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The impact of financial distress prediction and its index using the SHERROD model on accounting earning and continuity

Applied study in a sample of commercial banks listed in the Iraqi market for securities

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Abstract:

The research aims at a statement of the impact of the measures of the quality of accounting Earning in predicting financial stimulation, and dealing with a sample consisting of (5) bank Of the banks listed in the Iraqi market for securities for the financial period (2015) and to(2020), The independent variable was measured by the prediction of the financial distress through a model,(Z-Sherrod- 1987) In agreement with a study (Morshedi, 2018),)The dependent variable was measure quality of accounting earning was measured through the continuity of accounting Earning model with an agreement with a study, (Boonlert et al.,2006) The research results indicated an indiscriminate effect of the moral Statistically significant for Financial distress prediction in the quality and continuity of accounting Earning.

Keyword: Accounting Earnings quality, Predicting financial distress .

the introduction:

Financial distress is a serious threat faced by economic institutions and other related parties, What in turn will affect the imposition of the continuity of these institutions, so the administration at its various levels should find the appropriate ways for the purpose of predicting the financial stumbling of the economic establishment Early and before that institution reaches the stage of financial distress and liquidation, and thus getting out of the competition market permanently, It is worth noting that the administration has tools that help in the prediction process and these tools are as a warning device that alerts decision makers in that institution to make a series of appropriate decisions to reduce financial distress, and these tools are the financial indicators that explain the relationship between two or two values of financial statements, and from During the analysis of the indicators of the financial statements, the financial status of the economic institution can be evaluated and paid within a certain period of time.

Accounting profits also represent an important criterion for evaluating performance, and thus determining the value of the institution as it contains the most important financial information through

which it is possible to predict the ability of the institution to reach and preserve accounting profits, and accounting profits are considered one of the most prominent numbers that the institution discloses in its financial reports, It is reflects the accounting principles and policies that the institution applies , It also dependent on all the users of the financial statements in making decisions related to the institution .

The first axis: research methodology

First: Research problem: The institutions 'disclosure of accounting profits is not sufficient for users of financial statements to rely on them in making decisions due to the presence of many ways to manipulate them, so the collapse of some major international companies, high bankruptcy rates, and the increase in litigation cases between institutions that have been greatly associated with deliberate manipulation by the institution's administration, led Through the negative practices of accounting profit management operations, to the increasing questions about the quality of the accounting account number exposed in the financial statements, where the dependence on accounting profit number has become without taking into account some of the factors affecting it leads to taking non -rational decisions by the outstanding parties And the research problem can be summarized by the following question: Is there a relationship of correlation and statistically significant effect to predict financial stumbling in the quality of accounting profits and their continuity of the banking companies listed in the Iraq Stock Exchange.

Second: Research objectives: The research aims to achieve a set of goals and can be summarized by:

1- Study the conceptual framework of the quality of accounting profits in terms of its importance and models of measurement.

2- Study the concept of financial stumbling in terms of prediction and importance and the study model for fiscal stumbling.

3- Conducting an applied study in a sample of Iraqi banks listed in the Iraq Stock Exchange, to test the hypotheses of the study derived from research questions.

Third: The importance of research: The importance of research stems from the importance of predicting the financial stumbling of the economic institution, which represents an early warning through which the permanence of the institution's activity and location in the market can be maintained, whether by taking preventive measures or corrective measures depending on the predictive information that can be reached and before a suitable period of financial stumbling, as well The importance of research comes from the importance of accounting for accounting profits in the extent of their disclosure of profits that have been disclosed that they are characterized by or not.

Fourth: Research hypothesis: Based on the research problem, the following hypothesis represented by finding a moral impact has a statistically significant significance between predicting the financial stumbling of banking institutions and the continuity of accounting profits.

Fifth: Research limits:

1- Spatial borders: The spatial borders of this research were a sample of Iraqi commercial banks listed in the Iraq Stock Exchange

2- Time limits: The time limits of the research for the financial period between (2015-2020) were represented**.**

Sixth: The research method and the means of data collection: The researcher relied on two basic methods of scientific research, namely, the inductive approach that relates to the theoretical aspect that aims to study and induce some previous writings and studies included in accounting thought related to the topic of research, and how to benefit from it in addressing the research problem, And the deductive

approach, which depends on logical thinking to try to link in a logical way between the various aspects of the search variables, by collecting the required data that depends on the audited financial reports published by the banking companies listed in the Iraq Stock Exchange.

Seventh: Previous studies:

1 - **Study (Al -Hasnawi 2014)** entitled (prediction of the financial stumbling of investment companies using the financial proportions of the Kida model and its impact on EPS: a study in the Iraq Stock Exchange) published a study published in the Muthanna Magazine for Administrative and Economic Sciences / Muthanna University

This study aims to clarify what the financial proportions of companies are in a statement of the possibility of their survival in the market and any proportions more influencing the profitability of one share, and to know what appears in the horizon of the financial market through investment companies the subject of research and their confrontation with obstacles and the possibility of overcoming them to achieve the desired goals. As for the most important conclusions that this study reached:

• The use of the Kida model proved the ability of investment companies in the Iraq Stock Exchange to continue, as the value of Z was positive for all companies.

• The profitability rate is represented by the return on investment and the rate of activity represented by the rate of rotation of assets are the main factors in the interpretation of the profitability of one share.

The study recommended the importance of advanced quantitative models as a scientific tool to measure and predict financial stumbling and work to develop financial analysis through quantitative data analysis so that the company can know the current situation and predict it.

2 - The study (Khaled and Murad 2018) entitled (Measuring the continuity of accounting profits as evidence of its quality) Journal of Human Rights and Sciences / Economic Issue.

This study aims to identify the concept of the quality of accounting profits and determine its importance to the relevant parties, that is, users of financial statements, and to determine the characteristics of accounting profits and measure the quality of profits for the Sidal Complex during the period 2010-2018 by determining the extent of the continuity of these profits in the future. As for the conclusions that this study reached was the most important:

*To determine the extent of the continuity of profits in the future, it is necessary to compare the continuity of cash flows and the continuity of the dues, and that the quality of profits is linked to the continuity of cash flows and not to the continuity of the dues.

* The quality of profits has several characteristics, the most important of which was continuity, through the ability to repeat itself in the future and also the predictive value through its ability to predict itself or cash flows, and its characteristics are also appropriate and appropriate timing.

Among the most important recommendations of this study are the definition of management and users of the financial statements and all parties related to the importance of the quality of accounting profits, disclosure and transparency, enhancing the cost -effectiveness of various parties, and overcoming the public interest over the personal interest.

3- study (Nodezh et al.,2015) entitled (A Study of The Role Earnings Quality at the Financial Forecasts Accuracy in the Companies Listed Tehran Stock Exchange)

This study aims to know the relationship between the quality of profits and the accuracy of financial expectations on the Tehran Stock Exchange for Securities, where the study sample included 50 companies for the financial period (2009-2013), where the correlation analysis between variables was used to combine data and slope analysis in order to know the role of accounting profits in Accuracy of financial expectations. **The conclusions that this study reached were:**

By increasing the quality of accounting profits, the accuracy of the ability to predict financial variables, especially cash flows resulting from operational activities, increases. The study recommended investors to invest their money in securities that have high -quality profits.

4- study (Dirman, 2020) entitled(Financial Distress: the Impacts of Profitability, Liquidity Leverage, Firm Size, and Free Cash Flow)

This study aims to provide adequate knowledge for users of financial statements, especially investors and creditors about the impact of profitability, liquidity, leverage, company size and free cash flow on the financial stumbling of the company through the method of multiple linear decline.

As for the most important conclusions that this study reached, the most important of them:

*The profitability has a positive impact on financial stumbling.

*Liquidity does not affect financial stumbling.

This study recommended researchers from increasing research samples or comparing manufacturing companies with other companies, and it also recommended that companies greatly care about the factors that could cause financial stumbling, and to identify financial stumbling indicators for the purpose of taking rapid corrective measures.

The second axis: theoretical side

First: the concept of financial distress:

Financial is expressed as this financial state that is synonymous with the state of real financial insolvency, which is the inability of the institution to pay its obligations due in its full value, as the value of the real assets is less than the value of liabilities. Consequently, the Foundation has reached a state of serious financial turmoil, which makes it very close to the stages or levels of financial distress that can be graded to the level of declaring its bankruptcy, whether these disorders mean their inability to pay their obligations towards others, or to achieve successive losses year after year This manifests itself to stop its activity from time to time, and financial stumbling often occurs as a result of the presence of the two problems together, and thus we are in front of a real financial state.

Second: Definition of financial distress:

Financial stumbling is a situation in which the Foundation's activity is affected by the possibility of imminent bankruptcy, and financial distress occurs when the institution is unable to pay its debts now or in the near future, and it is possible to overcome financial stumbling when using appropriate solutions represented in restructuring assets or obligations or through procedures Legally defined bankruptcy (Rajab, 2018: 8). Financial distress was also defined as stopping the payment of loans due to insufficient cash flows or when continuing to operate in light of the protection of the court (Beaver, et al.,2010). The concept of financial distress takes two aspects, such as (Al -Dogji, 2009: 3).

1- Technical Insolvency:

It is the situation in which the institution is unable to face its due obligations, although its assets are higher or outperforming its obligations, as this concept expresses a liquidity crisis, meaning that the institution is unable to face its immediate monetary needs for a period of one day and may continue for a number of months and referred to In temporary financial distress.

2- Real Insolvency:

It means the continuous financial stumbling, which is the situation in which the institution is unable to face its due obligations, as the value of the institution's obligations exceeds the value of its assets, and the institution may succeed in obtaining the necessary funding as a last solution, and if it does not succeed in that, this financial distress leads to financial failure. Where it is necessary to differentiate between

financial stumbling and financial failure, as financial stumbling is a stage that precedes financial failure, which ultimately leads to bankruptcy or liquidation.

Third: Causes of financial stumbling:

Financial distress is the result of many causes and factors, and these reasons can be divided into two parts, internal and external reasons, which are as follows:

1- Internal reasons: They are the weakness of management and the absence of specialized administrative and technical elements. The inefficiency of operational policies, research and development policies and the conduct of the unnecessary expansion, and the failure to study the economic feasibility in an accurate and appropriate for lending operations, in addition to the use of non -advanced operational technology, the incompetence of loan management in collecting dues and the presence of a severe competition market and the inability of the institution to stand in the face of competitors And the accumulated losses to which borrowed institutions are exposed to, all of these are factors that affect the institution and its continuity and thus lead to its stumbling and filtering (Hamid, 2020: 216).

2- External reasons: As for external factors, they are represented by the economic and political conditions that surround the environment of the institution, as well as Al -Ala, which will be greatly affected by the economic establishment, in addition to that continuous change in exchange rates in light of the manifestations of inflation, advanced technological change, as well as the lack of necessary financing sources. To make important expansions and the high cost of those sources (Walid, 2016: 8).

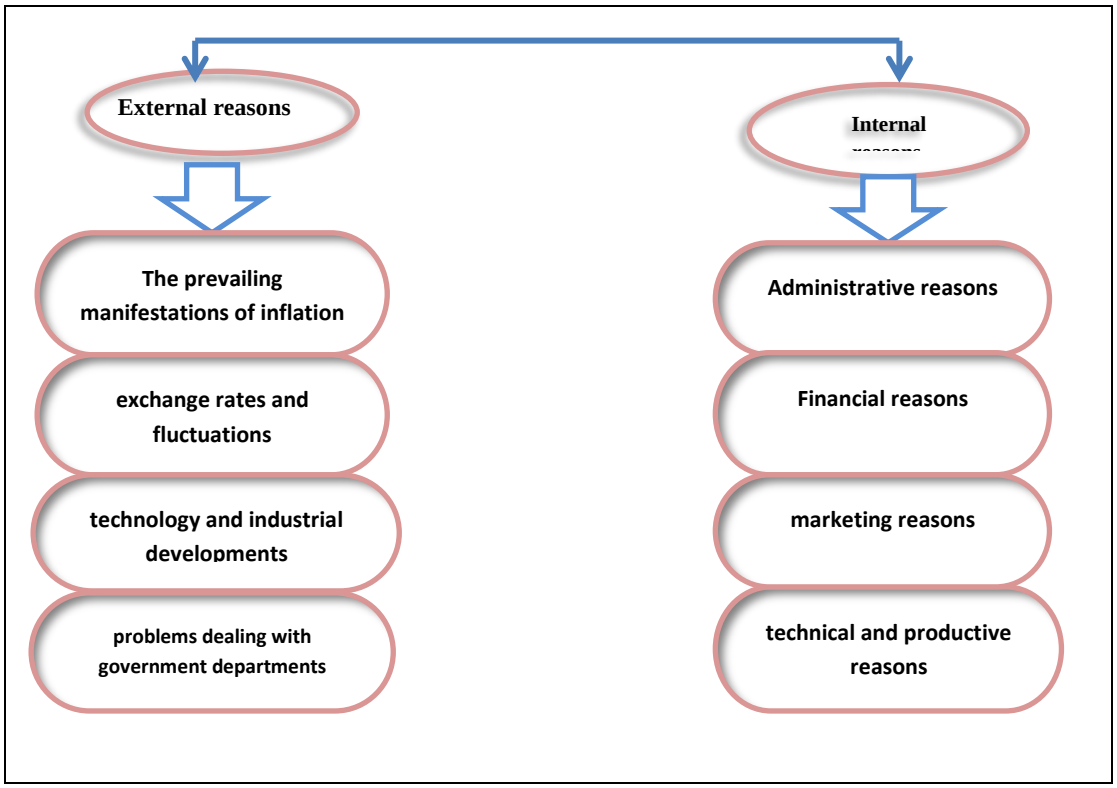

Figure (1) reasons of financial stumbling

Source: The form of the researcher prepared

Fourth: Types of financial distress: The types of distress are:

1- Economic distress: that this type of distress does not result in an announcement of the bankruptcy of the institution even if the matter requires its liquidation and therefore its inability to continue, this is regardless of the ability of the institution to pay the obligations it is, that is, the institution can be a failure

of The economic aspect, but nevertheless does not stop paying its due obligations whenever the date of its entitlement is, and then its bankruptcy is not known (Gabriel, 79: 2020).

2- Legal distress: This type of stumbling produces two aspects, the first technical hardship "which is the inability of the institution to pay its obligations from debts and benefits in the date of the entitlement despite the increase in the value of its assets on its liabilities, As for the second, it is the real hardship "which is the inability of the institution to pay its obligations due, with the value of its assets lower than its liabilities (Jabal and others, 2009: 306).

3- Administrative distress: Administrative distress occurs when the efficiency and effectiveness of the institution's management and its failure to estimate what may happen in the future leads to the results of negative work that caused a decrease in its activity and its profit (Ammari, 2015: 46).

Fifth: The importance of predicting financial stumbling:

Finding an analytical method or an analytical mechanism through which it is possible to predict the possibility of the institution to reach the state of financial distress before a sufficient number of years is necessary, in order to take corrective measures in a timely manner, given the serious effects of the institution's stumbling on the economy and all the working groups In it and related to these institutions, such as creditors, investors, financial analysts, government agencies and others.

As the investor is concerned with the prediction of financial distress, in order to make his various investment decisions and the comparison between the available alternatives and avoid very risk investments. While the creditors and lenders are concerned with the prediction of financial stumbling for many reasons, including taking a decision to grant credit or not, and determining the interest rate and conditions of the loan based on the size of the danger related to it, while the administration is concerned with the issue of predicting financial distress in order to take corrective measures in a timely manner to save the institution from the danger bankruptcy or liquidation, As for government agencies, they are concerned with financial distress prediction in order to be able to perform their supervisory function on the institutions working in the economy in order to ensure its safety. (Al -Amaru Qasiri, 2015: 134).

Sixth: Financial distress prediction models:

The prediction models of financial distress are the use of mathematical equations or slope analysis, in order to know the development of the financial situation of the institution and the performance analysis in the near future. Interest in developing sports models capable of predicting the stumbling of institutions, in order to reach the most capable and efficient financial proportions group to predict institutions that can be at risk (the risk of financial failure or in the most needy restructuring), has been conducted many studies and research to discover If the relative analysis can be used and direction analysis to predict financial distress.

These models can be divided into two basic categories, which are as follows(Luo et at.,2012:66):

• Models that depend on one financial percentage to predict financial stumbling.

• Models that depend on the penalty weights of a set of financial proportions.

The studies prepared by (beaver) in 1966, followed by the study (Altman) in 1968, is the main engines or the main gate of a number of subsequent studies.

Experienced believes that relying on a single financial percentage to predict financial stumbling is not sufficient and unreliable, despite the interest of many analysts in recent years on the interest coverage rate. Thus, the method of multiple discriminatory analysis is one of the most statistical methods used, despite the fact that a number of researchers relying on different statistical models, such as the logarithmic linear models, biz analysis and nervous network analysis, but for many reasons, the multiple

discriminatory analysis was the realistic criterion for comparing these models no matter It was the approved method (Janabi, 2019: 13).

The table shows below the most important models used to predict financial distress (Matar, 2016: 363).

Summary of the prediction models of financial distress

Application year	Model name	Sequence
1966	Beaver	1
1968	Altman	2
1977	Taffler Tisshow	3
1978	Springate	4
1980	Kida	5
1984	Zmijewski	6
1984	Fulmer	7
1985	Zavgren	8
1987	Sherrord	9
1999	Kah Tans	10
1999	A-Score	11

Seventh: The concept and definition of the quality of accounting profits:

The quality of accounting profits in accounting thought is viewed from two different perspectives, the first from the perspective of the benefit of the decision, and the second perspective is from an economic point of view. In terms of the first perspective or who called this concept, it is (GLVE O), where he wrote in the report of investment consulting that the quality of profits is that is characterized by continuity, but he did not specify any definition of its own, and then after that came the American Accounting Standards Council (FASB) where he used The concept of the quality of accounting profits explicitly to describe the contents of the current profits in future profits in standard No. (132) (Shaban and Dashli, 2021: 107).

As for the second perspective, that is, the economic perspective of the quality of accounting profits, the quality of accounting profits is judged through the extent of the link between economic profit and accounting profit, as economic profit according to the concept of ((Hicks is that amount that can be distributed to owners of owners Which you own at the beginning of the period (Al -Shirazi, 1990: 445). The profits are of high quality as seen by the subjects of accounting standards and auditors and also legislators when they are disclosed in a way that is compatible with the accounting principles accepted by general acceptance, While creditors see that the quality of profits is easily related to cash flows, while profits quality are an important factor for financial analysts when carrying out the financial analysis of its three main aspects, which represents the performance of the current and future operating institution and the value of the institution. (Mardjono: 2005,277) indicated the definition of profits as one of the important elements in assessing the financial situation of the institution, and this is not taken into consideration by some lenders, investors and other users of the financial statements, as the focus on the final result of the income list does not provide information Important about the quality of profits due to the neglect of the information it contains of great importance in making decisions. The quality of the profits was also defined as the ability of the disclosed profits to reflect the real profits of the institution and be able to predict the future profits, (Menicucci, 2020: 10),

Also (Dechow & Schrand) defined the quality of profits as the availability of accurate and appropriate information to evaluate the operational performance of the current and future institution, so that it is a good measure of the Foundation's performance in the future.

Eighth: The importance of the quality of accounting profits:

The importance of the quality of accounting profits is related to the benefit that can be obtained from the information about accounting profit and its detailed components, and this is a great importance for financial reports users in making investment decisions and also, it is of the importance for accounting standards users as they see that the quality of financial reports is evidence of the quality of the financial standards themselves, also the accounting profit and the standards derived from it are used as an indicator to evaluate the financial performance of the institution. also the quality of accounting profits is of importance to protect users of accounting information against opportunistic practices to manage profits and improve investment decisions and reduce economic resources between institutions, and increase the efficiency and stability of capital markets and the low cases of financial failure, failure and financial collapse (Ibrahim, 2014: 62). The quality of accounting profits derives its importance from the importance of the profits themselves, as the institution's profits are considered important inputs in the process of making financial and investment decisions and other decisions, as well as they are used in many studies to assess the performance of the current and future institution.

The quality of the accounting profits take its importance from different angles depending on the goals of the users of financial reports and agencies (Friday, 2016: 101):

1. The quality of accounting profits is one of the most important sources of information for investors and analysts to assess the performance and risks of the institution.

2. The Foundation’s management is concerned with achieving profits characterized by high continuity and a good prediction capacity, and this indicates a relationship between the quality of profits and the institution’s administration.

3. Accounting profits are of great importance for creditors and lenders to know the extent of the institution's ability to pay its debts, and thus their continued relationship with the institution in the future.

4. The current and potential investors are very concerned with the ability of the institution to distribute profits and the continuity and amount of these distributions, and this indicates a relationship between the quality of profits and profits distributions (Sayyid Ali, 2014: 100).

5. The quality of accounting profits is a direct indication of assessing the quality of the accounting standards used in the institution, as there is a direct relationship between the quality of profits and the quality of the accounting system followed and the extent of its commitment to accounting standards.

Ninth: Accounting profits quality standards:

(2004., Francis et al) has seen seven standards for accounting profits, which were considered as features of accounting profits that were widely used in accounting research. As these features are based on either accounting or based on the market, according to the basic assumptions of financial reports, and that these assumptions will affect their role on the way in which these features are measured. The features of the account based on the accounting basis are continuity, the ability to predict, pave the profits and the quality of entitlement. Where these features are based on criticism or profits as a source of its construction and are able to use accounting information or data. As for the traits based on the market’s basis are the suitability of value, the appropriate time for profits and accounting. And that these features take the returns of shares or prices as a source for their construction and rely on both accounting information and revenue information for their estimates.

Tenth: The continuity of achieving profits:

The continuity of achieving profits is a statistical scale that shows the extent of current profits related to future profits, and the beta laboratory extracted from the simple slope equation that connects the current and future profits is based. It is one of the factors that influence investor decisions, which indicates the extent to which the profit components are able to continue stablely from year to year. The components

of the net profit can be divided according to the degree of continuity (the continuity of net profit components) into two main components:

• The expected profits will continue in the future or Permanent Income and it is linked to the usual activities of the Business Corporation. Which is expected to be repeated or continuing in the future. This part of the profits is of my information content while predicting future profits.

• The unacceptable (temporary) part of the profits that are not expected to be repeated in the future: It is linked to the non -legal activities of the Business Corporation, which is expected to not be repeated in the future, this part of the profits is not the information content while predicting the receiving profits (Hussein, 2013: 98 -99).

The third axis: the practical side:

First: prediction of financial distress with the Z- Sherrod -1987 model

This model depends on six independent financial indicators, as well as the relative weights of the discrimination function transactions that were given to these variables. This model is formulated through the following equation (Sheikh, 2008: 102).

$$Z= 17X1 +9X2+ 3.5X3+ 20X4+ 1.2X5+ 0.1X6$$

As: Z = distress index

X1 = net working capital /total assets X2 = liquid assets / total assets

X3 = Total property rights / total assets X4 = net profit before taxes /total assets

X5 = Total assets / total liabilities X6 = Total property rights / fixed assets

Whereas, the higher the value of (Z), this indicates the quality of the loan or the strength of the bank's financial position and has a very good opportunity to continue in the future, and thus the decrease in the degree of risk. In the event of a decrease in the value of (Z), this indicates the presence of difficulties facing the bank that can affect its continuity, and thus the high degree of risk (ARKAN, 2015: 241), and the quality index of the model is compared with the results of the actual data and then the evaluation (Al -Hayali, 2004: 261).

The schedule shows the division of continuity (loans) into categories according to the degree of risk of the Foundation to financial distress.

Table (1) Division of continuity (loans) into basic categories according to the degree of risk

Value Z	Degree risk	Category
Z ≥ 25	Excellent loans free of risk	The first
25 ≥ Z ≥20	Few risk loans	the second
20 ≥ Z ≥ 5	Medium risk loans	Third
5 ≥ Z ≥ 5-	High risk loans	Fourth
Z ≤ 5-	Very high risk loans	Fifth

Source: (Hassan, 2019: 72)

Second: Measuring the continuity of accounting profits: The current research sample included (5) banks within the Iraqi banks, which are listed in the Iraq Stock Exchange for the period from 2015 to 2020, which are (Commercial Bank, Baghdad Bank, Sumer Bank, Iraqi Islamic Bank and Gulf Business Bank). Where the focus in the current research was on measuring the possibility of continuing accounting

profits for banks under the current study, as the form of the continuity of profits was employed. It is known as the following sports model(Boonlert et al.,2006**):**

$$\frac{Earn_{j.t}}{Total\ Assets_{j.t-1}} = \alpha + \delta_1^* \frac{Earn_{j.t-1}}{Total\ Assets_{j.t-1}} + V_{j.t}$$

As the above equation is a sports model for an accredited variable, which represents the continuity of accounting profits on the independent variable, which represents financial distress, as this simple sporting model can be estimated using capabilities (O.L.S) (ordinary least square), Which is the best way to estimate the regression model when the conditions are fulfilled. According to the above form if the value of($\delta_1^{*)}$ is greater or approaching the correct one, we conclude that the bank has the property of the continuity of accounting profits and of high accounting profits, , As for if the value of (δ_{1*}) from scratch this means that the accounting profits are temporary, and thus their quality is low. Below is the analysis of each of these five banks, according to the following:

1- Commercial Bank:

The results presented in the table below are the analysis of the simple regression for the continuity of accounting profits on the financial stumbling variable of the Commercial Bank for the 2015 financial period until 2020, and as shown in the following table

Table (2) The values of the coefficient of determination , the value of the slope of slope and the value t of the commercial bank

The reliable variable / Independent variable	Continuity of accounting profits			The coefficient of determination R^2	Corrected identification factor	Values F Calculated	Sig
	Value β	-T- Calculated	Sig				
Intercept	-0.0001	-0.006	0.995	0.81	0.78	4.24	0.002
Financial stumbling	0.8599	3.113	0.008				

Among the results presented in Table (2) when increasing the variable (financial distress) is one unit (the continuity of accounting profits), will be affected by the increase by (β = 0.8599), which means that there is a positive and statistical significant effect of the variable (financial distress) on the variable (The continuity of accounting profits), and this leads to the possibility of saying that (financial stumbling) will have a positive role in (the continuity of accounting profits), and this is evident through the (T) test for the Beta (B) value laboratory that reached (3.113), which is evidence of morale. Beta factor below 0.05. Through the value of(β) we find that this value is close to the correct one, so we find that the commercial bank has the property of the continuity of accounting profits and of high accounting profits.

In general, and through the calculated value (F) (4.24), which is a statistical significant value below the level of 0.05, we conclude that the studied model between (the continuity of accounting profits) and (of the financial distress) for the Commercial Bank, is largely compatible with the phenomenon under study. The identification factor (R^2) reached (81%) and the coefficient of determination (78%), which shows that the ability to explain the regression equation is high, which indicates that (78%) of the changes that occur in (the continuity of accounting profits) is due to an index (Financial distress). The following form

shows the spread of the values of the accredited variable and the independent variable of the commercial bank, as well as the estimated values of the features of this model

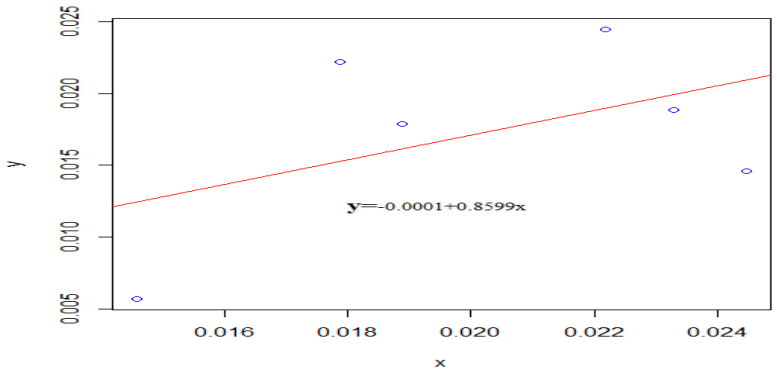

Figure (2) shows the spread of the values of the accredited variable and the independent variable of commercial bank data

2- Baghdad bank

The results presented in the table below are the analysis of the simple regression for the continuity of accounting profits on the financial stumbling variable of the Baghdad Bank for the 2015 financial period until 2020, and as shown in the following table

Table (3) The values of the coefficient of determination , the value of the slope of slope , and the value T of the Baghdad Bank

The reliable variable / Independent variable	Continuity of accounting profits			The coefficient of determination R^2	Corrected identification factor	Values F Calculated	Sig
	Value β	-T- Calculated	Sig				
Intercept	0.0072	1.373	0.242	0.20	0.17	0.0838	0.7866
Financial stumbling	0.1167	0.289	0.787				

One of the results presented in the table (3) when increasing the variable (financial distress) is one unit (the continuity of accounting profits), will be affected by the increase by (β = 0.1167), which means that there is a very small and non – statistical significant effect of a variable (financial distress) On (the continuity of accounting profits), and this leads to the possibility of saying that (financial stumbling) will have a very positive role in (the continuity of accounting profits), and this is evident through the (T) test for the Beta (B) laboratory that reached (0.289) It is evidence of the lack of moral beta factor below the level of 0.05. Through the value of β We find that this value is close to zero, so we find that the Baghdad Bank does not have the property of the continuity of accounting profits and successively, the quality of accounting profits are temporary, and of very low quality.

In general, and through the calculated value (F) (0.0838), which is a non - statistical significant value below the level of 0.05, we conclude that the studied model between (the continuity of accounting profits) and (financial stumbling) of the Baghdad Bank, is not compatible with the phenomenon under study. The determination laboratory (R^2) reached (20%) and the corrected coefficient of determination (17%), which shows that the ability to explain the decline equation is inconvenient in the interpretation of the changes that occur between the variable (the continuity of accounting profits) and the variable (financial

distress), which It indicates only that (17%) of the changes that occur in (the continuity of accounting profits) is due to the (financial stumbling) index. This value is very little in the interpretation of changes. The following form shows the spread of the values of the accredited variable and the independent variable of the Baghdad Bank, as well as the values that are able to landmarks.

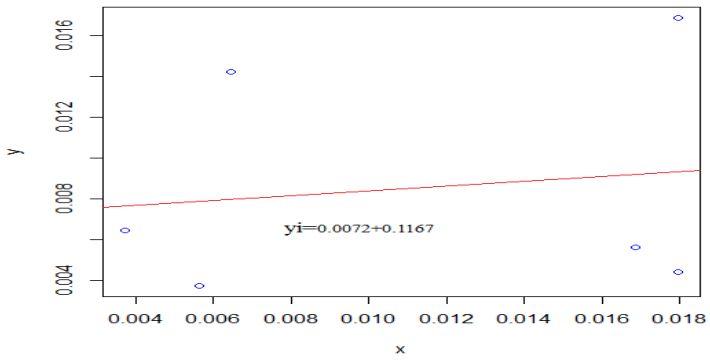

Figure (3) shows the spread of the values of the accredited variable and the independent variable of the bank's data, Baghdad

3- Sumer Bank:

The results offered in the table below are the analysis of the simple regression for the continuity of accounting profits on the financial stumbling variable of the Sumer Bank for the 2015 financial period until 2020, and as shown in the following table

Table (4),) The values of the coefficient of determination , the value of the slope of slope and the value T of the Sumer Bank

The reliable variable / Independent variable	Continuity of accounting profits			The coefficient of determination R^2	Corrected identification factor	Values F Calculated	Sig
	Value β	-T- Calculated	Sig				
Intercept	0.0031	1.068	0.334	0.88	0.86	6.52	0.000
Financial stumbling	0.8456	4.725	0.001				

From the results presented in Table (4) when increasing the variable (financial distress) one unit, the (continuity of accounting profits) will be affected by the increase by ($\beta = 0.8456$), which means that there is a positive and statistical significant effect of the variable (financial distress) on (The continuity of accounting profits), and this leads to the possibility of saying that (financial distress) will have a positive role in (the continuity of accounting profits), and this is clear through the (T) test for the Beta (B) value laboratory that reached (4.725), which is evidence of the morale of a laboratory Beta below 0.05. Through the value of β we find that this value is close to the correct one, so we find that the bank is Sumer has a feature of continuing accounting profits and of high accounting profits.

In general, and through the calculated value (F) (6.52), which is a statistical significant value below the level of 0.05, we conclude that the studied model between (the continuity of accounting profits) and (financial distress) of the Sumer Bank, is largely compatible with the phenomenon under study. The identification factor (R^2) reached (88%) and the corrected r (86%), which shows that the ability to explain the slope equation is high, which indicates that (86%) of the changes that occur in (the continuity of

accounting profits) is due to an index (Financial distress). The following form shows the spread of the values of the accredited variable and the independent variable of the Sumer Bank, as well as the estimated values of the features of this model.

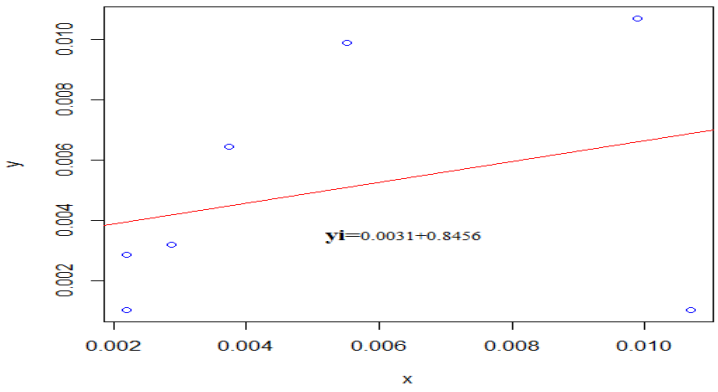

Figure (4) shows the spread of the values of the accredited variable and the independent variable of data for the Sumer Bank

4- Iraqi Islamic Bank:

The results presented in the table below are the analysis of the simple regression form for the continuity of accounting profits on the financial faltering variable of the Iraqi Islamic Bank for the 2015 financial period until 2020, and as it is presented in the following table:

Table (5) The values of the coefficient of determination , the value of the slope of slope and the value T of the Iraqi Islamic Bank

The reliable variable / Independent variable	Continuity of accounting profits			The coefficient of determination R^2	Corrected identification factor	Values F Calculated	Sig
	Value β	-T- Calculated	Sig				
Intercept	0.0134	1.483	0.214	0.11	0.09	0.0469	0.839
Financial stumbling	0.1487	0.347	0.855				

Among the results presented in Table (5) when increasing the variable (financial stumbling) is one unit (the continuity of accounting profits), will be affected by the increase by ($\beta = 0.1487$), which means that there is a positive and non –statistical significant effect of the variable (financial distress) on (The continuity of accounting profits), and this leads to the possibility of saying that (financial distress) will have a weak positive role in (the continuity of accounting profits), and this is evident through the (T) test for beta value (B) that reached (0.347), which is evidence of Beta laboratory is not morale below the 0.05 level. Through the value of β We find that this value is close to zero, so we find that the Iraqi -Islamic bank does not have the feature of continuing accounting profits and successively, the quality of accounting profits are temporary, and of very low quality.

In general, and through the calculated value (F) (0.0469), which is a non - statistical significant value below the level of 0.05, we conclude that the studied model between (financial distress) and (the continuity of accounting profits) of the Iraqi Islamic Bank is not compatible with the phenomenon under study. The coefficient of determination (R2) reached (11%) and the corrected coefficient of

determination (9%), which shows that the ability to interpretation the regression equation is not effective in the interpretation of the changes that occur between the variable (financial distress) and the variable (the continuity of accounting profits), which indicates only than (9%) of the changes that occur in (the continuity of accounting profits) is due to the (financial stumbling) index. This value is very little in the interpretation of changes. The following form shows the spread of the values of the accredited variable and the independent variable Islamic Bank, as well as the estimated values of the features of this model.

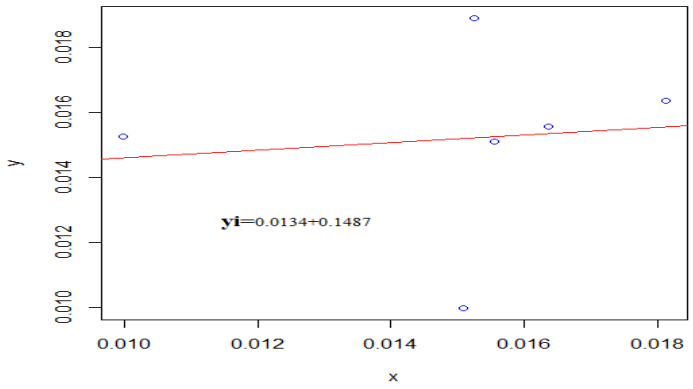

Figure (5) shows the spread of the values of the accredited variable and the independent variable of the data of the Iraqi Islamic Bank

5- Gulf Commercial Bank:

The results presented in the table below are the analysis of the simple regression form for the continuity of accounting profits on the financial faltering variable of the Gulf Business Bank for the financial period 2015 until 2020, and as shown in the following table:

Table (6) The values of the coefficient of determination , the value of the slope of slope and the value T of the Gulf Commercial Bank

The reliable variable / Independent variable	Continuity of accounting profits			The coefficient of determination R^2	Corrected identification factor	Values F Calculated	Sig
	Value β	-T- Calculated	Sig				
Intercept	0.042	0.875	0.431	0.21	0.19	0.054	0.9258
Financial stumbling	-0.1908	0.099-	0.926				

Among the results presented in Table (6) when increasing the variable (financial distress) is one unit (the continuity of accounting profits), will be affected by the decrease by (β = 0.1908), which means that there is a negative and non - statistical significant effect of the variable (financial distress) On (the continuity of accounting profits), and this leads to the possibility of saying that (financial distress) will have a weak negative role in (the continuity of accounting profits), and this is evident through the (T) test for the Beta (B) value laboratory that reached (0.926), which is evidence On the basis of the beta factor below the level of 0.05. Through the value of β we find that this value is close to zero, so we find that the Gulf Commercial Bank does not have the property of the continuity of accounting profits and successively, the quality of accounting profits are temporary, and of very low quality.

In general, and through the calculated value (F) (0.054), which is a non - statistical significant value below the level of 0.05, we conclude that the studied model between (financial distress) and (the continuity of accounting profits) of the Gulf Business Bank, is not compatible with the phenomenon under study. That coefficient of determination (R^2) reached (21%) and the corrected coefficient of determination (19%) of the changes that occur in (the continuity of accounting profits) is due to the (financial distress) index. This value is very little in the interpretation of changes. The following form shows the spread of the values of the accredited variable and the independent variable of the Gulf Commercial Bank, as well as the estimated values of the features of this model:

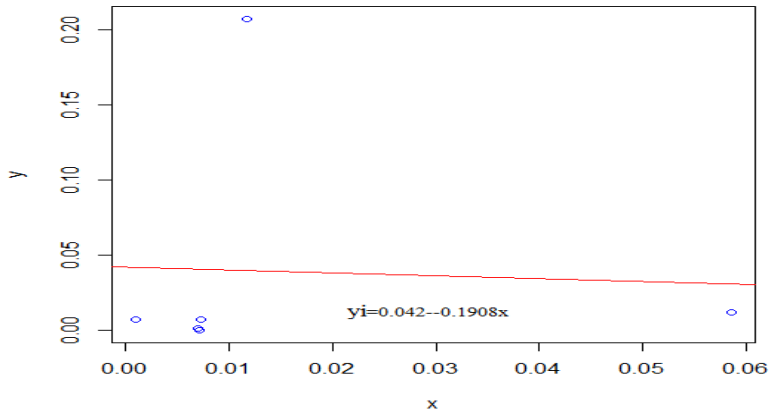

Figure (6) shows the spread of the values of the accredited variable and the independent variable of the data of the Gulf Commercial Bank

Conclusions:-

1- The Iraqi commercial banks listed in the Iraq market during the study years are not exposed to financial stumbling according to the Sherrod-1989-Z model, as the position of banks was limited to the first three categories.

2- The Sherrod model has proven its effectiveness in measuring the financial stumbling of the commercial banks, as the result was positive for all banks.

3- The presence of a positive non -moral correlation between the independent variable of financial stumbling and the dependent variable represented by the continuity of accounting profits for most commercial banks.

4- When using the sustainability model (the continuity of profits), it is possible to predict future profits when achieving the quality of accounting profits, and this is an indication of the continuity and permanence of profits.

Recommendations:-

1- The adoption of the financial prediction scale of the (Z-Sherrod in the measurement, with the need to use other models and apply to other non-banking institutions such as service and industrial to reach the optimal model.

2- Carrying out educational and training courses by unions and government agencies to educate those in charge of institutions about the concept and types of financial stumbling and its impact on institutions and their training on how to use financial proportions to predict the financial situation of the institution.

3- The need to pay attention to the accuracy of the financial statements of the institution, and the issuance of regular and accurate periodic financial lists.

4-Establishing specialized analysis centers in the financial aspects in order to help dealers and investors to protect their money from entering into investments that may eliminate and lose these funds.

5- Work to adopt the sustainability model (the continuity of profits) and other additional models to measure the quality of accounting profits in the banks listed in the Iraq Stock Exchange.

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