (2004) a significant level is determined at 5%, where if F-value is less than the significant level than the model is assumed to be correct.

Overall we conclude that only big 4 has a significant influence and supports the IFR, however this study is all about testing the association between Audit committee characteristics and IFR. Therefore the null hypothesis is accepted due to the negative relationship between Audit committee characteristics and IFR.

Table 8. Multi Regression Results

Variable	Beta	T. test	Sig
Audit committee size	-.059	-.324	.749
Frequency of meeting	.249	1.503	.145
Independence%	-.187	-1.228	.231
ROA	-.418	-1.113	.276
Firm size/ Total assets	.093	.419	.679
Leverage	-.192	-.825	.417
ROE	.105	.339	.737
AGE	-.095	-.631	.534
Auditor Type/Big 4	.540	2.880	.008
SSECT	-.050	-.221	.827
INSECT	.182	.990	.331
F			2.517
Sig(F)			.026

5. CONCLUSION AND RECOMMENDATIONS

5.1. Main Results and Conclusion

Corporate governance consists of framework of rules and policies that allow companies to take specific actions to stay compliant with the government rules and laws, these rules can direct key people in companies on how to apply specific tasks and roles.

Corporate governance can enhance companies reputation, by boosting the laws and regulation of corporate governance and the way it work, this results in more stakeholders wanting to work with the company, not to mention lenders who will notice the company strong fiscal policies and internal control. Corporate governance does not only attract investors and stakeholders, it also gets the attention of government agencies, employees, vendors and suppliers. Moreover, corporate governance eliminates the bad behavior of employees by addressing the rules and laws to decrease potential fraud and conflict of interest.

Corporate governance is associated with the role of audit committee. An audit committee plays a crucial role in observing the degree of effectiveness of the internal control framework. An audit committee has the role to help a board of directors fulfill its corporate governance and to oversee responsibilities in relation to the financial reporting of an organization, its internal control system, its risk management system, as well as all audit functions. Due to its role of protecting shareholder's interest, financial supervision, and control, an audit committee is the most crucial advisory committee for any given organization.

Moreover, the practice of providing financial information is called transparency that is associated with the ease of financial information flow from the firm to the investors; therefore IFR plays a crucial role in supporting this flow. The study of Juhmani (2013) declared that those "disclosures play a crucial role in corporate governance by reporting reliable and transparent information to stakeholders and shareholders".

Also Debreceeny et al. (2002) added by stating that IFR is an example of total corporate disclosure

which is aimed towards decreasing the asymmetry of information between an organizations shareholders and managers. Therefore, IFR aids in decreasing agency problems (Ojah, 2012), and enhancing corporate governance. Accordingly, the research study has investigated the relationship between Audit committee characteristics and the IFR in Kingdome of Bahrain.

Several tests have been conducted in order to address the relationship among variables, including multi regression. The result showed that the relationship between Audit committee characteristics and IFR is appropriate. However there was a negative relationship between them, except for Audit Committee frequency of meetings as a positive relationship existed with IFR, but the result was not statistically significant. Overall the negative relationship is due to the fact that Audit committee characteristics do not influence the disclosure of financial information through the internet (IFR). This result matches the research study of Sanad & Al-Sartawi (2016) who also claimed there was a negative relationship between corporate governance and IFR. This indicates that our study is accurate and on the right path.

Although Audit committee has no significant influence over the IFR, a positive relationship revealed among Big 4 and the IFR which indicates that Big4 has a significant influence over IFR. This is explained by the fact that Audit Committee has a crucial role in hiring external auditors and assigning the main task of evaluation of disclosure to them. Not to mention hiring them results in reducing the conflict of interest and agency problem which is the aim of the corporate governance. Additionally the study of Beattie (2001) claimed that external auditors can play a huge role in supporting corporate governance by making the management responsible for its stewardship of the firm to the shareholders. This indicates that Big4 and the audit committee roles in corporate governance are crucial in addressing the objectives and aims of CG. (Ojo, 2009).

5.2. Recommendations

Although Kingdome of Bahrain is considered one of the main business hubs around the world, their application of regulation is still in process, this is demonstrated by the fact that disclosure of financial information via the internet is voluntary and not mandatory. However the code of corporate governance in Bahrain demands listed companies to apply the code or give a reasonable justification if they refused to apply. This is supported by the recent study of Ramadhan (2014) who mentioned that Bahrain as a developing country does not maintain an adequate policy on voluntary disclosure. Therefore, IFR application or as we call it CG code must be developed and improved in a way that attracts more investors and stakeholders to Bahrain.

Second, IFR disclosure is related to high monitoring cost, which is the reason why many companies refuse to adopt it. In order to encourage these companies' sessions or lectures can be conducted to prove the great influence that IFR can generate when adopted, like explaining to them how it can attract more stakeholders and investors that can influence profits. Not to mention monitoring

costs can be controlled if the company evaluated this program through risk and management department and through applying strategic study or by increasing the network segment which will reduce the cost effectively.

Third, companies with long term loyal customers can be encouraged to apply IFR by raising their knowledge about threatening new rivals entering the market that uses new techniques and apply IFR. Since these companies tend to have old formed systems that became difficult for them to extract financial information and present them, introducing IFR helps them in reducing time spent on analysis, improving efficiency, and improving the presentation of financial information. Therefore, these companies must be educated the benefits of IFR application and its ability not only to attract local customers but also foreign customers.

Forth, results have showed that few companies are not dealing with external auditors (Big 4), however hiring these external auditors contribute in providing validity, discovering errors, eliminating legal issues and not to mention educating the business owner and helping him make the right management decisions. Moreover, hiring them contribute in raising the degree of financial information distribution to stakeholders which will enhance the degree of transparency.

During the study, we have noticed many companies' websites lack investor's relationship page, in order to attract more investors such things must be displayed in the main websites to help investors take correct investment decisions. Furthermore, Bahrain bourse can contribute in the transparency and disclosure of financial information by linking financial statement to the listed company's page.

Fifth, CBB and government of Bahrain should encourage and support listed Bahraini companies to disclose financial information via the internet in order to eliminate agency costs and enhance transparency. This is supported by the study of Mousa and Desoky (2012) and Debreceeny et al. (2002) who both agreed that IFR is one of the instruments that contribute in distributing disclosure that focuses on lowering misconnection of financial information between the management and their stakeholders.

Finally, to overcome the lack in studies for the IFR in GCC in general the researchers recommend that other researchers to apply studies in GCC or even Arab world by using a larger sample. Moreover, since there are limited studies that concerns corporate governance evaluated in Bahrain, a great number of potential studies could be conducted that investigates the relationship between CG and internal auditors, directors brought from outside or even ownership structure.

Additionally, a study can be conducted to investigate whether ownership structure has an effect on IFR. This is included in a previous study of Bushee & Noe (2000) who both claimed higher institutional ownership is supported by a higher disclosure.

Furthermore, we suggest a study that addresses the relationship between IFR and voluntary disclosure in Bahrain or even GCC. Not to mention a study can be conducted to investigate the benefits of IFR in small established companies.

REFERENCES

1. Abbott, L., Parker, S. and Peters, G. (2004). Audit committee characteristics and restatements. *Auditing: A Journal of Practice and Theory*, 23(1), 69-87.
2. Abbott, L., Parker, S., Peters, G., and Raghunandan, K. (2000). The Effects of Audit Committee Activity and Independence on Corporate Fraud. *Managerial Finance*, 26(11), 55-67.
3. Abdullah, N (2006). The characteristics audit committee and the quality of financial reporting in Malaysia. M.Sc International Accounting Thesis Submitted to the Faculty of Accounting, Universiti Utara Malaysia (unpublished)
4. Abhayawansa, S & Johnson, R (2007), *Corporate Governance Reforms in Developing Countries: Accountability versus Performance*, in R Johnson (ed.), *Reading in Auditing*, John Wiley & Sons Australia, Ltd, Milton, Qld, 2, 84-98.
5. Aguilera, R., Filatotchev, L., Gospel, H. and Jackson, G. (2008). An organizational approach to comparative corporate governance: costs, contingencies and complementarities. *Organization Science*, 19(3), 475-492.
6. Akhtaruddin, M., & Haron, H. (2010). Board ownership, audit committees' effectiveness, and corporate voluntary disclosures. *Asian Review of Accounting*, 18(3), 245-259.
7. Allegrini, M., & Greco, G. (2011). Corporate boards, audit committees and voluntary disclosure: evidence from Italian Listed Companies. *Journal of Management and Governance*, 15(3), 1-30.
8. Almilia, L. 2009, 'Determining Factors of Internet Financial Reporting in Indonesia', *Accounting & Taxation*, 1(1), pp. 87-99.
9. Al-Sartawi, Abdalmuttaleb. (2015), The Effect of Corporate Governance on the Performance of the listed Companies in the Gulf Cooperation Council Countries. *Jordan Journal of Business Administration*, 11 (3):705-725.
10. Al-Sartawi, Abdalmuttaleb. (2013), The impact of Corporate Governance on GCC Listed Banks Performance: Comparative Study between the Islamic and non- Islamic banks. *Attaawun Journal*, 79:66-90.
11. Al-Sartawi, Abdalmuttaleb, & Hamdan, Allam. (2013), The symmetry in applies Corporate Governance and its impact on shares performance "A comparative study between Islamic and Non-Islamic banks in the GCC", *Jordan Journal of Applied Sciences, Applied Science Private University*, 15(2): 243-254.
12. Al-Sartawi, Abdalmuttaleb, Hamdan A. (2012), The impact of Corporate Governance on GCC Listed Banks Performance, *International Islamic Marketing Association Journal, International Islamic Marketing Association*, 1(2):23- 43.
13. Al-Sartawi, Abd Almuttaleb, Hamdan A., Subry M., & Imad A. (2013), The Effect of Audit Committees on Earnings Management "Empirical study on Manufacturing listed Companies before the International Financial Crisis", *An-Najah University Journal for Research - Humanities, An-Najah University* , 27 (4): 819- 846.
14. Al-Sartawi, Abdalmuttaleb. & Zakeya Sanad. (2015), The Effect of Corporate Governance in Islamic Banks on Stock performance: Evidence from Bahrain. 6th Global Islamic Marketing Conference. 6-8 May. *International Islamic Marketing Association, Istanbul*.
15. Al-Thuneibat, A. (2006). Audit in the light of the international auditing standards and regulations and local laws: the theory and application, 1st edition, Amman, Jordan University publications.
16. Aly, D, Simon, J & Hussainey, K 2010, 'Determinants of corporate internet reporting: evidence from Egypt', *Managerial Auditing Journal*, 25(2), pp. 182-202.
17. Arens, A., Elder, R. & Beasley, M. (2009), *Auditing and Assurance Services: An Integrated Approach*, 13th Edition, New Jersey: Prentice Hall.
18. Basuony, Mohamed & Mohamed, E 2014, 'Determinants and Characteristics of Voluntary Internet Disclosures in GCC Countries', *The International Journal of Digital Accounting Research*, 14, pp. 57-91.
19. Baxter, P., & Cotter, J. (2009). Audit committees and earnings quality. *Accounting & Finance*, 49(2), 267-290.
20. Beasley, M. (1996). An empirical analysis of the relation between the board of director composition and financial statement fraud. *The Accounting Review*, 71, 443-465.
21. Beasley, M., Carcello, J., Hermanson, D., and Lapedes, P., (2000). *Fraudulent Financial Reporting: Consideration and Industry Traits and Corporate Governance Mechanisms*. *Accounting Horizons*, 14(4), 441-454.
22. Beattie V, Fearnley S and Brandt R (2001) *Behind Closed Doors: What Company Audit is Really About* (ICAEW).
23. Bedard, J., & Gendron, Y. (2010). Strengthening the financial reporting system: Can audit committees deliver? *International Journal of Auditing*, 14(2), 174-210.
24. Bushee, B, Carter, M, & Gerakos, J. 2014, 'Institutional Investor Preferences for Corporate Governance Mechanisms', *Journal of Management Accounting Research*, 26(2), pp. 123-149.
25. Bushee, B. & Noe, C F. (2000) *Corporate Discloser Practices, Institutional Investors, and Stock Return Volatility*. *Journal of Accounting Research. Supplement*, 38 (3), 171-202.
26. Carcello, J., Hollingsworth, C., Klein, A. and Neal, T. (2006). Audit committee financial expertise, competing corporate governance mechanisms, and earnings management. Available at SSRN: <http://ssrn.com/abstract=887512>.
27. Cohen, J., Krishnamoorthy, G. and Wright, A. (2004). The corporate governance mosaic and financial reporting quality. *Journal of Accounting Literature*, 23, pp. 87-152.
28. De Iorio, M., Muller, P., Rosner, G. L., & MacEachern, S. N. (2004). An ANOVA model for dependent random measures. *Journal of the American Statistical Association*, 99(465), 205-215.
29. Debreceny, R., Gray, G.L. and Rahman, A. (2002), the determinants of internet financial reporting, *Journal of Accounting & Public Policy*. 21 (5), 371-95.
30. DeZoort, F, Hermanson, D, Archambeault, D and Reed, S (2002). Audit Committees Effectiveness: A Synthesis of the Empirical Audit Committee Literature. *Journal of Accounting Literature*, 21, 38-75.
31. DeZoort, F. (1998). An analysis of experience effects on audit committee members'Oversight judgements, *Accounting, Organizations and Society*, 23(1).
32. Dhaliwal, D., Naiker, V., & Navissi, F. (2010). The Association Between Accruals Quality and the Characteristics of Accounting Experts and Mix of Expertise on Audit Committees. *Contemporary Accounting Research*, 27(3), 787-827.
33. Dharmadasa, Pamarathne, Gamage & Siriyama Kanthi Herath. (2014), *Corporate Governance*,

- Board Characteristics and Firm Performance: Evidence from Sri Lanka, *South Asian Journal of Management*, 21, (1), 7-31. 25.
34. Durbin, J. 1970. Testing For Serial Correlation in Least-Squares Regressions When Some Of the Regressors are Lagged Dependent Variables. *Econometrica* 38: 410-421.
 35. Faccio, M., Lang, L. and Young, L. (2001). Dividends and expropriation. *American Economic Review*, 91, 54-78.
 36. Fama, E. and Jensen, M. (1983). Separation of ownership and control. *Journal of Law and Economics*, 26, 301-325.
 37. Fan, J and T. Wong (2004), Do External Auditors Perform a Corporate Governance Role in Emerging Markets? Evidence from East Asia. *Journal of Accounting Research*. 43(1), 35-72.
 38. FASB 2000, 'Chapter 2. Business reporting research project: electronic distribution of business reporting information', Steering committee report series.
 39. Garcia-Meca, E. and Sanchez-Ballesta, J. (2010). The association of board independence and ownership concentration with voluntary disclosure: a meta-analysis. *European Accounting Review*, 19, 603-627.
 40. Ghafran, C, & O'Sullivan, N. (2013). The Governance Role of Audit Committees: Reviewing a Decade of Evidence. *International Journal of Management Reviews*, 15(4), 381-407.
 41. Goodwin, J., Karman, A. and Heanly, R. (2009). Corporate governance and the prediction of the impact of AIFRS adoption. *Abacus*, 45, 124-145.
 42. Hamdan, Allam, Al-Sartawi, Abd Al Mutaleb M. & Jaber, R.J. (2013). The Effect of Corporate Governance on the Financial and Operational Performance and its Effect on Stock Performance in the Kuwait Stock Exchange. *Arab Journal of Administrative Sciences*. 20 (2), 255-302.
 43. Hamdan, A, Sarea, A, & Reyad, S. (2013). The Impact of Audit Committee Characteristics on the Performance: Evidence from Jordan. *International Management Review*, 9(1), 32-41.
 44. Hamdan, A. & Mushtaha, S. (2011). The Relationship between Audit Committee Characteristics and Type of Auditor's Report: An Empirical Study on the Public Shareholding Industrial Companies Listed at Amman Bourse. *The Arab Journal of Accounting*, 14(1), 109-163.
 45. Hamdan, A., Mushtaha, S., Al-Sartawi, A. (2013), The Audit Committee Characteristics and Earnings Quality: Evidence from Jordan. *Australasian Accounting, Business and Finance Journal*, 7(4), 51-80.
 46. Hussain, H. & Chris Mallin. (2002), Corporate Governance in Bahrain, *Corporate Governance: An International Review*. 10 (3), 197-210.
 47. Ioana, A and Mariana, M. (2014). Study regarding the impact of the audit committee characteristics on company performance. *Studies In Business & Economics*, 9(2), 5-15.
 48. Islam, Mohammad, Mohammad Bhuiyan, and Mehedi Tuhin (2014). The Association between Profitability and the Extent of Voluntary Disclosure of Financial Information in the Annual Reports: A Study on Listed Banks of Bangladesh. *International Journal of Innovation and Scientific Research*. 5 (1),87-96
 49. Ismail, N.A. and M. Tayib, 2000. Financial Reporting Disclosure on the Internet by Malaysian Public Listed Companies. *National Accountants*. 13(10), 28-33.
 50. Jinghan, C, & Haitao, Z. (2010). The Impact of Regulatory Enforcement and Audit upon IFRS Compliance - Evidence from China. *European Accounting Review*, 19(4), 665-692.
 51. Joshi, P & Al-Bastaki, H 2000, 'Determinants of audit fees: evidence from the companies listed in Bahrain', *International journal of auditing*, 4(2), pp. 129-138.
 52. Juhmani, Omar (2013). Ownership Structure and Corporate Voluntary Disclosure: Evidence from Bahrain. *International Journal of Accounting and Financial Reporting*. 3 (2).
 53. Kelton, A., & Yang, Y. (2008). The impact of corporate governance on Internet financial reporting. *Journal of Accounting and Public Policy*, 27(1), 62-87.
 54. Kent, P., Routledge, J., & Stewart, J. (2010). Innate and discretionary accruals quality and corporate governance. *Accounting and Finance*, 50(1), 171-195.
 55. Khan, M. & Ismail, N. 2011, 'The Use of Disclosure Indices in Internet Financial Reporting Research', *Journal of Global Business and Economics*, 3(1), pp. 157-173.
 56. Khan, M. & Kotishwar, A. (2011). The role of independent directors in corporate governance: A critical evaluation. *International Journal of Research in Computer Application and Management*. 1(5), ISSN 2231-1009.
 57. Klein, A. (2002). Audit committee, board of director characteristics and earnings management. *Journal of Accounting and Economics*, 33, 375-400.
 58. La Porta, R., Lopez-De-Silanes, F., Shleifer, A. and Vishny, R. (2000). Investor protection and corporate governance. *Journal of Financial Economics*, 58, 3-27.
 59. Larcker, D., Richardson, S. and Tuna, I. (2007). Corporate governance, accounting outcomes, and organizational performance. *The Accounting Review*, 82, 963-1008.
 60. Li, J, Mangena, M., & Pike, R. (2012). The effect of audit committee characteristics on intellectual capital disclosure. *The British Accounting Review*, 44(2), 98-110.
 61. Liscic, L., Neal, T., & Zhang, Y. (2011). Audit committee financial expertise and restatements: The moderating effect of CEO power. *School of Management, George Mason University, Fairfax*.
 62. Lymer A., R. Debreceeny, G. Gray and A. Rahman (1999). *Business Reporting on the Internet*. London: International Accounting Standard Committee.
 63. Madi, H, Ishak, Z, and Manaf, N. (2014). The impact of audit committee characteristics on corporate voluntary disclosure. *Procedia - Social and Behavioral Sciences*, 164, 486-492.
 64. Malaysian Code on Corporate Governance (2007). Securities Commission, Kuala Lumpur.
 65. Mallin, C. (2007). *Corporate governance*. New York, Oxford University Press.
 66. Martinez, M and Fuentes, C. (2007). The Impact of Audit Committee Characteristics on the Enhancement of the Quality of Financial Reporting: an empirical study in the Spanish context. *Corporate Governance: An International Review*, 15(6), 1394-1412.
 67. Millstein, M I. (2003) "Corporate governance", *Vital Speeches of the Day*, New York, Nov, 15, 70 (3).
 68. Mohamed, Ehab K.A. (2010), Internet Financial Reporting (IFR) in the GCC: extent and practices. *Int. J. of Accounting and Finance*, 2, (1), 113 - 129.
 69. Mousa, Gehan A. & Abdelmohsen M. Desoky. (2012), The Association between Internal Governance Mechanisms and Corporate Value: Evidence from Bahrain. *Asian Academy of*

- Management Journal of Accounting & Finance. 8 (1), 6792-26.
70. Mousa, H., Sabri, M., & Mohammed, A. (2013). The Audit Committee Characteristics and Earnings Quality: Evidence from Jordan. *Australasian Accounting Business & Finance Journal*, 7(4), 51-80.
 71. Nimer, K., Warrad, L., & Khuraisat, O. (2012). The effect of audit committee's effectiveness on dividend payout policy: Evidence from the Jordanian firms. *International Journal of Business and Management*, 7(7), 172-179.
 72. Ojah K. (2012). Internet financial reporting, infrastructures and corporate governance: An international analysis. *Review of Development Finance*. 2 (2), 69-83
 73. Ojo, Marianne (2009). The role of external auditors in corporate governance: agency problems and the management of risk. Munich Personal RePEc Archive. MPRA Paper No. 28149, posted 14. January 2011 21:48 UTC. <http://ssrn.com/abstract=1427899> or <http://dx.doi.org/10.2139/ssrn.1427899>
 74. Otchere, F., Bedi, I. & Kwakye, T. (2012). Corporate governance and disclosure practices of Ghanaian listed companies. *Journal of Accounting in Emerging Economies* 2(2), 140-161.
 75. Oyelere, P. & Kuruppu N. (2012) Voluntary internet financial reporting practices of listed companies in the United Arab Emirates. *Journal of Applied Accounting Research*. 13(3): 298-315
 76. Pae, J., Thornton, D. and Welker, M. (2008). Agency cost reduction associated with EU financial reporting reform. *Journal of International Accounting Research*, 7(1), 51-75.
 77. Persons, O. (2009). Audit committee characteristics and earlier voluntary ethics disclosure among fraud and no-fraud firms. *International Journal of Disclosure and Governance*, 6(4), 284-297.
 78. Raghunandan, K., and Rama, D. (2007). Determinants of Audit Committee Diligence. *Accounting Horizons*, 21(3), 265-279.
 79. Ramadhan, S (2014) Board Composition, Audit Committees, Ownership Structure and Voluntary Disclosure: Evidence from Bahrain. *Research Journal of Finance and Accounting*. 5(7).
 80. Saibaba, M, & Ansari, V. (2013). Audit Committees, Board Structures and Firm Performance: A Panel Data Study of BSE 30 Companies. *IUP Journal of Accounting Research & Audit Practices*, 12(2), 19-29.
 81. Saibaba, M., & Ansari, V. (2011). Audit Committees and Corporate Governance: A Study of Select Companies Listed in the Indian Bourses. *IUP Journal of Accounting Research & Audit Practices*, 10(3), 46-54.
 82. Sharma, V., Naiker, V., and Lee, B. (2009). Determinants of Audit Committee Meeting Frequency: Evidence from a Voluntary Governance System. *Accounting Horizons*, 23(3), 245-263.
 83. Suleiman, K, & Alhaji, S. (2015). Board Characteristics, Independent Audit Committee and Financial Reporting Quality of Oil Marketing Firms: Evidence from Nigeria. *Journal of Finance, Accounting & Management*, 6(2), 34-50.
 84. Tai, Lawrence (2015). The Impact of Corporate Governance on the Efficiency and Financial Performance of GCC National Banks. *Middle East Journal of Business*, 10 (1), 12.
 85. Tang, Y. (2000). Bumpy road leading to internationalization: a review of accounting development in China. *Accounting Horizons*, 14(1), 93-102.
 86. Teitel, K., & Machuga, S. (2010). Board of director characteristics and earnings quality surrounding implementation of a corporate governance code in Mexico. *Journal of International Accounting*, 18(1), 1-13.
 87. Thomsen, S., Pedersen, T. and Kvist, H. (2006). Blockholder ownership: effects on firm value in market and control based governance systems. *Journal of Corporate Finance*, 12, 246-269.
 88. Thoopsamut, W., & Jaikengkit, A. (2009). The relationship between audit committee characteristics, audit firm size and Earnings management in quarterly financial reports of companies listed in the stock exchange of Thailand. *Emerging issues and challenges in business & economics. Selected Contributions*, 8th Global Conference/ Firenze University Press, 2009.
 89. Verriest, A, Gaeremynck, A, & Thornton, D. (2013). The Impact of Corporate Governance on IFRS Adoption Choices. *European Accounting Review*, 22(1), 39-77.
 90. Wild, J. (1994). The Audit Committee and Earnings Quality. *Journal of Accounting, Auditing and Finance*, 22(1), 247-276.
 91. Wooldridge, J. (2013), *Introductory Econometrics: A modern approach*, 5th edition, South west, USA.
 92. Xiao, J.Z., Dyson, R.J. and Powell, P.L. (1996), "The impact of information technology on corporate financial reporting: a contingency perspective", *British Accounting Review*, 28 (3), 203-27.
 93. Xiao, J.Z., Yang, H., Chow, C.W., (2004). The determinants and characteristics of voluntary Internet-based disclosures by listed Chinese companies. *Journal of Accounting and Public Policy* 23, 191-225.
 94. Xie, B., Davidson, W., & DaDalt, P. (2003). Earnings management and corporate governance: The role of the board and the audit committee. *Journal of Corporate Finance*, 9(3), 295-316.
 95. Yap Kiew-Heong, Zakiah Saleh and Masoud Abessi (2011), *Internet Financial Reporting and Corporate Governance in Malaysia*. *Australian Journal of Basic and Applied Sciences*, 5(10), 1273-1289.
 96. Yatim, P., Kent, P., & Clarkson, P. (2006). Governance structures, ethnicity, and audit fees of Malaysian listed firms. *Managerial Auditing Journal*, 21(7), 757 - 782.
 97. Yige, M., Kilgore, A., and Wright, S. (2012). The Voluntary Formation of an Audit Committee. *Financial Markets and Corporate Governance Conference*. Available at <http://ssrn.com/abstract=1980484>
 98. Sanad, Zakeya, Al-Sartawi, Abdalmutaleb. (2016). Investigating the Relationship between Corporate Governance and Internet Financial Reporting (IFR): Evidence from Bahrain Bourse, *Jordan Journal of Business Administration*, 12 (1):239-269.

Appendix: IFR Index

Content			
1	Income statement of current year (2014)	46	Corporate social responsibility report
2	Balance sheet of current year (2014)	47	Company address
3	Cash flow statement of current year	48	Information on corporate strategy
4	Auditor report of current year (2014)	49	Current year information can be distinguished from last years information
5	Annual report of current year (2014) (full text)	50	Directors shareholding information
6	Notes to financial statements of current year	51	Classes of shares
7	English version of financial statements	52	Disclaimer
8	Statement of changes in shareholders' equity	53	CEO signature in the report
9	Income statement of past years	54	Sales of key products
10	Web page in English	55	Annual general meetings information
11	Accounting policy	56	Segmental reporting by region in current year
12	Balance sheet of past years	57	57 Annual report of past years (excerpt)
13	Cash flow statement of current year	58	Segmental reporting by region in past years
14	14 Annual report of past years (full text)	59	Code of conduct and ethics for directors, officers and employee
15	Financial Reporting Standard (FRS) basis in the current year	60	Link to Bahrain Bourse website
16	Auditor report of past years	61	Indicator for finding current information directly
17	Notes to financial statements of past years	62	Information about managers, at least the identity and curriculum vitae of executives
18	Dividend information	63	Projected information
19	Quarterly report of current year	64	Information on intellectual capital
20	Analyses of main business risks	65	Current year resolutions of shareholders' meeting
21	Segmental reporting by line of business in current year	66	Historical share prices
22	Supplement or amendment to current year annual report	67	Current press releases or news
23	Corporate information	68	Corporate governance principles/guidelines
24	Half-year report of current year	69	type of auditor
25	Management report/analysis in current year	70	auditor rotation
26	Arabic version of financial statements	71	institutional investor
27	Web page in Arabic	Presentation:	
28	Chairman's report	72	72 Annual report in PDF format
29	Summary of annual report of current year	73	Hyperlinks to financial analysts
30	Members of the Board of Directors	74	Hyperlinks inside the annual report
31	Summary of financial data over a period of at least five years	75	Link to homepage
32	Same day stock prices	76	Ability to download reports
33	The advantages of holding the firm's stock	77	Link to table of contents
34	Top stockholders in current year	78	Direct e-mail contacts (feedback) available
35	Financial ratios	79	Financial data in processable format (such as Excel)
36	Half-year report of past years	80	Use of multimedia technology (in general)
37	Summary of key ratios over a period of at least five years	81	Table of content/sitemap
38	Segmental reporting by line of business in past years	82	Hyperlinks texts
39	Users quickly find the financial information	83	Hyperlinks to data on a third-party's website
40	Quarterly report of past years	84	Change to printing friendly format possible
41	Auditor signature in past years report	85	Format of reports suitable for calculations
42	Information on the date of latest websites update (RSS)	86	Internal search engine
43	Charters for the audit committee	87	Clear boundaries for annual reports
44	Company's charter in the current year	88	Annual report in HTML format
45	Shareholder information	89	Menu pull-down