

The role of financial ratios in improving the quality of financial reports (an applied study on a sample of banks listed in the Iraqi Stock Exchange)

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Abstract : The aim of this research is to qualify the ability of financial analysis indicators to improve the quality of financial reports for a sample of private banks listed on the Iraqi Stock Exchange. Adequacy of capital, investment of funds indicator, indebtedness indicator, profit quality indicator and studying the impact of the outputs of these ratios on improving the quality of financial reports. Two types of statistical methods have been used. The first is descriptive statistics represented by finding the values of general statistics such as the arithmetic mean and standard deviation that give a clear picture of The nature of the data and its characteristics, and the other type is the analytical statistics represented in the analysis of correlation relationships and impact relationships between variables, where simple linear regression was used, and the statistical program Spssvr.24 was used in order to extract results from the data. It seeks to enhance decisions by assisting the decision maker to reach the reality of the financial situation of the economic unit and the absence of an impact of financial analysis using As long as financial indicators improve the quality of financial reports

INTRODUCTION: As a result of economic developments, the results of the final financial statements of economic units are no longer able to provide a clear and integrated picture of their activities without strengthening them with a tool of financial analysis. With the aim of identifying the reasons for its success or failure and identifying its strengths and weaknesses. Financial analysis is a well-studied and accurate process that aims to strengthen the decisions that the financial statements have proven successful, as well as helps to modify decisions that have been found to contain loopholes and the formation of an information system on which the financial manager depends in the planning and taking process the decision.

The first axis: research methodology

The Research problem: 1

The financial analysis is an important control tool, as it is considered a tool for discovering strengths and weaknesses through budget analysis, identifying the financial position of the economic unit, and knowing its ability to fulfill its obligations in the short and long term. financial decisions

Therefore, the research problem can be formulated through the following main question:

Is there a statistically significant effect of financial analysis in improving the quality of financial reports for the same researched banks listed in the Iraq Stock Exchange?

2 The importance of research :

The importance of the research stems from dealing with an important issue, namely, the quality of financial reports and their money of importance to all users of those reports. Through the research, it is possible to understand the nature of the relationship and study it between the main variables represented by financial analysis and the quality of financial reports for a sample of banks listed in the Iraqi Stock Exchange, which contributes With the help of those banks and those in charge of the market to know the extent of a relationship and an impact between the practice of financial analysis on the quality of the financial reports of the same banks. Research based on specific statistical measures and methods.

3 -Research objectives:

The research aims to achieve the following:

- 1- Shedding light on the nature of financial analysis, methods of its measurement, and its positive aspects during its practice when preparing financial reports for all relevant parties.
- 2- Measuring the ability of financial analysis by using financial indicators to improve the quality of financial reports for the same research banks listed in the Iraq Stock Exchange
- 3- Clarify the most important indicators and ratios used in financial analysis to improve the quality of the financial reports of the research sample banks listed in the Iraq Stock Exchange.

4- The Research Hypothesis :

There is no statistically significant effect of financial analysis in improving the quality of financial reports for banks listed on the Iraq Stock Exchange.

5- The Population and research sample :

The research community represented the (44) banks listed in the Iraqi Stock Exchange.

The research sample was chosen deliberately and was chosen on the main grounds, namely, its inclusion in the Iraqi Stock Exchange within the research period and the highest circulation during the research period and the availability of information and its financial statements. The aim of choosing it is to measure the quality of financial reports in its financial statements. (6) Banks, namely Mosul Bank, Baghdad Bank, Iraqi Bank, Gulf Bank, National Bank, Cihan Bank

previous studies :

1- Study (Abbas, 2020) financial analysis and its impact on the decision to invest in insurance companies

Study type	An applied research in the National Insurance Company submitted to the Council of the Higher Institute for Accounting and Financial Studies, University of Baghdad, which is part of the requirements for obtaining a diploma equivalent to a master's degree in insurance
Purpose of the study	Shedding light on the most important financial indicators used in the financial analysis process and identifying the most important obstacles and difficulties that impede the decision-making process in insurance companies
Study Approach	The descriptive approach was relied on in the theoretical aspect in collecting information through the study of Arab and foreign literature and access to letters and theses, as for the practical aspect The researcher relied on the analytical method by studying the relationship between research variables, analyzing them and identifying the factors affecting them to reach conclusions
The most important conclusions	Inaccuracy in the investment plan that is being developed, as it was found through the analysis of the investment volume realization ratio indicator that there is a noticeable excess in the investment volume, which means that there is weakness in the role of the investment management to identify negative deviations to work on avoiding them. And the investment management's shortcomings in analyzing the investment activity and making appropriate decisions that would raise the investment return for the company

2- Study (Moulati, Salma, Abdel Fattah, 2018) financial ratios as an indicator for improving financial performance in economic institutions

Study type	Case study of Sermbal company. A memorandum submitted to complete the requirements of the academic master's degree submitted to the Faculty of Economic and Commercial Sciences, University of the Martyr Hamat Al-Khidr.
Purpose of the study	Presenting the most important financial ratios used in institutions, and highlighting the role of financial ratios as a tool for evaluating financial performance. Finding a relationship between the financial ratios and improving the financial performance of the institution and identifying how to deal with the indicators of financial performance in the institution
Study Approach	The descriptive approach was relied on in the theoretical aspect to clarify the various concepts As for the practical side, the analytical method was used to analyze information and documents.
The most important conclusions	The most important finding of the study is that the indicators of profitability, liquidity, indebtedness and activity are the most important tools adopted for evaluating financial performance. Financial ratios are an effective tool for analysis to take appropriate decisions, and they represent: Standards that are measured as comparative sources in evaluating financial performance.

3- Study (Ildiia 2016) Comprehensive economic and financial analysis of the enterprise activity: Approaches methods and implementation a comprehensive economic and financial analysis of the enterprise's activity: approaches, methods and implementation .

Study type	Master's Thesis in Management
Purpose of the study	The study aimed to analyze the performance and efficiency of companies and identify the key factors that explain this through a comprehensive analysis based on a set of financial and economic ratios studied as a tool that provides information on the performance and efficiency of the institution
Study Approach	The study relied on the descriptive method
The most important conclusions	One of the most important findings of the study is that medium enterprises were effective compared to the Ukrainian countries for more efficient companies. Among the factors that are positively affected are the turnover ratios of fixed and current assets, and the negative impact is the margin and liquidity ratio. There is no difference between the models by country with regard to profitability. The level of performance of institutions is low, but Compared to countries (Ukrainian companies) have the best profitability on average and for the industry sector, the paper industry is the most profitable. Among the factors affecting the return on assets are the profit margin, fixed asset turnover ratio and debt-equity ratio

Based on the foregoing, it is clear that the previous studies and all their contents, visions and conclusions presented are a basic pillar because they represent the experiences of researchers to be used in different environments to launch new

ideas and visions. It should be noted that the researcher has benefited from previous studies in deepening the understanding of research topics Related to financial analysis and the quality of financial reports.

Areas of benefit from previous studies.

1- Making use of previous studies to form a broad vision on the subject to deepen understanding and contribute to building the theoretical framework of the study by quoting from these studies.

2 To benefit from previous studies in formulating the research hypothesis in its use of inductive and inductive methods, analytical methods, the results reached and the recommendations it recommended.

3- Identifying some of the sources, researches and studies that contributed to covering the theoretical side of the research

The second axis: the theoretical framework

First, the financial analysis.

-Preamble

The financial analysis in its modern sense is the result of the conditions that arose in the early thirties of the last century, a period that was characterized by the great depression that prevailed in the United States of America. Which harmed shareholders and lenders alike, which led to the intervention and imposition of the publication of financial information on such units. The publication of this information led to the emergence of a new function for financial management in that period, which is the function of financial analysis.

The concept of financial analysis.

The word (Karajah) defined financial analysis as the process of processing the financial data available to obtain information from it that is used in the decision-making process, to evaluate the performance of economic, commercial and industrial units and to diagnose any financial and operational problems. (Karajah, 2006: 157) as defined by (Al-Shanti) as an organized process that aims to diagnose and identify weaknesses in order to develop necessary treatments for them and to determine the strengths of the economic unit to strengthen and support them. This is done through careful reading of the published financial statements and the use of available relevant information such as economic indicators General and stock prices (Al-Shanti, 2010: 125), and as seen by (Sarngedharan & Kumar, that it is the process of diagnosing the information contained in the financial statements to judge the financial position of the economic unit and its profitability and discovering the strengths and weaknesses (61:2011, Sarngedharan & Kumar)

2 –The Objectives of financial analysis :

The financial analysis aims in general to assess the status of the economic unit from multiple angles and to achieve the objectives of information users who have financial interests in the economic unit. It is possible to define the objectives of financial analysis as follows:

- Evaluating the performance of the economic unit and its financial position and comparing it with similar units in the same sector.

Providing quantitative indicators that help in planning and forecasting the future for various purposes.

Providing a means of monitoring the activity of the economic unit.

- Testing the efficiency of the operations of the economic unit under analysis and evaluating its profitability (Abu Zaid, 2009: 22).

3 –The financial analysis tools :

Among the most important financial analysis tools are the following.

A-A ratio analysis :

The financial ratios are one of the most common methods in financial analysis for their ease of application and the multiplicity of purposes they achieve. The basis of this method is to find a relationship between the data of the financial statements provided that it is a meaningful relationship such as the relationship between current assets and current liabilities to show the project's ability to pay its obligations in the short term or period The current financial ratios are useful and necessary to review them before making investment and trading decisions, especially with regard to stock valuation indicators (Al-Hayali, 2004:39).

b- A list of sources of funds and uses :

It is one of the analytical tools used by the financial analyst in evaluating the financial position of the economic unit and indicating what funds were obtained during a period of time and the uses of these funds. In other words, it is a disclosure of the flow of funds (Al-Amri, 2001:158).

C – Equivalence analysis

It is intended to analyze the relationships that exist between the volume of activity and costs (Al-Hubaiti, 2002: 60) and its goal is to determine the volume of sales or the number of units to be sold at a certain price in order for the economic unit to reach a profit before taxes of zero (Al Taweel, 2008: 23).

D-Estimated cash budgets

It is a financial plan written in monetary units and helps to identify the dates of the flow of funds to and from the economic unit and to know the amount of funds needed by the economic unit during the coming period (Abbas, 2008: 193).

4-The areas of use of financial analysis

1- Fiduciary purpose:

This analysis is carried out by lenders in order to know the risk they face if they grant a loan to one of the parties, so they analyze the indebtedness of the party who will grant the loan in order to know and verify their ability to Revenue the loan when it is due (Bushra and Hanan, 2017: 16).

2- The Investment purpose :

The financial analysis provides a service for investors to evaluate their investments in the company's shares and bonds. Therefore, investors focus on the investment's safety and efficiency. The expected Revenue s from it.

3- The purpose of performance appraisal :

The financial analysis tools are ideal tools for this purpose. Because they have the ability to evaluate the profitability, the efficiency of the assets managed by the economic unit, and the financial balance and liquidity, and it has the ability to compare the performance of the unit with other units that work in the same field. And this type of analysis is concerned with it. Parties that are related to the economic unit, such as lenders, investors and management.

4 -The purpose of planning :

The process of planning for the future is considered necessary for every economic unit. This is due to the complex situations witnessed by the different product markets of goods and services. Each economic unit must implement a planning process that is based on its previous performance. To create a vision of expected performance. The financial analysis tools have a role in this process, whether it is evaluating past performance or estimating expected performance (Aql, 2006:234).

Second: the concept of the quality of financial reports :

(Dahman) defined the quality of financial reports as reports prepared in accordance with international accounting standards in all objectivity and transparency, to ensure the provision of appropriate and reliable information to, users of financial reports on cash flows and the financial position of the economic unit, where the quality of financial reports is determined through a method The characteristics that characterize the accounting information contained in the reports in order to be useful in meeting the needs of users (Dahman, 2012: 22). As defined by (Al-Samarrai) it is the accuracy in the transfer of information related to the activities and operations of the economic unit, represented by the expected cash flows, Of those operations and the extent to which investors benefit from the information (Al-Samarrai, 2016: 33)

The characteristics of the quality of accounting information

A -The basic characteristics

1- Appropriateness :

Appropriateness was defined by linking financial information to its users. It has an impact if their decisions came as a result of evaluating or correcting the evaluated information. Appropriation means that the financial information that was presented is related to the decision that will be taken and therefore will affect it through the users' evaluation of past, current and future events or what It was previously evaluated and a decision was made accordingly. (Shrou Yadur et al., 2006: 86).

The property of relevance includes two secondary properties:

A – The predictive value :

The predictive value means that the information contains a predictive ability and thus information users can estimate the future and form a probabilistic (estimated) picture of it.

B. Refund value :

Accounting information must include a feature that enables its users to evaluate regressively or feedback through the information produced by the information system, which helps in improving and developing the quality of the system's outputs. The results of previous decisions (Shirazi, 1990: 200).

2 –The honest representation :

What is meant by reliability means the amount of error-freeness and reliability means that the information is accurate, faithfully represented by what it ought to represent, is far from bias and is not affected by the judgments of those responsible for its numbers (Ismail, 2012: 2).

The characteristic of honest representation is divided into the following secondary properties:

A- perfect representation :

It is the complete description or representation of information necessary for its users for a specific event, including the necessary explanations and descriptions. Perfection may result in explanations of important facts about the nature and quality of the elements, conditions, and factors that may affect the quality and nature of assets. Here, the

importance of the information that was voluntarily disclosed, which aims to give an integrated picture of all aspects of the activities of the economic unit (Al-Obaidi, 2014: 50).

B- The impartiality :

Impartiality means when carrying out the process of measuring and presenting accounting information to any party, whether management or users of information. Therefore, voluntary disclosure information must be impartial, and this is what imposes the efficiency of the financial market, which requires access to information to its users in a fair and unbiased manner (Al-Shami, 2009: 26).) .

B- The secondary characteristics of accounting information

1- The Comparability

Comparing information with similar information for other entities in the same period is one of the objectives of the International Accounting Standards Board and the purpose of the overall application of International Financial Reporting Standards (FASB, 2010), and that if the financial information is comparable with the information of the same entity for different periods, it is undoubtedly more useful and of quality. More high than information that does not have that ability. In both cases, comparisons cannot be made, if the accounting procedures, classification, measurement and methods of disclosure and presentation applied are the same in other institutions. It will be difficult to compare the two companies to evaluate each other (Samaha, 2014: 35).

2 -The ability to understand :

The ability to understand requires the ability of information to be understood by users, and users must have a reasonable level of knowledge in economic and accounting activities. Therefore, financial statements are prepared for its users who have a reasonable level of knowledge of business and economic activities and have a desire to study and analyze information (Schroeder, 2006). : 138).

This feature helps users to ensure that financial information is represented faithfully, and verification can be carried out directly or indirectly. It means that if a particular person reaches results using certain methods of measurement and disclosure, another person can reach them using the same methods. If he cannot reach the same results, this The results are not verifiable and cannot be relied upon (Samah, 2014: 35).

The third axis: the practical side

First: Analysis and evaluation of the financial reports of the research sample banks

To evaluate the financial reports, indicators of financial analysis were used. Where the analysis is based on six financial indicators that were clarified in the theoretical aspect within the second topic of the second chapter, which are the profitability index, liquidity index, capital adequacy index, fund utilization index, indebtedness index, and quality index profits

To clarify this, the quality of the financial reports for each of the banks in the research sample will be evaluated as follows:

1- Analysis of Mosul Bank reports. Table (1) shows the results of evaluating the bank's financial reports as follows:

Table (1)

No.	Indictors	No.	Measurement	2017	2018	Ratio envelopment	2019	Ratio envelopment
1	profitability	A	Profit Margin Ratio	1.216%	% 1,250	%2	%0,434	% -65
		B	The rate of revenue on the right of college	%1,808	%0,972	%-46	%1,273	%30
		G	The rate of revenue on the right of college	%1,195	%6,967	%-483	%0,834	% -88
		D	Ratio of net profit to total revenue	%43,448	%27,449	%-36	%37,603	%36
		H	rate of Revenue on resources	%1,318	%1,209	%-8	%0,883	% -30
		O	The rate of Revenue on paid-in capital	%1,938	%1,923	%-0,7	%1,354	% -29
		Z	Dividend Profit Percentage	Zero	Zero	Zero	Zero	Zero
		H	Revenue on deposit	%4,861	%4,161	%-14	%2,182	% -30
average profitability index			%6,973	%5,491		%5,570		

No.	Indictors	No.	Measurement	2017	2018	Ratio envelopment	2019	Ratio envelopment
2	Liquidity	A	Cash Ratio	%215,026	%189,243	%-11	147,158	% -22
		B	cash rate	155,258	%142,682	%-8	%87,103	% -38
		C	Cash to Total Assets Ratio	%38,184	%40,629	%6	%25,191	% -37
		D	Legal Reserve Ratio	%1,346	%242,30	%-82	%0,181	% -25
		E	The ratio of current deposits to term savings, total current deposits	81,899	%84,655	%3	%468,66	% -23
Average Liquidity Index				%124,996	%91,490		%65,22	
No.	Indictors	No.	Measurement	2017	2018	Ratio envelopment	2019	Ratio envelopment
3		A	solvency of capital	%268,787	%227,792	%-15	%22,312	% -0,649
		B	Equity ratio to total assets	%156,022	%239,987	%53	%233,987	% -2,291
		C	Equity ratio to total deposits	458,092	%9849,38	%115	%6040,392	% -38
		D	Equity to Loan Ratio	%268,787	%227,792	%-15	%22,312	% -0,649
average capital adequacy index				%237,251	%295,377		%1641,535	
No.	Indictors	No.	Measurement	2017	2018	Ratio envelopment	2019	Ratio envelopment
4		A	Deposit investment rate	%0,586	%3,831	%5,5	%3,747	% -2
		B	Ratio of total loans to total deposits	%172,274	%95,121	%-44	%96,728	%1
		C		%190,644	%232,611	%22	%204,569	% -12
		D	Ratio of total revenue to investment	%2,751	%2,538	%-7	%2,217	% -12
		E	Ratio of total revenue to total assets	%0,159	%1,611	%9	%1,148	% -28
		F	Resource Employment Rate	2,925	%5,062	%73	%1,746	% -65
Average Equity Index				%61,556	%56,795		%51,692	
No.	Indictors	No.	Measurement	2017	2018	Ratio envelopment	2019	Ratio envelopment
5	debt ratio		debt ratio	%33,893	%35,136	%3	%34,549	% -99
			Debt to Equity Ratio	%51,272	%54,168	%5	%52,785	% -2
average debt ratio index								
No.	Indictors	No.	Measurement	2017	2018	Ratio envelopment	2019	Ratio envelopment
6	Quality profits	A	Revenue on assets from operating cash flow	%0,321	17,1045	%52	% -4,811	

We note from Table (2) that there is a fluctuation in the profitability index of Mosul Bank. As for the profit margin on assets in 2017, it was (1,216), while it increased in 2018 to (1,250), with an increase rate of (0.03) while it decreased in 2019. The decrease in the ratio means the inability of the bank's assets to generate profits. We also note that the rate of return on equity decreased in the year 2018 compared to the year 2017, with a decrease rate of (0.836), while it increased in 2019 at a rate of (0.301), and that the rate of return on assets increased in 2018 with an increase rate of (5,772), while it decreased in 2019 at a rate of (6,133) and the increase in the percentage means that the bank has used its assets in investment to achieve net profits. As for the ratio of net profit to revenue, in 2018 it decreased from 2017 at a rate of (6,999), while it increased in The year 2019 and this indicates the achievement of greater rates of profits in relation to total assets and in relation to the rate of return on capital, we note that the ratio is in a state of fluctuation

and decline, and this is evidence that there is no development in the return on capital. We note by analyzing the percentage of profits distributed to shareholders, it was zero NS And the research period, which means that there are no returns from the annual net profits for shareholders, and there is a decrease in the rate of return on deposits in 2018 at a rate of decrease (0.7), as well as it decreased in 2019 at a rate of (1,979) due to the decrease in net profit before tax. The liquidity index in the bank, we note that there is a decrease in general, bearing in mind that the decline was a result of the economic and political situation that the country is going through and the great fear in the financial arena, which was reflected in the reduction of the volume of investments and the preference for high liquidity ratios, and since this indicator depends on the statements of the financial position list that reflects the situation Therefore, this indicator is important for decision-makers from lenders and investors, and therefore an indicator of the quality of financial reports. As for the capital adequacy indicator For Mosul Bank, it witnessed a clear fluctuation in the ratios. We note that there was a slight decrease in the ratio of ownership rights to assets in 2018 at a rate of (1,242) and it increased in 2019 at a rate of (0.587), where the increase in the ratio indicates an increase in the contribution of owners' rights in financing the bank's assets. We note that there is a decrease in the percentage of Equity to deposits, and this is a good indicator, as its increase means depositors are exposed to risks. As for the ratio of equity to loans, it increased in 2018 compared to 2017, at an increase rate of (83,965) and decreased in 2019 at a rate of (5,487), and this indicates the inability of the bank to meet The risks of investing in loans from property rights, and from property rights to investments, increased in 2018 with an increase rate of (9391,29), while it decreased in 2019 at a rate of (3808,99), and this indicates a decline in the field of investment and is a bad indicator of the bank's performance It will be reflected in the quality of the financial reports. We note that the employment indicator of the bank has witnessed a decrease and an increase. As for the investment rate of deposits, it increased in 2018 at a rate of (3,263), while it decreased in 2019 at a rate of decrease (0.084), as for the ratio of total loans to deposits only D witnessed a decrease in 2018 by a rate of (77,153), while it increased slightly in 2019 by a rate of (1,607). As for the ratio of total revenues to investments, it increased in 2018 at a rate of (41,967) and decreased in 2019 by a rate of (28,042) and the ratio of total revenues to assets decreased In 2018, compared to 2017, at a rate of (0.213), and in 2019 it decreased at a rate of decrease (0.321). As for the percentage of resource recruitment, it witnessed an increase and decrease, and it rose in 2018 at a rate of increase (1.452), and this is a good indication of the bank's policy in investing its money and it decreased in 2019 With a decrease rate of (0.463), the ratio of the total return on the loan portfolio witnessed an increase in 2018 by a rate of (2.11) and decreased in 2019 by a rate of (3,316). As for the debt index, it increased in 2018 compared to 2017, as the debt ratio increased by an average of (19,243) and decreased in 2019 at a rate of (0.587). We note that the ratio of debt to equity has increased in 2018 at a rate of (2,896) and decreased in 2019 at a rate of (1,383). The decrease in the ratio is better to protect depositors. As for the quality rate of profits in the bank, it increased in year 2018 Compared to 2017, an increase rate of (16,783) decreased in 2019 due to changes in operational assets and liabilities that led to negative net cash flow from operating activities and gave a clear picture of the bank's work during the years of research.

And so for the rest of the banks.

Second: Testing and analyzing research hypotheses

The measure of the dependent variable:

To measure the quality of financial reports, the researcher used the Kothari et al 2005 scale, and this scale is a modification of the 1991 Jones scale, and the principle of this scale is to separate the total receivables into two parts: voluntary and non-discretionary.

The first step: To calculate the cash flow from operating operations, the following equation is applied:

$$CFO_{i,t} = NII_{i,t} - (\Delta CAI_{i,t} - \Delta CLI_{i,t} - \Delta Cash_{i,t} - Dep_{i,t})$$

whereas:

$CFO_{i,t}$: represents the cash flow from the operations of company i during period t.

$NII_{i,t}$: represents the net income of company i during period t.

$\Delta CAI_{i,t}$: represents the change in company i's current assets during period t.

$\Delta CLI_{i,t}$: represents the change in the current liabilities of company i during period t.

$\Delta Cash_{i,t}$: represents the change in company i's cash during period t.

$Dep_{i,t}$: represents the depreciation of firm i during period t.

Table (2) The cash flow from the operating operations of the banks research sample

Arithmetic mean	standard deviation	CFO	Year	Bank
1.66835E+22	-1.49618E+22	-1.62047E+21	2017	Mosul
		-4.77963E+21	2018	
		-3.84852E+22	2019	
5.68182E+15	-5.67928E+15	-1.52033E+15	2017	Baghdad
		-1.37129E+16	2018	

		-1.80461E+15	2019	
1.08649E+16	-7.82789E+15	-1.47367E+14	2017	
		-1.43061E+14	2018	Al-Iraqi
		-2.31932E+16	2019	

To avoid repetition, the operating cash flows for the rest of the banks are calculated

The above table shows that the arithmetic mean values of cash flow from operational operations were negative, which indicates the weak activity of the research sample banks, as the arithmetic mean of Mosul Bank was -1.49618E+22 with a standard deviation of 1.66835E+22, while the arithmetic mean of the Bank of Baghdad was -5.67928E+15 with a standard deviation of 5.68182E+15, the arithmetic mean of the Iraqi Bank was -7.82789E+15, with a standard deviation of 1.08649E+16, the arithmetic mean of the Gulf Bank was -1.52333E+22 with a standard deviation of 1.09588E+22, the arithmetic mean of the bank National -2.48491E+21 with a standard deviation of 2.08399E+21, the arithmetic mean of Cihan Bank was -3.45336E+15 with a standard deviation of 2.25069E+15.

The second step: To calculate the total dues, apply according to the following equation:

$$TA_{i,t} = NI_{i,t} - CFO_{i,t}$$

whereas:

$TA_{i,t}$: represents the total receivables of company i during period t.

$CFO_{i,t}$: represents the cash flow from the operations of company i during period t.

$NI_{i,t}$: represents the net income of company i during period t.

Table (3) Total dues to banks, sample of the study

Arithmetic mean	standard deviation	TA	Year	Bank
1.66835E+22	1.49618E+22	1.62047E+21	2017	Mosul
		4.77963E+21	2018	
		3.84852E+22	2019	
5.68182E+15	5.67928E+15	1.52033E+15	2017	Baghdad
		1.37129E+16	2018	
		1.80461E+15	2019	
1.08649E+16	7.82789E+15	1.47367E+14	2017	Al-Iraqi
		1.43061E+14	2018	
		2.31932E+16	2019	

The total accruals are the difference between net income and cash flows from operating operations. The increase in net income over cash flows from operating operations indicates that the recognized revenue exceeds the cash received, in other words, the increase in receivables, which may be a form of profit management that is It has an inverse relationship with the quality of financial reports. But if the opposite is the case, that is, the net income is less than the cash flows from the operations, this leads to the result being negative, which indicates the company's conservative policies and there are no receivables here. From the results of the above table, it is clear that all values are positive, which indicates that all banks appeared to have receivables, and there is no bank that does not have receivables.

The third step: To calculate the slope values of the banks, the following equation is applied:

$$TA_{i,t} / A_{i,t-1} = \alpha + B1(1 / A_{i,t-1}) + B2 \{ (\Delta REV_{i,t} - \Delta REC_{i,t}) / A_{i,t-1} \} + B3(PPE_{i,t} / A_{i,t-1}) + B4(ROA_{i,t} - E_{i,t})$$

The researcher used the statistical program SPSS vr. 24 For the purpose of calculating and estimating the regression slope of the research sample banks, the results were placed in the following table:

Table (4) Slope values for the research sample banks

Variable	deviation
A	-30817793422.155
B1	-12337601097247800000
B2	-1368119594452.360
B3	359866415240.120
B4	546084563.144

It is clear from the above results, which represent the slope of the regression equation, that its values fluctuate between negative and positive values, and this behavior has an impact on the estimation of non-discretionary accruals and thus affects the optional accruals as well.

Fourth Step: To estimate the non-optional benefits, the following equation is applied:

$$NDA_t = \beta_1(1/At-1) + \beta_2(\Delta REV_t - \Delta REC_t) + \beta_3(PPE_t) + \beta_4(ROA_t)$$

Table (5) Non-optional dues to banks, the research sample

Arithmetic mean	standard deviation	Non-voluntary accruals	Year	Bank
		-41327492786	2017	Mosul
5.34937E+11	2.76913E+11	-22442869885	2018	

		8.94509E+11	2019	
		45244779061	2017	
32083229516	8548342728	-5399615611	2018	Baghdad
		-14200135266	2019	
		-42441542555	2017	
1.03306E+11	10815932054	1.29883E+11	2018	Al-Iraqi
		-54993236944	2019	
		63205624908	Arithmetic mean	
		2.20204E+11	standard deviation	

The negative values of the optional accruals indicate that the bank does not practice profit management and therefore the quality of the financial reports is high, while if the value is positive, this indicates that the bank is practicing profit management and therefore the quality of the financial reports is low. The above results show that the values of the optional accruals have appeared with positive values, which indicates that all the banks of the research sample were of low quality reports.

The used statistical methods :

The researcher used two types of statistical methods, the first is descriptive statistics, represented by finding the values of general statistics such as the arithmetic mean, standard deviation, highest and lowest value, in addition to graphs that give a clearer picture of the nature and characteristics of the data. The other type is the analytical statistics represented in analyzing the correlation relationships and the effect relationships between the variables, where the simple linear regression method was used, and the statistical program known as SPSS vr.24 was used for the purpose of extracting results from the data.

General statistics for the studied variables

The table below includes some general statistics for the variables included in the research to know the general characteristics of those variables.

Table No. (7) General statistics for search variables

Descriptive Statistics					
Arithmetic mean	standard deviation	Higher value	Lower value	Sample	Variable
297.18985	468.8187	973.60	48.20	18	profitability
316.77173	543.5921	959.67	9.57	18	Liquidity
301.65628	386.8184	903.36	9.25	18	solvency of capital
175.84535	570.6592	943.93	243.21	18	investing money
289.28176	476.1008	954.12	21.70	18	debt ratio
461.61717	196.0311	951.70	-811.40	18	profit quality

Note: The table was prepared by the researcher based on the results of the statistical program SPSS vr.24

Discussion and analysis of hypotheses:

The researcher has developed the following main hypothesis for the purpose of determining the performance of the banks under study:

The main hypothesis: There is no significant effect of financial analysis in improving the quality of financial reports.

1- The Profitability.

The first hypothesis: There is no statistically significant effect of financial analysis using profitability in improving the quality of financial reports for banks, the research sample

The researcher conducted an analysis of the simple regression model of the financial analysis variable using profitability in improving the quality of the financial reports of banks, and it became clear that the value of the slope of the regression line is $7.837E + 18$ with a probability value of sig. equal to 0.400, and this value is higher than the significance level established by the researcher, which is 5%, which indicates that there is no effect of financial analysis using profitability in improving the quality of financial reports for banks. 5% of the change in improving the quality of financial reports has been explained by financial analysis using profitability and the remaining percentage is due to other factors. It is also clear that the value of the F-test reached 0.749, which indicates a weak predictive ability of the used regression model.

The regression model estimated by the researcher is described in the following equation:

Total Receivables = $1.773E+21 + 7.837E+18$ Profitability

The following table includes the statistics and parameters of the regression model

Table No. (8) The results of the simple regression model for profitability

The Parameters and model stats			
fixed amount	1.773E+21	R . correlation coefficient	.212
Deviation of the regression line	7.837E+18	R ² . coefficient of determination	.045

sig p value.	.400	F . value	.749
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Note: The table was prepared by the researcher based on the results of the statistical program SPSS vr.24

2- The Liquidity.

The second sub-hypothesis was formulated by the researcher as follows:

The second hypothesis: There is no statistically significant effect of financial analysis using liquidity in improving the quality of financial reports for banks, the research sample

The researcher conducted an analysis of the simple regression model of the financial analysis variable using liquidity to improve the quality of financial reports for banks, and it became clear that the value of the slope of the regression line is $-1.42E+20$ with a probability value of sig. equal to 0.092, and this value is higher than the significance level established by the researcher, which is 5%, which indicates that there is no effect of financial analysis using liquidity in improving the quality of financial reports for banks. It indicates that there is an effect of financial analysis using liquidity in improving the quality of financial reports for banks. The correlation value was 0.41 and the coefficient of determination amounted to 0.17. This value indicates that 17% of the change in improving the quality of financial reports has been explained by the financial analysis using liquidity. The rest is due to other factors. It is also clear that the value of the F-test was 3.108, which indicates a weak predictive ability of the used regression model. If the significance level is 10%, it indicates a strong predictive ability of the regression model used.

The regression model estimated by the researcher is described in the following equation:

$$\text{Total Accruals} = 1.317E + 22 - 1.42E + 19 \text{ Liquidity}$$

The following table includes the statistics and parameters of the regression model

Table No. (9)The results of the simple fluid regression model

The Parameters and model stats			
fixed amount	1.317E+22	R . correlation coefficient	.409
Deviation of the regression line	-1.42E+19	R ² . coefficient of determination	.167
sig p value.	.092	F . value	3.211

Note: The table was prepared by the researcher based on the results of the statistical program SPSS vr.24

3- The solvency of the capital :

The third sub-hypothesis was formulated by the researcher as follows:

The third hypothesis: There is no statistically significant effect of the financial analysis using the solvency of the capital in improving the quality of the financial reports of the research sample banks

The researcher conducted an analysis of the simple regression model of the financial analysis variable using the solvency of capital to improve the quality of the financial reports of banks, and it became clear that the value of the slope of the regression line is $4.035E+18$ with a probability value of sig. equal to 0.662, and this value is higher than the significance level established by the researcher, which is 5%, which indicates that there is no effect of financial analysis using the solvency of capital in improving the quality of banks' financial reports. The correlation value reached 0.11 and the coefficient of determination reached 0.01 and this value indicates that About 1% of the change in improving the quality of financial reports has been explained by financial analysis using capital adequacy, and the remaining percentage is due to other factors. It is also clear that the value of the F-test was 0.198, which indicates a weak predictive ability of the used regression model.

The regression model estimated by the researcher is described in the following equation:

$$\text{Total Receivables} = 3.886E+21 + 4.035E+18 \text{ Capital Solvency}$$

The following table includes the statistics and parameters of the regression model

Table No. (10)Results of the simple capital adequacy regression model

The Parameters and model stats			
fixed amount	3.886E+21	R . correlation coefficient	.111
Deviation of the regression line	4.035E+18	R ² . coefficient of determination	.012
sig p value.	.662	F . value	0.198

Note: The table was prepared by the researcher based on the results of the statistical program SPSS vr.24

4- Employing the money.

The fourth sub-hypothesis was formulated by the researcher as follows:

Fourth hypothesis: There is no statistically significant effect of financial analysis using the investment of money in improving the quality of financial reports for banks, the research sample

The researcher conducted an analysis of the simple regression model for the financial analysis variable using the investment of money to improve the quality of the financial reports of banks, and it became clear that the value of the slope of the regression line is $6.012E+18$ with a probability value of sig. equal to 0.705, and this value is higher than

the significance level established by the researcher, which is 5%, which indicates that there is no effect of financial analysis using money investment in improving the quality of banks' financial reports. The correlation value was 0.1 and the coefficient of determination reached 0.01 and this value indicates that A percentage of 1% of the change in improving the quality of financial reports has been explained by the financial analysis using the investment of funds and the remaining percentage is due to other factors. It is also clear that the value of the F-test was 0.149, which indicates a weak predictive ability of the used regression model.

The regression model estimated by the researcher is described in the following equation:

Total Receivables = $2.016E + 21 + 6.012E + 18$ Employment Fund

The following table includes the statistics and parameters of the regression model

Table No. (11)Results of a simple regression model for the employment of funds

The Parameters and model stats			
fixed amount	2.016E+21	R . correlation coefficient	.096
Deviation of the regression line	6.012E+18	R ² . coefficient of determination	.009
sig p value.	.705	F . value	0.149

Note: The table was prepared by the researcher based on the results of the statistical program SPSS vr.24

5- The Debt Ratio.

The fifth sub-hypothesis was formulated by the researcher as follows:

The fifth hypothesis: There is no statistically significant effect of the financial analysis using the indebtedness ratio in improving the quality of the financial reports of the research sample banks

The researcher conducted an analysis of the simple regression model for the financial analysis variable using the indebtedness ratio to improve the quality of the financial reports of banks, and it became clear that the value of the slope of the regression line is $5.812E+21$ with a probability value of sig. equal to 0.545, and this value is higher than the significance level established by the researcher, which is 5%, which indicates that there is no effect of financial analysis using the indebtedness ratio in improving the quality of banks' financial reports. A rate of 2% of the change in improving the quality of financial reports has been explained by the financial analysis using the indebtedness ratio, and the remaining percentage is due to other factors. It is also clear that the value of the F-test was 0.382, which indicates a weak predictive ability of the used regression model.

The regression model estimated by the researcher is described in the following equation:

Total Accruals = $2.68E + 21 + 5.812E + 18$ Debt Ratio

The following table includes the statistics and parameters of the regression model

Table No. (12)The results of the simple regression model for the debt ratio

The Parameters and model stats			
fixed amount	2.68E+21	R . correlation coefficient	.153
Deviation of the regression line	5.812E+18	R ² . coefficient of determination	.023
sig p value.	.545	F . value	.382

Note: The table was prepared by the researcher based on the results of the statistical program SPSS vr.24

6- The quality of profits.

The sixth sub-hypothesis was formulated by the researcher as follows:

The sixth hypothesis: There is no statistically significant effect of the financial analysis using the quality of profits in improving the quality of the financial reports of the research sample banks

The researcher conducted an analysis of the simple regression model for the financial analysis variable using the quality of profits to improve the quality of the financial reports of banks, and it became clear that the value of the slope of the regression line is $-1.2E+10$ with a probability value of sig. equal to 0.033, and this value is less than the significance level established by the researcher, which is 5%, which indicates that there is an effect of financial analysis using the quality of profits in improving the quality of the financial reports of banks. 25% of the change in improving the quality of financial reports has been explained by financial analysis using profit quality and the remaining percentage is due to other factors. It is also clear that the value of the F-test reached 5.428, which indicates a high predictive ability of the regression model used.

The regression model estimated by the researcher is described in the following equation:

Total receivables = $7.801E + 21 - 1.2E + 10$ quality of profits

The following table includes the statistics and parameters of the regression model

Table No. (13)Results of a simple regression model for earnings quality

The Parameters and model stats			
fixed amount	7.801E+21	R . correlation coefficient	.503
Deviation of the regression	-1.2E+19	R ² . coefficient of	.253

line		determination	
sig p value.	.033	F . value	5.428

Note: The table was prepared by the researcher based on the results of the statistical program SPSS vr.24

The Conclusions

1 - The first hypothesis (there is no statistically significant effect for financial analysis using profitability in improving the quality of financial reports for the research sample banks), where the value of the regression slope appeared 7.837 with a probability value equal to 400 and this value is higher than the established significance level of 5%, which indicates that there is no effect of financial analysis Using profitability to improve the quality of financial reports.

2- The second hypothesis (there is no statistically significant effect of financial analysis using liquidity in improving the quality of financial reports for the banks in the research sample) it turns out that the value of the slope of the regression line is -1.42 with a probability value equal to 0.092 and this value is higher than the established significance level which is 5%, which indicates no effect For financial analysis using liquidity to improve the quality of financial reports, although we found that the value is less than the significance level if it is proven equal to 10%, which indicates that there is an effect of financial analysis using liquidity in improving the quality of financial reports.

3- The third hypothesis (there is no statistically significant effect of financial analysis using capital solvency in improving the quality of the financial reports of the research sample banks) it turns out that the value of the slope of the regression line is 4.035 with a probability value equal to 0.662 and this value is higher than the established significance level of 5%, which indicates that there is no There is an impact of financial analysis using capital adequacy in improving the quality of financial reports

4 The fourth hypothesis (there is no statistically significant effect for financial analysis using the use of funds to improve the quality of the financial reports of the research sample banks) it turns out that the value of the regression rate is 6.012 with a probability value equal to 0.705 and this value is higher than the established significance level of 5%, which indicates that there is no The effect of financial analysis using the investment of funds in improving the quality of financial reports

5- The fifth hypothesis (there is no statistically significant effect for financial analysis using indebtedness in improving the quality of financial reports for the banks in the research sample) it turns out that the value of the regression slope is 5.812 with a probability value equal to 0.545 and this value is higher than the established significance level of 5% which indicates that there is no effect of financial analysis Using indebtedness to improve the quality of financial reporting

6- The sixth hypothesis (there is no statistically significant effect for financial analysis using the quality of profits in improving the quality of financial reports for the banks in the research sample) it turns out that the value of the slope of the regression line is -1.2 with a probability value equal to 0.033 and this value is less than the significance level established by the researcher, which is 5%, which Indicates that there is an effect of financial analysis using earnings quality in improving the quality of financial reports .

The Recommendations :

1- Increasing interest in financial analysis of the financial statements because it gives accurate indicators of the bank's performance, which increases the quality of financial reports

2 Banks should use all financial ratios and not underestimate the importance of some ratios, as these ratios play an important role in judging the financial situation and rationalizing the decision taken.

3- It is necessary to include lists of financial analysis ratios in the annual financial reports of Iraqi banks and under the direction of the Central Bank of Iraq to create a special section concerned with analyzing financial indicators in a scientific, technical and financial way that facilitates the work of financial analysts in these banks.

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