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# The interim financial reports according to the international accounting standard (34) and role in improving the quality of the financial statements of Iraqi commercial banks/ Applied Study

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***Abstract*** **:** The research aims to study the role of the interim financial reports through the standard of international accounting 34 interim financial reports and its role in Improving the quality of financial statements by implementing (4) of the private Iraqi banks listed in the Iraq Stock Exchange for 2016 and until 2020 and by (20) view.
The search variables were measured by relying on the financial reports published for the Iraqi private banks and through the proceeding of the approved statistical tests such as the statistical analysis procedure by adopting the multiple linear decline form by using the statistical analysis program (EVIEWS 12)).

Among the most important findings of the research is that the international accounting standard adopts 34 reports at a level that raises the improvement of the quality of the financial statements by providing adequate re honest representation and that can predict future profits and also work to prevent the increase in profit paving pra income paving practices. The research also concluded that the value of the economic unit represented by bar research sample is affected by a group of factors, the most important of which is the quality of financial statements other factors represented by internal factors: profitability, financial liquidity, the nature of the activity and extern foreign currencies, exchange rates, inflation, interest rates, political and economic factors, and social cases. And what is reached above, the research recommends the supervisory authorities and the authorities responsible for the markets, stressing the commitment of Iraqi banks to adopt the standards as required and keep pace with the up changes that occur in each criterion, as most of the sample banks did not record high levels of adoption throu adoption period. Moreover, the research recommends the necessity of organizing courses, seminars, and workshop with specialists on the application of international accounting standards and international financial reporting sta financial reports in private Iraqi banks to help them understand the requirements and develop their skills by ac paragraphs and working with exceptions and alternatives stipulated for each criterion.

**Introduction:** The mechanisms for preparing the annual financial reports were not sufficient due to the rapid variables and the growth of the economic movement, and for this reason the demand for accounting information increased periodically (quarter or semi -annual) instead of waiting for a full year for the purpose of making economic decisions related to the comparison between investment alternatives and is based on scientific foundations because most of my users Financial reports need information that is more suitable for the purpose of predicting the future, so it has become necessary to need interim financial reports that represent a period of time less than a year, as interest has started for the purpose of shifting to resolve the applied problems of accounting by resorting to a fixed theoretical framework that depends on international accounting standards, including the international accounting standard (34) This standard is related to interim financial reports, which contributes to enhancing the use of accounting information users in making rational decisions.

If Iraqi commercial banks choose to prepare brief financial lists, then the interim financial report must include a list of a brief financial center, the list of profit, loss, and other comprehensive income (brief), as well as the list of change in property rights brief as well as a list of brief cash flows, and if the bank displays the list of profit and loss (list Income) also separately in the interim financial reports, an explanation of important transactions and events that help to understand the changes in the financial center of Iraqi commercial banks, the research sample.

And its financial performance since the last annual financial list and the information presented about the important transactions and events to work on updating the appropriate information in the events of annual lists declared because the main goal of the financial statements is to provide quality financial and financial information characterized by the bank that was prepared for financial reports and it is beneficial to the owners of interests When making decisions and this information shows the bank's resources, which shows their real value, therefore financial reports of traditional lists are unable to show all events related to the bank, which led to an increase in accounting literature on studying the quality of financial statements and for the purpose of achieving what we offer, the research has been divided into four We dealt with in the first topic the research methodology and previous studies. As for the second topic, it dealt with the theoretical aspect of the research. As for the third topic, the applied side of the research dealt with it and the fourth topic included the most important conclusions and recommendations

## The first topic

## Research methodology and previous studies

### First- Research problem

The research problem was that financial information loses its long -term ability to express assistance to information users in predicting the future ability, so there was a need for periodic financial reports to be for a quarter or semi -annual period, which was called by the interim financial reports because it has an urgent need for menus users. Financial, they are lenders and investors, and due to the rapid development of economic life, it requires providing quick periodic information and at close periods, which prompted those interested in the accounting profession to adopt procedures for the purpose of providing high accuracy information in speed, so the international accounting standard (34) came to this problem.

### The search problem can be the following questions:

1- Is the commitment to the requirements of the international accounting standard (34) in Iraqi commercial banks, the research sample, has a role in improving the quality of the lists

Is the application of the international accounting standard (34) in Iraqi commercial banks, the research sample, has a role in improving the quality of financial statements

### Second: Research objectives :

The main goal of the research is that the interim financial reports according to the international accounting standard (34) contributes to improving the quality of the financial statements and branching from this main goal a number of the following sub-goals :

Learn the interim financial reports in accordance with the international accounting standard (34*)

*Determining the minimum contents of the interim financial reports of commercial banks, the research sample in accordance with the international accounting standard (34) to achieve high-quality predictive value in the bank's structure.

*Explain the role played by the International Accounting Standard (34) in improving the quality of financial statements.

### Third: Research hypotheses

**The research is based on the first main hypothesis :**

**First:** "The preparation of the interim financial reports in Iraqi commercial banks according to the standard of international accounting 34" The interim financial reports "does not improve the quality of the financial statements of Iraqi commercial banks".

The main hypothesis can be divided into the following sub -hypotheses

***The first sub-hypothesis:** There is no significant effective effect between the level of adopting the international accounting standard 34, the interim financial reports and the production of appropriate financial lists.

***The second sub-hypothesis:** There is no relationship with a significant significance between the level of adoption of the International Accounting Standard 34, the interim financial reports and the production of financial lists of sincere representation.

### Fourth: The importance of research:

The importance of the current research and its scientific and practical contribution lies through the importance of the interim financial statements prepared in accordance with the international accounting standard (34) represented by time changes less than a fiscal year (a quarterly period and half annual period). Where the standard provides interim financial reports that include good accounting information of high quality that contributes to enhancing the quality of the financial statements of Iraqi commercial banks because of its great importance in maximizing the value of banks and developing investments because of the information that is used to increase the opportunity of investment

### Fifth: Research:Approach

In order to achieve the objectives of the research and choose its hypotheses, the researcher relied on the following curricula-:

1- Theoretical aspect: The positive deductive approach was used to display and analyze the various research variables by relying on books, research and previous studies published periodicals and relevant websites.

2- Practical aspect: The inductive approach was employed to measure research variables and test hypotheses by relying on the analysis of the financial statements of commercial banks, the research sample.

### Sixth: The Limits of Research:

The research boundaries consist of spatial boundaries and time limits:

1- Spatial borders: represented by the Iraqi commercial banks listed in the Iraq Stock Exchange in general, and the bank is the research sample (4 banks) in particular.

2- The temporal borders: The temporal boundaries of the search for the period from (2016-2020) have chosen this sample because it is relatively modern and to reflect the current reality of Iraqi commercial banks and to provide its required statement.

### Previous studies:

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Hamid Al -Ubaidi, Hassanein, Abdul Razzaq Abdullah, Nour
Analysis of interim reports and its importance for users in accordance with the international accounting standard (34).
Researcher name
Study title 4-
An applied study in Sumer Bank, a research published in Al -Alam College Journal 2021. Type of study

1- Explaining the concept of interim reports, its goals and the entrances according to which it promises according to the international accounting standard (34.(
2- Using indicators of financial analysis to analyze interim reports to help users make decisions by providing more detailed and appropriate accounting information in understanding the interim financial reports. Objectives of the study
1- Providing appropriate accounting information to rationalize investment and credit decisions taken by current and expected investors, credit and creditors in
The appropriate time and throughout the fiscal year, on a temporary basis, is often quarterly.
2- The accounting information contained in the interim financial reports helps users of these reports in estimating the size and timing of expected cash flows and the degree of confirmation related to them, as net cash flows is an indication of the company's ability to fulfill its external obligations such as payment of distributions and loan benefits. The results reached by the study
Abdul Amir Kamel, Sarah, 2022.
Measuring the level of quality of financial statements according to the standard of Islamic lease 32, (a study in a sample of Islamic banks) the name of the researcher
Study Title
A field study in Islamic banks /Master Thesis College
1- Learn about the problems and difficulties facing (the bank-the customer) from applying the standard of Islamic lease 32
2- Applying the proposed accounting processors to the research sample and showing the extent of their reflection on the quality of the financial statements. Objectives of the study

The study reached a set of results, including that the criterion of the lease according to Islamic standards is not different in terms of the concept from the lease in international standards. As for the rental contracts or the ownership rent, it is with one contract once the last installment is completed. The most important results reached by the study

## The second topic:

Theoretical framework for interim financial reports and international accounting standard (IAS34)

First: The historical complex financial reports of it:

Acceptable accounting principles are general acceptance is to impose the accounting period because the financial statements that are prepared for a period of one year, where the interim financial reports are at the present time an important basis in the process of making investment decisions (KLESO, 2020,80), where the financial report provides means Monitoring the activities of the major economic units to inform their shareholders and are generally seen as focusing on the relationship between economic unity and investors.

The interim financial reports appeared at the first time on ١١٠ when the US Securities and Exchange Commission (SEC) at the request of the economic units listed in its markets need to teach writing phased financial reports without mentioning any regulations mentioned about the mechanism of its numbers. In the year 1934, the US Securities and Exchanges Authority asked the economic units to present the interim financial reports on a quarterly. This body is one of the leading bodies in the field of interest in determining the requirements of the interim financial statements. (Kleso, 2022,161.(

Since the period that followed the date of 1934, when these lists took an additional attachment to periodic financial statements, their duration is three months (the quarterly) and these lists are presented every three months (Muhammad and Al -Dhahabi 5,2020), and in the year 1948 the committee obligated the listed economic units to take place By preparing a quarterly reports on sales, provided that the sales rate is equivalent to 22% of the total sales of the estimated unit. (Doupnik and Perera: 2013,67).

Second: The concept and importance of financial financial reports

It is to provide financial information that is for a financial period less than (three months) and (half a year) Kalc is one of the sources of obtaining the most appropriate financial accounting information to make decisions by the stakeholders in the Economic Unit (Skik, 17,2010). Thus, accounting information is considered one of the most important goals of the financial reports because it represents the activity of the economic unit during a specific period of time, so that the accounting information is produced and delivered to its users in light of a set of principles that govern it through this. These economic units issue financial reports covering a phased period during the fiscal year It is often a quarterly, and the importance of these financial reports is highlighted to the pressures that economic decisions are made for the purpose of identifying the outcome of the economic unit activity. (Williams, et, al, 2017,1147)

At the end of the fiscal year to obtain the information required for those by stakeholders in the relevant economic units in a timely, it was directed, which necessitated the importance of the competent authorities in many countries of the world to formulate accounting standards for preparing interim financial reports and working to develop them as well as standards related to reviewing them (Al -Shibli: 98, 2017) The interim financial reports were known for several definitions, including the following: (Hammad ,, 65,2005) are the financial reports that are prepared for a period of less than a year and every three months and the main goal of it is to provide users Financial statements with information in close timing for the purpose of making decisions as defined (Hall, J, A, 2015,170): It is interim financial reports that contain a set of accounting information and it represents a temporary period, i.e. its duration is less than a year as it was known (Al -Shibli, 47, 2017) It is financial information that contains a brief group for a period of time that is less than a year and is prepared by following a set of foundations and principles that are applied when preparing them and a feature when preparing annual financial reports and known (Farhat, 27,2021) as those Financial reports are less than the year (three months), that is, a quarter of an annual or semi -annual.

Third: The objectives of the interim financial reports:

There is a set of goals for the interim financial reports through which information is transferred to the beneficiaries, so financial reports are considered as a tool for transferring the necessary accounting information that achieves the primary goal of it, and that providing financial information from the current and future investors benefit from it Investment, and in the below the objectives of the financial reports in general, which are as follows (Jaf, Ahmed, 286,2021:(

*Addressing the deficit in the annual financial reports by providing quick and appropriate information that allows opportunities for economic decisions to differentiate between current and economic cash flows.

*Providing financial information with interest in rationalizing investment and affiliation decisions for the current and creditors.

*The importance of the accounting disclosure of the economic unit through a great development in providing information quickly and regularly on the performance of economic units.

## Fourth: Entrances to the numbers of interim financial reports

There is a set of entrances to prepare the interim financial reports, because it requires determining the appropriate entrance in preparing these reports, where there are three entrances to prepare the interim financial reports. One of these entrances that is clarified is the entrance to the independence of the interim period from the fiscal year, as well as an integrated entrance for the financial period, and the entrance Common (Al -Tawafi), (Al -Mashhadani and Al -Abidi: 2011, 298)

**Entrance to the independence of the interim period from the fiscal year:***

According to this entrance, each accounting period is dealt with as an independent accounting period separate from the annual financial period that each phased financial period is an independent financial period in itself, and accordingly this basis is a formation of results of interim operations that will be determined by following the foundations and rules used in the annual financial reports According to the independent entrance, the main goal of preparing the interim financial reports is to express the results of the economic units and their financial position in what happened, and that the length of the financial period should not affect the accounting measurement of the events and the report on them (Al -Shibli: 53, 2017)..(

***An integrated entrance for the interim period with the fiscal year:**

According to this entrance, the interim financial period according to this entrance is part of the fiscal year, that is, the interim periods integrate with each other to form in the end the full fiscal year, and this entrance includes when preparing the interim financial reports, the potential relations between revenues and the outstanding expenses due at the end of the fiscal year And the application of this integrated entrance is to achieve many goals and advantages of them with the ability to predict with a degree of accuracy with a net annual profit (Nasr, 98 ,2011), and the ease of applying the proper approach between the results of the interim periods of the current year and similar periods in (previous years), and that what is seen To this introduction to the presence of a number of many settlements related to the interim income account, as well as the large number of estimates and often, and the resulting increase in the possibility of a mistake in the interim financial reports (Fayoumi and others, 120,2006.(

**The joint entry (consensual)**

This entrance is called (the entrance to the integration), that is, the combination of the previous two entrances because the practice at the present time is towards the consensual entrance in preparing the interim financial reports and based on the compatibility between the two entrances (independent and integrated entrance), where part of the elements of revenues and expenses are recognized in the interim periods that It was achieved by linking among the potential events that occur during the remaining period of the fiscal year even if the activity of the relevant economic units is characterized by flexibility (Al - Sadiq, 84,2012)

## Fifth: The problems that appear when preparing the interim financial reports

There is a group of problems that appear when preparing interim financial reports is to submit recent periodic reports on the performance of the economic unit for beneficiaries of the quality of the financial statements. Despite the many advantages, there are many problems (Chaney and Jeter: 201. 98), and one of the most important of these problems is:

*The period covered by interim financial reports is relative because any of the expectations have a clear effect when preparing the interim financial reports..
*The process of loading annual expenses on a shorter period represents a great obstacle to the authors of the interim financial reports, because in the case of income and units, it is deducted at the end of the financial period and it may be usually a fiscal year and that the process of loading the income tax on a shorter period is usually more difficult at Calculate the income tax because the tax is calculated annually.
*When applying the principle of interviewing revenues in the banks, the process of disbursing the amounts in the first annual quarter, because the benefit of these expenses may not be fruits until the third or fourth annual quarter of the year, such as propaganda and advertising expenses.

## Sixth: International Accounting Standard (IAS34):

The International Accounting Standard (IAS34) aims to describe and determine the minimum content of the interim financial reports and the principles of recognition and measurement in the brief or full financial statements for a specific phased financial period (Al -Khatib, 2,2009)

This is reflected in the business environment and the economic units working in it, as the activity of many of these units extended to exceed the regional borders, and the accounting problems have become more complicated, so the need for attention appeared in the glorification of solutions to the accounting applied problems that led to this to search for a general framework that provides theoretical reference aimed at assessing the safety of practices Accounting, interpretation and prediction (Mutair, 17, 2015). Therefore, many individuals and bodies have made great efforts to define accounting goals, principles and standards, and many attempts have emerged and many bodies have assumed the task of defining the theory framework for accounting, and one of the most of these bodies is (the Financial Accounting Standards Committee) that was charged with the task of issuing accounting standards that are Internationally acceptable. (2015,2: Chaudhry et al), where international accounting standards are due on 1973 by establishing the International Accounting Standards Committee (IASC) under an agreement concluded between accounting organizations and accounting bodies in ten countries (Australia, Canada, France, Japan, Mexico, Germany Britain, Ireland, the Netherlands, the United States of America), and a committee of a committee has been formed from the representatives of the professional organizations and bodies of those countries (Mustafa and Al -Najjar: 11,ider up)

**Seventh: The concept and importance of the International Accounting Standard (IAS34)**

The International Accounting Standard (IAS34) issued by the International Accounting Standards Committee (IASC) came for the purpose of organizing the interim (temporary) financial reports, and directing the preparation of the interim financial reports (temporary) for the purpose of interest in the qualitative characteristics of accounting information because of its positive impact on the quality of these reports Financial to help decision-makers predict economic events and build future plans to take the proper economic decision (2017,159 al-shatnawi), which represent financial lists that cover financial periods that are less than a full fiscal year, and mostly these reports are for a period of three months and are called By (quarterly) although there are several legislation that is required that this type of reports be on a semi -annual basis (international standards for financial report, 1248,2021) and the purpose of the standard (34 IAS) is for interim (temporary) reports is to provide more appropriate information For users of financial statements in terms of time to make decisions that are based on the ability to predict the results of the full fiscal year through the performance evaluation of temporary periods, in addition to that temporary reports can be sufficient information related to affecting business units and if the facility issues a full set of lists Finance in the interim report, the public budget, the income statement, the statement of changes in property rights, and the statement of cash flows. If the facility chooses to prepare the financial lists of brief, the interim financial report must include a brief public budget as well as a brief income list as well as a brief on changes in property rights (Al -Shammari, 329,2022 It does not stipulate a standard

## : Eighth-The concept of the quality of the financial statements and the information it contains

It means the extent to which financial reports and financial statements are submitted for real information about the company's financial status (Bougara, 176,2022), where financial information has credibility and achieve a benefit for its users and is prepared according to a set of legal, supervisory and professional standards and helps to achieve the goal of its use (Revesz, 2018,181 ), The main goal of the financial statements is to provide accounting information, whether financial or non -financial, which is usual in quality for the unit that has been prepared for financial reports, which are usual with benefit to the stakeholders when they take financial decisions (Obira and others, 380,2021) because the financial statements are The basic means of communicating accounting information to the external parties, given that the financial statements measure the financial situation of the economic unit in terms of debt and measure net income in terms of revenues and expenses and measures food flows in terms of entry and exit (Hamada, 280,2005) and thus increased the accounting of the accounting writers in studying some quality These financial reports are disclosed from accounting information that are useful for its users (WNGAND WU, 2011,168). For units that indicate the economic situation sincerely through a certain period of time (Al -Shatawi, 295, 2018)

## Ninth: The effect of implementing the international accounting standard (34) in the quality of the interim financial reports:

There is an effect of the implementation of the international accounting standard because it imposes relatively more disclosure requirements in the context of improving the quality of financial reports and processing information inconsistency. (Nijam & Jahfar 2016: 98). The International Accounting Standard No. (34) provided more accurate information for financial reports users in determining business performance levels through the positive impact on the quality of financial reports analysis. The positives of the application of standard (34) can be summed up with akgün, 2016: 180-181)(

*The international accounting standard increases the quality of both internal and external analysis in business

*The international accounting standard provides more accurate financial reports for users to help them make important decisions in business.

*International accounting standard (34) increases the efficiency of financial analysis, as it helps in facilitating business audits.

Standards (34) help make appropriate decisions at each stage of commercial activities*

*The international accounting standard positively affects the quality of financial reports in terms of documents and registration arrangement

*The international accounting standard provides a constant basis for comparing reports for different periods, and thus helps in making appropriate decisions on topics of vital importance to business.

Moreover, a study (Yurisandi & Puspitasari, 2015: 650) also showed that the international accounting standards of financial reports are adopted after increasing the levels of information features represented by appropriateness, the ability to understand and compare, in developing countries, specifically, and the study (Atuilik & Salia, 2018: 92) that there is a significant improvement in the quality of the financial reports of the listed companies after the approval of the international accounting standard (34). Consequently, relying on the standard of (34) by the listed companies has led to the provision of more credible financial reports, which thus increased investor confidence in the capital market.

The adoption of the international accounting standard (34) also contributed to the events of dividends in profit management practices, as it turned out that it was higher in the pre -adopting the standard of international financial report compared to the post -adoption period, which means that the adoption of standard (34) to reduce profit management practices, Consequently, it improves the quality of financial reports as the adoption of the standard (34) is effective in improving the quality of financial statements. (Mensah, 2021: 2901)

## The third topic

## The applied aspect of the search

After the levels of adoption of international financial reporting standards were measured in the first topic of this chapter, the adoption levels and the quality of financial reports and the value of the economic unit in this topic will be analyzed and the assignments or exile are confirmed after linking the results obtained in this topic with the adoption levels that It was obtained in the previous topic. As statistical equations will be approved for both profits quality and stock market entrance for the purpose of analyzing the efficacy of adopting financial reporting criteria in their effect on the quality of financial reports, through testing the ability to predict future profits and reveal income paving practices and measure sincere and appropriate representation of sample reports search.

After the quality of the financial reports is reported, the extent of its effectiveness in achieving the value of the bank sam For the Iraqi stock market, this topic will be presented from the study, the use of the multiple linear decline analysis to test the study hypotheses.

**First: descriptive statistics**

The descriptive statistics of all variables during the study period from the year (2016) to the year (2020), Table No. (15) below to display the minimum, upper and medium -arithmetic boundaries, mediator and standard deviation for all the variables of the study, as in the following table:

Table (1)Descriptive statistics for all search variables

| Std. Dev. | Minimum | Maximum | Median | Mean | Variable |
|---|---|---|---|---|---|
| 0.189 | 0.492 | 1.198 | 0.805 | 0.753 | Q |
| 0.093 | 0.575 | 0.893 | 0.718 | 0.727 | IAS 34 |
| 0.005 | 0.008 | 0.025 | 0.016 | 0.016 | FR |
| 0.231 | 0.302 | 1.027 | 0.663 | 0.665 | Pred |
| 13.516 | 2.235 | 50.336 | 12.745 | 16.453 | SMOOTH |
| 0.558 | -1.055 | 1.045 | 0.299 | 0.200 | R |

| | | | | | |
|---|---|---|---|---|---|
| 2.740 | 17.276 | 24.094 | 23.554 | 22.178 | SIZE |
| 0.028 | 0.000 | 0.087 | 0.034 | 0.036 | DENSITY |
| 0.270 | 2.485 | 3.367 | 3.068 | 3.012 | AGE111 |

It has become clear that the highest value of the Qupin ratio was (1.198), while the lowest value has reached (0.492), and in my account the capacity of (0.753) and a standard deviation of (0.189)

**The level of adoption of the international accounting standard IAS34**

It has been shown that the highest value of the international accounting standard application is 34 "interim financial reports" amounted to (0.893), while the lowest value has reached (0.575), and in the midst of my account (0.727) and a standard deviation of (0.093). On this basis, the levels were divided into minimum levels, less than (0.72) and high levels that exceeded the arithmetic medium, and the levels were coded (0) and (1), respectively, respectively.

Honest acting (FR)(

It has become clear that the highest value of sincere representation amounted to (0.025), while the lowest value has reached (0.008), and in the middle of my account (0.016) and a standard deviation of (0.005.(

Convenience (r):

It has been shown that the highest value of the predictive capacity of the profits amounted to (1.045), while the lowest value has reached (1.055), and in the midst of my account (0.200) and a standard deviation of (0.55).

**Second: Test of the correlation coefficient between the search variables:**

The correlation coefficient measures the degree of linear correlation between two variables, and the correlation transactions for the search variables were as in the table below:

Corporation for search variables table (2)

| AGE | DENSITY | SIZE | R | SMOOTH | Pred | QFR | IAS 34 | TQ | Correlation |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | 1.000 | TQ |
| | | | | | | | | ----- | Probability |
| | | | | | | | 1.000 | -0.028 | IAS 34 |
| | | | | | | | ----- | 0.908 | Probability |
| | | | | | | 1.000 | 0.130 | -0.235 | FR |
| | | | | | | ----- | 0.584 | 0.318 | Probability |
| | | | | | 1.000 | -0.129 | -0.035 | 0.114 | Pred |
| | | | | | ----- | 0.588 | 0.883 | 0.631 | Probability |
| | | | | 1.000 | -0.133 | -0.210 | -0.429 | 0.440 | SMOOTH |
| | | | | ----- | 0.576 | 0.375 | 0.059 | 0.052 | Probability |
| | | | 1.000 | 0.281 | 0.298 | -0.107 | -0.330 | 0.385 | R |
| | | | ----- | 0.230 | 0.201 | 0.654 | 0.155 | 0.094 | Probability |
| | | 1.000 | -0.274 | -0.552 | -0.079 | -0.279 | -0.102 | -0.391 | SIZE |
| | | ----- | 0.242 | 0.012 | 0.741 | 0.233 | 0.668 | 0.088 | Probability |
| | 1.000 | 0.801 | 0.054 | -0.163 | 0.025 | -0.304 | -0.488 | -0.361 | DENSITY |
| | ----- | 0.000 | 0.821 | 0.492 | 0.917 | 0.192 | 0.029 | 0.118 | Probability |
| 1.000 | -0.614 | -0.621 | 0.160 | 0.430 | -0.119 | -0.072 | 0.101 | 0.549 | AGE |
| ----- | 0.004 | 0.003 | 0.502 | 0.058 | 0.617 | 0.762 | 0.673 | 0.012 | Probability |

Table (2) indicates that the values of the correlation coefficient between independent variables are less than (0.80 ±), which indicates that there is no problem with the linear link between independent variables. It is also evident that there is no moral bond between the dependent variable, the QQ ratio and independent variables.

: Second: Data stability test (still) for research variables

The stability of the time chains indicates the stability of each average and the variation of the chain values over time, and that the changes between two periods are only dependent on the time gap, and not on the real time in which the changes are measured, and the unit root test is applied to ensure whether the study variables are stable or No, using the Levin-Lin-CU test, and if these variables contain the root of the unit, the differences must be taken to make them static, because unstable variables give high values (R2, F, T), which leads to misleading results and wrong test results

Unit root test results for search variables table (3)

| Prob. | Statistic | **Variable** |
|---|---|---|
| 0.000 | -6.238 | TQ |
| 0.001 | -3.033 | IAS 34 |
| 0.000 | -5.906 | FR |
| 0.006 | -2.506 | Pred |
| 0.000 | -8.964 | SMOOTH |
| 0.000 | -8.250 | R |
| 0.009 | -2.381 | SIZE |
| 0.019 | -2.085 | DENSITY |
| 0.000 | -17.440 | AGE |

Table (3) shows the advertisement of data stability test, using the Levin-Lin-Chu test (LLC). All the values of the time chains used in the study are stable with the passage of time, because all the probability values of the variables are less than (0.05), which indicates the absence of a root of the unit and the time chains are stable at the level

Three:Test of the hypothesis of the levels of adopting international accounting standards

*There is a disparity in the adoption levels at the level of one bank during the five years of 2016 - 2020, for example, the rates of the application of the Baghdad Bank for the standards varied between 67% as a minimum to 89% as a higher level over these years as well as for the Ashur Bank, the purpose of adopting standards Over the five years between 70% to 83% as a minimum and a higher and a consecutive one, as there was a difference in adoption levels relatively and that some banks were the rates that show them relatively, while other banks were decreased levels of adoption and the reason for this was underdevelopment from Application of the window standards, the application, as mentioned in advance in this chapter.

*In addition to the varying levels of adoption at the level of one bank, there is a variation between the levels of adopting international accounting standards and international financial reporting standards between the four banks of the research sample, by noting that some banks have maintained levels of adoption higher than other banks, for example The adoption levels for the first year 2016 were different from 67%, 77%, 58% and 72% for Baghdad banks and Assyria, Sumer and Al -Ahly, respectively, as well as for other years. Noticeable, as in Al -Ahly Bank, as it recorded the highest level of adoption, while the other decreased in the level of adoption, as in the Sumer Bank, as the level of application of the standards decreased to 62% after its rise in the year 2018 to 71%, while the Baghdad Bank and Assyria have maintained almost the same level For several years.

From the foregoing, the difference and variation of the levels of diversion of international accounting standards, specifically the standard of international accounting, 34, the interim financial reports by the four banks, this means that the results of the sample provided a convincing evidence to accept the proven hypothesis.

Sixth: Measuring the quality of the financial statements and proving or denying the hypotheses

To test this hypothesis, the researcher relied on measuring the quality of the financial statements on the quality of the profit quality in many studies for the accuracy of its results. The quality of the financial statements can be derived from the high quality of profits known as one of the most important indicators of the capital market efficiency. It is one of the most important main methods adopted in assessing the accuracy of the financial results of the economic units as a guide to the reliable level of profits reported. In this context, several equations such as measuring the ability to predict, determine the introduction of income, appropriate and sincere representation.

Analysis of the model related to the first sub -hypothesis test:

*Test results: We determine the most convenient form, as we will conduct two tests and in two phases, the first stage to determine the homogeneity of individual units between the method of assembly effects and the method of fixed effects in order to know the most appropriate model, known as the Chow or F.

Test table (4) Chow أو (F)

| test result | Prop | test F | The zero hypothesis (H0) |
|---|---|---|---|
| H0 hypothesis is rejected<br>)Method of the most appropriate fixed effects( | 0.007 | 6.686 | Ols Model direction |

Table No. (4) shows that the value of the PROP for test F is equal to (0.007), which indicates the rejection of the zero hypothesis H0, which indicates the superiority of the method of fixed effects, i.e. the heterogeneous individual units have been accepted and that the most appropriate fixed effect method.
In the event that the hypothesis is rejected, the second stage of the preference is applied between the fixed effects model and the random effect model, using a Hasman test, to verify the moral link between the variables Lack of moral correlation, the tablet method with random effects should be used, as in the table below
Table (5) Hasman test

| test result | Prop | test F | The zero hypothesis ($H_0$) |
|---|---|---|---|
| H0 hypothesis is rejected<br>(Method of the most appropriate fixed effects) | 0.007 | 6.686 | Model direction OLS |

It is clear from Table No. (5), that the value of the PROP to test the Hasman model is less than (0.05) as it is equal to (0.029), which indicates the rejection of the zero hypothesis (H0), which indicates that the method of fixed effects is more convenient than the random effect.
VIF enlargement (VIF)(
VIF for the first model, and the results were as in the following table
enlargement laboratory results (VIF)(6)

| VIF contrast laboratories | Variables |
|---|---|
| 1.341 | IAS 34 |
| 2.815 | SIZE |
| 2.249 | DENSITY |
| 2.140 | AGE |

Table (6) indicates that all the values of the VIF enlargement factor (10), which indicates that there is no problem with the linear link between the variables of the first model.
To measure sincere representation, the researcher adopted an equation (2014 Kythreotis, and as in below:
Pit+ 6 = A0+ A1post+ A2TAIT+ A3 TLIT+ A4 Post*Tait+ A5 Post*TLIT+ Uit+ 6
Table (7) The first sub -hypothesis test

| Prob. | t-Statistic | Std. Error | Coefficient | Variable |
|---|---|---|---|---|
| 0.023 | -2.601 | 13.046 | -33.931 | C |
| 0.534 | 0.641 | 1.365 | 0.874 | IAS 34 |
| 0.007 | 3.279 | 0.704 | 2.309 | SIZE |
| 0.698 | -0.398 | 16.514 | -6.565 | DENSITY |
| 0.003 | -3.674 | 1.580 | -5.804 | AGE |
| 0.584 | Adjusted R-squared | | 0.737 | R-squared |
| 0.009 | Prob(F-statistic) | | 4.804 | F-statistic |
| 3.038 | | | Durbin-Watson stat | |

Table (7) shows the results of the statistical analysis of the form of the form, as the value of (F-Statistic) was less than (0.05) and was (0.009), which indicates that the model is valid for the test and its results are subject It amounted to (3.038), which is greater than the value of (R-Squared), which amounted to (74%), and this explains the lack of self-association and a false decline. The dependent is (74%), and the value of (Adjusted R-Squared) was (0.584), which means that independent variables affect the dependent variable by (58%) remaining (42%) due to other factors outside the model.
B- Analysis of the form related to the second sub -hypothesis test
Test results*
We determine the most convenient model as we will conduct two tests and in two phases, the first stage to determine the homogeneity of individual units between the method of assembly effects and the method of fixed effects in order to know the most appropriate model, known as the Chow or F. F. The results of this test as follows:
**Table (8) Chow or (f) test**

| **test result** | **Prop** | **test F** | **The zero hypothesis (H0)** |
|---|---|---|---|

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| | | | |
|---|---|---|---|
| **H0 hypothesis is rejected )Method of the most appropriate fixed effects(** | **0.032** | **6.092** | **OLS Model direction** |

Table No. (8) shows that the value of the PROP for test F is equal to (0.032), which indicates the rejection of the zero hypothesis H0, which indicates the superiority of the method of fixed effects, i.e. the heterogeneous individual units have been accepted and that the most appropriate fixed effect method. In the event that the hypothesis is rejected, the second stage of the preference is applied between the fixed effects model and the random effect model, using a Hasman test, to verify the moral link between the variables Lack of moral correlation, the tablet method with random effects should be used, as in the table below:

**Table (9) Hasman test**

| Test result | Prop | test Chi-Sq. | The zero hypothesis (H0) |
|---|---|---|---|
| H0 hypothesis is rejected )Tablet method with the most appropriate fixed effects | 0.045 | 17.043 | RAM is the best |

It is clear from Table No. (9), that the value of the PROP to test the Hasman model is less than (0.05) as it is equal to (0.045), which indicates the rejection of the zero hypothesis H0), which indicates that the method of fixed effects is more convenient than the random effect.

enlargement laboratories (VIF)*

: VIF for the third model, and the results were as in the following table

enlargement laboratory results (VIF)(10)

| VIF contrast laboratories | varabiles |
|---|---|
| 1.316 | IAS 34 |
| 1.733 | SIZE |
| 2.176 | DENSITY |
| 1.167 | AGE |

Table (10) indicates that all the values of the VIF enlargement (VIF) laboratory is less than (10), which indicates that there is no problem with the linear link between the variables of the first model.

There is no effect of international accounting standards adopting international accounting standard, interim financial reports on the production of sincere representation information.

To measure sincere representation, the latest model will be adopted by (Francis, 2008)

Tacj, T = A0 + A1 CFOJ, T-1 + A2 CFOJ, T + A3 CFOJ, T + 1 + A4 Revj, T + A5 PPEJ, T + VJ, T

The second sub -hypothesis test table (11)

| Prob. | t-Statistic | Std. Error | Coefficient | Variable |
|---|---|---|---|---|
| 0.557 | -0.605 | 0.103 | -0.062 | C |
| 0.013 | -2.911 | 0.006 | -0.017 | IAS 34 |
| 0.496 | 0.702 | 0.006 | 0.004 | SIZE |
| 0.816 | 0.238 | 0.117 | 0.028 | DENSITY |
| 0.990 | 0.013 | 0.013 | 0.000 | AGE |
| 0.492 | Adjusted R-squared | | 0.679 | R-squared |
| 0.025 | Prob(F-statistic) | | 3.627 | F-statistic |
| 2.065 | | | Durbin-Watson stat | |

Table No. (11) through the results of the statistical analysis shows the form of the form, as the value of (F-Statistic) was less than (0.05) and was (0.025), which indicates that the model is valid for testing and its consequences is subject to accreditation, and the value of (Durbin- Watson has reached (2.065), which is greater than the value of (R-Squared), which amounted to (68%), and this explained the lack of self-association and a false decline. The dependent variable is 68%), and the value of (Adjusted R-Squared) was (0.492), which means that independent variables affect the dependent variable by (49%) remaining (51%) due to other factors outside the model.

## The fourth topic

## Conclusions and recommendations

## First: the conclusions

*The level of interim financial reports on an institutional basis indicates the degree of real compliance by Iraqi commercial banks, as the levels of adoption are directly proportional to the degree of adherence to the application of standards according to instructions and instructions and the date of application issued in each standard.
*Just as the level of implementation of the international accounting standard 34 "interim financial reports" at the level of countries with regulations and regulations is affected by focusing on the application of this criterion, as is the case the level of application of this standard is affected at the institutional level of the extent of the commitment of management, auditor and the active role of the external auditor, regulations and organized instructions For the profession.
*The variation of some opinions in studies on the importance of adopting international accounting standards and their effectiveness in raising the quality of financial statements as a result of many factors, the most important of which is the nature of the laws and regulations for each country and in particular the difference in market systems, as well as the difference in the timing and nature of the study sample and its size.
*The quality of the financial statements is affected by many factors, the most important of which are: adopting international accounting standards or international financial reporting standards and the application of the principles of good governance for companies, and the application of the internal control system in an active way leads to an increase in the quality of financial statements as well as the effectiveness and efficiency of management and accountan.t
*The value of Iraqi commercial banks is affected by a group of factors, the most important of which are the quality of financial statements, profitability, financial liquidity, the nature of activity, foreign currencies, exchange rates, inflation, interest rates, political and economic factors and social cases.
Second: Recommendations
*The regulatory authorities and the authorities responsible for the financial markets must tighten the commitment of Iraqi banks to adopt the standards as required and not to be careful in keeping pace with the updates and changes that occur in each standard.
*The necessity of the supervisory authorities responsible for the financial markets and the Central Bank of Iraq to emphasize the commitment of the administration, the internal auditor and the external auditor to the regulations and instructions organized to adopt international accounting standards and international financial reporting standards to be an incentive for bank employees in paying attention to the proper application of these standards.
*Working to organize courses, seminars and workshops by specialists on the application of international accounting standards and international financial reporting standards of financial statements in private Iraqi banks to help them understand the requirements and develop their skills by adhering to paragraphs and working with exceptions and alternatives stipulated for each criterion.
*The necessity of banking departments to the monthly and quarterly review of the actual level of applying the whole standard and comparing it with the standards of the standard for the purpose of reaching the optimal level to apply this standard embodied in the upper limits of adoption.
*The external auditor emphasizes the quality of the financial statements by providing incomprehensible reports.

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