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Leasing and its reflection on the financial statements in Iraqi Islamic banks (An Empirical Study in a Sample of Banks Listed in the Iraq Stock Exchange)

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Abstract :
The research aims to identify Islamic banks and the Islamic accounting standard issued by (AAOIFI renting and its impact on financial statements this theoretical aspect of research but the practical aspect is based on the main hypothesis that states (there is a statistically significant effect of the application of the Islamic accounting standard (32) on the quality of financial statements in Islamic banks) The research reached a set of conclusions, the most important of which is that what the rental standard has done in the tenant's books in establishing the "right to use the existing" is a capitalization for the benefit owned by the tenant, which has used the term fire along with this existing one and presented it separately in the financial statements, but the most important recommendations as a result of the amendments to the rental standard should be applied by Islamic financial institutions/banks to respond to the application of the requirements of the standard.

Keywords - *leasing , Islamic banks , financial statements.*

I. INTRODUCTION

Islamic banking emerged through its Islamic banks to prove at the time that through what it applies of Islamic rules and principles through its products that it deals with, it was able to stand as an impenetrable barrier in light of this crisis, which increased the interest of Western countries in this model, and this is confirmed by what the World Islamic Economic Forum witnessed Which was hosted by London in its ninth session in (2013) , where he confirmed During which British Prime Minister (David Cameron) said that London is the largest Islamic financial center outside the Islamic world Today, we aspire to go further . Here, Islamic banking had to persevere and diligently in developing its products in a way that does not conflict with the principles of Islamic Sharia and its provisions, then compatibility and harmony with the international principles and laws of traditional banking . of standards, and among these standards is the Financial Accounting Standard (FAS32) Leasing , and in the interest of the importance of issuing a standard in the final form to be approved for in Islamic financial institutions, this accounting treatments for leasing operations helping hand through detailed and extensive study had a share in providing a humble research in most accounting ,legislative and applied aspects

II. RESEARCH METHODOLOGY

Research problem:

After obligating the Islamic Banking Law and the Central Bank to apply the AAOIFI standards, some banks still do not apply the standard in its correct form. From the main problem, subsidiary questions arise 1- Are there differences in the accounting processing of financial data related to the operationalandfinancing cont forthelessor? 2- Are there differences in the accounting processing of financial data related to operationalandfinancingcontracts for the tenant?

Research importance:

This study derives its importance by addressing one of the important and modern topics in the Islamic financial industry, through a comparison between the accounting and applied treatments for the operations of lease ending with ownership . The novelty of the topic gives it such importance. Because we are witnessing its spread clearly at the present time, and preparing an administrative structure capable of knowing the problems and risks facing Islamic banks in leasing contracts, and describing solutions and ways that help reduce and reduce these risks According provisions and principles Islamic Law and Islamic accounting.

Research objectives:

The main objective of the study is to study and analyze the accounting treatments for Ijarah Muntahia Bittamleek (financing) operations in the light of the Islamic Financial Accounting Standard (FAS32). the lease , by achieving the following sub- objectives : 1- Learn the extent of the commitment of the financial accounting standard (FAS32) the lease to the provisions of Islamic Sharia 2 -Study and analyze the reality of the practical application of Islamic accounting standard No. (32) lease in Islamic banks 3 - Applying the proposed accounting processors to the research sample and showing their reflection on the financial statements

Research hypotheses:

In light of the objective of the research and the problem of research, the research can be based on a hypothesis (there is a statistically significant effect of the application of the Islamic accounting standard (32) on the quality of financial statements in Islamic banks)

Research approach and data collection method:

I depend Research on the descriptive method Inductive in its theoretical and practical sides, by collecting local, Arab and foreign sources from books, research, magazines, theses , university theses, the Internet, laws and instructions

Previous studies:

1- Study (Al-Mikhlafi 2017) entitled: Islamic Financial Accounting Standards Relating to Investment and Its Effect In the financial statements a doctor's thesis in (Yarmouk University, College of Sharia and Islamic Studies, Department of Economy and Islamic banks) The study aimed at the following: - A statement of the jurisprudential basis for the vocabulary of the aforementioned Islamic financial accounting standards, an indication of the extent to which Jordanian Islamic banks adhere to the mentioned Islamic financial accounting standards. Statement of the impact of applying the Islamic financial accounting standards mentioned in the financial statements . The study concluded that Islamic banks issue seven financial statements, which are : the statement of financial position, the statement of income, and the statement of cash flows . List of residual earnings (statement of changes in owners' equity) , list of changes in restricted investments, list of sources of Zakat and Charitable Fund funds and their uses, and list of sources or funds of the loan fund and their uses . The Central Bank of Islamic banks with standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) in the absence of standards for Islamic financial institutions - Central Bank instructions and other relevant legislation relationship

2- **-** study (Hammad 2019) entitled: The standard of lease-to-own in accordance with Islamic and Islamic standards International Federation of Accountants, published by the International Federation of Accountants , Research - in the Journal of Business and Financial Economics JFBE - Volume - Volume 3 - Issue 2) The study aimed at the similarities and differences between the tenancy standard and the expired lease. By ownership in Islamic standards and the rental standard in international standards, the researcher also followed the descriptive-analytical comparative approach by describing Islamic standards and international standards and analyzing them for a standard Ownership lease or property lease , the study reached a set of results, including that the lease standard according to Islamic standards is not different in terms of concept from the lease in international standards. The legitimate ownership is distinguished from the rental sale that is applicable in The traditional banks say that the traditional ownership lease applies the provisions of both sale and lease to the leased property at the same time, then its ownership is transferred to the lessee as soon as the last installment of the lease installments is paid without there being an independent contract in which the ownership ends with ownership. The leased premises until the end of the lease term, then ownership is obtained to the lessee in the manner set forth in the standard

3- study (2017) Sarea & others Measuring the Level of Compliance with Financial Accounting Standard No. 8 :The study aimed to reveal the perception of accountants in Islamic financial institutions with regard to the level of compliance with the Financial Accounting Standard (FAS 8) Ijarah and Ijarah Muntahia Bittamleek, which aims to set the accounting rules for the recognition of measurement, presentation and disclosure of the lease and leasehold transactions that were conducted in Islamic banks . The study concluded that the level of compliance with the Financial Accounting Standard (FAS 8), issued by the Accounting and Auditing Organization for Islamic Financial Institutions, is relatively high in financial institutions. Ownership in Islamic financial institutions

4- Khalid & othres (2021) study entitled Accounting Treatment for Ijarah and Ijarah Muntahia Bittamleeek The study aimed to review and analyze the concept of leasing and leasing ending with ownership in Islamic banks , the study found a major difference between the two standards, as the Islamic Financial Accounting Standard (FAS 8) focuses on the legal aspect of financial transactions, while International Standard No. (17) focuses on the field of economics, as well as the commitment of Islamic banks to apply the Financial Accounting Standard (FAS). 8) With regard to the accounting measurement, but it did not comply with the application of the standard (FAS 8) with regard to recognition, presentation and disclosure in financial reports.

III. THE THEORETICAL ASPECT OF THE RESEARCH

GENESIS ISLAMIC BANKS :

The history of the emergence of Islamic banks, according to some studies, goes back to the year (1940) in Malaysia , in which they established savings funds without interest. The prosperity in internal and external trade at the dawn of Islam led to the establishment of Islamic financial tools such as money transfer, deposits, exchange bonds, checks, etc. to keep pace with these commercial developments. Later, the Europeans adopted these Islamic practices and continued to develop them until the modern era. (Soage, 2020: 63)

However, the serious attempts in the modern era to establish banks that provide banking services and businesses in accordance with the provisions of Islamic Sharia began in (1963) through the experience of local savings banks that appeared in Upper Egypt in a small village (Mitt Ghamr in the Nile Delta) at the hands of Dr. Ahmed Abdel Aziz Al-Najjar (ABDUL-RAHMAN, 2014: 249)

and the local savings banks have relied in their work on the basis of collecting small savings for small farmers and repurposing them on the basis of participation away from the interest rate, whether by taking or giving (lone: 2016: 16)

and in the year (1963) The Malaysian government has established the Pilgrims Fund This fund was ideas dating back to the Malaysian businessman Ingeko Aziz of the year (1950) to support the potential and help in their spending during the Hajj (SASI, 2019 : 204)

in (1975) the banking business knew its actual beginning when the government decree was issued to establish Dubai Islamic Bank, which was distinguished By providing integrated banking services, and in the same year the Islamic Development Bank was established, which is an international institution for financing development in which all Islamic countries participate. After that, local Islamic banks were established in various countries, where the Islamic banking industry has known rapid growth over the past four decades (Iqbal & Molyneux , 2005: p37-38)

The concept and definition of Islamic banks:

Islamic banks are committed to the principles and provisions of Islamic Sharia, and Islamic banks have become a reality not only in the life of the Islamic nation, but in all parts of the world as they are spread in most countries , where these banks have become a tangible and effective reality that transcends the framework of presence to penetrate into the horizons of dealing, innovation and dealing positively With the developments of the times facing the world today, which leads us to identify its concept . Where he defined (Boumaza) Islamic banks as a banking financial institution that does not deal with interest, taking and giving, as it operates in accordance with the provisions and rules of Islamic Sharia in all its banking and investment transactions, supporting economic and social development (Boumaza, 2018 : 4)

And I defined Article (15) of the agreement establishing the union International Bank for Islamic Banks Affiliated to the Organization of the Islamic Conference - in 1977 Islamic banks are the institutions whose establishment law and statute stipulate adherence to the principles of Islamic Sharia and not to deal in usury by giving and taking (Al -Wadi, et al. , 2010 : p. 191)

Explains Islamic banks It is a financial intermediary institution with an approach and a mission that aims to invest money in the manner of profit and loss sharing, and provides its services on the basis of the rules and provisions of Islamic Sharia in a manner that achieves justice in distribution and serves economic and social development (Hashem et al., 2020 : 134)

The financial objectives of Islamic banks:

Islamic banks seek to achieve a set of financial goals on a non-usurious basis in accordance with the principles of Islamic Sharia in various fields of banking, investment and finance Among the goals that Islamic banks seek to achieve are : (The Minds, 2011 : 18)

First - Attracting and developing deposits: This goal is one of the most important goals of Islamic banks, and this importance is due to the commitment to the application of the Sharia rule and the divine order not to disrupt the money and invest it in a way that brings profits to the Islamic community and its members. or demand deposits

Secondly - Investment and investment of funds : Investing bank funds in high efficiency investments with minimal risks, in a manner that achieves the target return for depositors or shareholders through Shariah investment formulas

Third - Achieving Profits: Islamic banks, like any economic institution, seek to achieve an appropriate and legitimate profit as a result of the practice of banking activities so that they can continue and compete in the banking market

The basic principles of Islamic banks:

There are a number of principles on which Islamic banks are based (Abdali and Hamdi, 2019 : 173) (Wasif and Somaya, 2019 : 771):-

- A- The prohibition of any contract that leads to gharar (exposing oneself or one's money to danger without knowing), usury and unfairness (which is deception and lack of transactions) and adherence to moral and legal regulations, and it is considered one of the basic conditions for honorable competition is the philosophy of Islam
- B- . Real investment, not illusion, where the risks arising from real investment are shared between the user of the funds and the investor, as the money does not generate money until it is compared to a work or activity taken into consideration by the principles of Islamic Sharia .
- C- Achieving economic and social goals by encouragin g the owners of small projects to finance ending with ownership and their participation in those projects, and thus the full ownership of the project for the owners of the project idea Protection of all parties involved in financing tools such as partners, shareholders, investors, traders, customers and sellers through the work of economic feasibility of projects and the study of investment projects .

The concept of leasing :

considered as the lease from Techniques Finance Islamic the mission Because he Instrument effective for banks Islamic , Can for the bank and customers from Investigation Advantages and benefits fit With Goals all who are they , Especially at context Development fast Which witness it the world Currently, the lease he is one methods Which I developed it banks Islamic and he Met to apply legally on Business Finance for this banks , Because he not method finance just , but rather he is also Activity commercial get up with it banks Islamic . (Hamdan, 2010 : 22**)**

A necklace leasing she a necklace Complete hereby ownership utility Information The origin of the (eye) is known from before its owner to tip else Opposite Awad (price) known for Information, And may be know her Law as ownership lessor for the tenant utility Intentional from the thing lessor Period Information Opposite replace known . (Accounting and Auditing Organization for Islamic Financial Institutions, 2015 : 39

It should be Signal to me that What Referred mechanism here not the lease in the sense traditional for the word , but rather he is the shape the talk for rent Which you use banks Islamic modern . Where Islamic banks use leasing on Benefits as a style from Techniques its investments, and buy Real estate and assets Development under a necklace the lease Himself , and deliver it to me the customer To get rid Of which from Yes get on Income As a return . (Hammad, 2019 : 578)

The advantages of leasing financing:

A- with regards For the lessor : - (Abu Qanouna , 2016 : 103)
first: investment existing Without the need to me Give up on ownership , where Complete Transfer benefit

Secondly: Investigation revenues Excellent And insured calendar flows cash long valid interval contract

Third: the reduction from sharpness twists Economic on lessor

Fourth: the reduction from risk credit for speed recovery the origin at condition fall behind Tenant on his obligations

B- with regards For the tenant : - (Fraihat, 2016 : 41)
Or not:- to have And Use the findings required Without need to me Pay liquidity great

Secondly:- Benefit with assets rented at Shade conditions Economic volati

Third:- Avoid risk Property despite owning it for assets And use it

Fourth:- Some Species the lease Allows for the tenant Possibility own the origin at End The period of the lease finished ownership

Applications of leasing in Islamic banks

As long as the lease contract is an obligatory contract, one of the two parties does not have the right to unilaterally cancel or modify it without the consent of the other, but it can be rescinded with an emergency excuse or in the event of the destruction of the eye or the appearance of a defect in it that prevents benefiting from it, and Islamic banks consider lease contracts as a means of financing and credit because of the It has many advantages, and it can be called a lease sale, i.e. the right of usufruct while retaining the right of ownership. It was prepared from the sales that were developed in Islamic banks and was also considered a type of medium and long-term credit, which includes a capital or operational financing process that does not aim at ownership, and the fact that the lease contract is necessary and that it is one of Ownership contracts are based on the exchange between two considerations and the original is necessary, with the necessity of specifying the lease term and the permissibility of taking the deposit. Also, it is not permissible to conclude another lease contract after the lease of the property, considering that the (the benefit) is out of the disposal of the owner (the lessor) with the first lease contract, so the lease place is occupied with the first tenant. The second lease remains a place and it is not possible to introduce a second or new tenant in agreement with the first tenant to terminate the contract, and accordingly, it is not permissible in this formula to invest the money. (Al-Shammari, 2019 : 23)

The initial estimate of the lessor in accordance with Islamic Accounting Standard No. (32) The lease

Any advance paid by the lessor against possession of the underlying asset is recorded before control of the underlying asset is transferred to the lessor, and reported as an advance to the seller. advance leases, and the underlying asset is initially recognized at cost. The cost of the underlying asset includes all costs of acquisition and other costs incurred in bringing the underlying asset to its present location and condition. It includes all types of taxes (other than those recovered later) Transportation and handling costs including the related takaful cost including those incurred by the customer in his capacity as the agent and any fees paid to the agent, trade discounts, discounts and similar items shall be deducted from the costs , either in cases where the underlying assets are acquired on a piecemeal basis or in installments, Each tranche of assets received is recognized when the conditions specified in respect of that tranche are met. As for transaction costs, transaction costs, which are not entitled to be included in the cost of the underlying asset, which are borne by the lessor according to the assets for arranging the lease transaction, are recognized as primary direct costs. The pattern used to allocate the rental income (AAOIFI, 2019: 20)

The subsequent measurement of the lessee in accordance with Islamic Accounting Standard No. (32) The lease

get up the tenant after Date start, measure the findings Which to her right Usage at cost includes:-

A- consumption the findings right the use

The right-of-use existing lessee consumes from the start date to the end of the useful economic life of the right-of-use asset that coincides with the end of the lease term, and the depreciable amount of the right-of-use asset is depreciated in a systematic manner that reflects the pattern of use of the benefits derived from the right-of-use assets, representing the depreciable amount Generally, the cost of the right-of-use asset minus the residual value, if any , the residual value of the right-of-use asset is equa

- Values zero at Case (rent worker، Ijarah Muntahia Bittamleek from Through sale in value fair distance End interval leasing ، body Management sold out Which no meet on condition determinant)

- the value remaining for assets the basic ability at End interval leasing at condition (Ijarah Muntahia Bittamleek from Through Transport progressive)

- Appreciation the value remaining from existing primary at End term leasing price buying less a promise (in found) in condition (Ijarah Muntahia Bittamleek from Through sale or the gift distance End Period leasing, if It was from Expected very that Complete Practice Option Transfer Property the origin primary to me Tenant on road the purchase or the gift)

B- Subsequent measurement of the lease liability

After the start date, the lessee measures the net lease liability by:-

- Reducing the amount incurred from the total payment obligations to reflect the lease payments made
- Increasing the net incurred amount to reflect the return on the lease liability, by amortizing the deferred lease cost, and Remeasure the carrying amount to reflect any revaluation or lease adjustments or to reflect revised fixed lease rentals.

The effect of re-measurement of the amount incurred from the lease liability is recognized as a change in the deferred lease cost and the deferred lease cost is amortized to income over the lease period on a time proportion basis. It is a rebuttable assumption that for most Ijara transactions, the appropriate method for applying the time ratio basis is the effective rate of return method, after the start date the lessee is recognized in the income statement, unless costs are included in the amount carried from another asset (such as inventory, property, plant equipment, assets, etc.), both deferred lease cost amortization, and variable lease rentals (not already included in the lease liability measurement) – in the period in which the event or condition that leads to those payments occurs. (previous source, AAOIFI16-17)

Preparing the financial statements in accordance with Islamic Accounting Standard No. (32) Leasing

The Accounting and Auditing Organization for Islamic Financial Institutions has determined the types of financial statements that are prepared by Islamic financial institutions, which are the balance sheet, the income statement, the cash flow statement, the list of changes in restricted investments, the list of sources and uses of

Zakat and Charity Fund funds and the list of Sources and uses of the good loan fund funds, and we will focus in this research on the balance sheet or the so-called statement of financial position (Loutfi, 2008 : 77)

A- List of financial position according to Islamic accounting standards

The definition of the statement of financial position in accordance with the standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions does not differ from the definitions issued by the International Accounting Standards Board, but the difference lies in the content of the list, as it is prepared in accordance with Islamic Sharia (Accounting, Auditing , Governance and Ethics Standards, 2015 : 154)

First: - Definition of the statement of financial position : The economic activity of the institution results in showing the means it uses in order to produce and sell products and services to customers, where the difference between revenues and costs is the result achieved by the institution and this result we obtain through the statement of financial position that consists of: two sides (Al - Adassi , 2011 : 30)

1- Assets: They represent aspects of investment, whether they are fixed assets or current assets
2- Liabilities: They include sources of funds, whether they are from the owners of the project or others , The objective of preparing the budget is to determine the financial position of the institution on a specific date Second: How to prepare the statement of financial position :

Accounting uses the term assets , to express property, and liabilities to express the rights of others. The term property rights is also used to express the rights of the owner or owners of the enterprise. Hence, the accounting equation can be put in the following form

Assets = Liabilities + Equity

The accounting list, which shows the institution 's assets on one side, and the institution's liabilities and property rights on the other, is called the statement of financial position, and based on the accounting equation, the two sides of the list are always equal , and because of the equality or balance of the two sides of the statement of financial position, it is called the statement of financial position. On it, as well as the name of the budget (Hanan, 2009 : 20)

The budget includes the following items:-

- Assets: It is everything capable of generating positive cash flows or other economic benefits in the future, and the asset must be financially measurable with the permissibility of disposal The assets from the legal point of view consist of the following elements (Standards for Accounting, Auditing , Governance and Ethics, 2015 : 94)

*current assets : It consists of cash and Other assets , which are expected to be converted into cash, during the organization's normal cycle of operations, or within one year, if the operating cycle lasts more than one year. Current assets are included in the balance sheet according to the degree of their liquidity or the speed of their conversion into cash

Fixed Assets : The term fixed assets is used to refer to non-permanent assets, which are bought for the purpose of use, not for the purpose of sale. Fixed assets are included in the budget in order according to the less stable items, that is, those that remain in the enterprise for a shorter period, first, then those that remain for a longer period, and so on. So, fixed assets appear in the balance sheet, after current assets

Intangible assets : term _ Intangible assets on assets that lack a tangible physical entity , an example (Goodwill, patents, and trademarks) This group is placed after fixed assets

- Liabilities : Liabilities are defined as economic commitments on the institution, which are recognized and assessed in accordance with generally accepted accounting principles, and the firm's liabilities are the debts or obligations of the institution towards others . The liabilities consist of the following elements : Standards for Accounting, Auditing , Governance and Ethics, 2015 : 154)

*Liabilities : The term current liabilities is used to refer to obligations, the fulfillment of which requires the use of current assets, or recourse to new current liabilities. Obligations that are expected to be paid within one year or less are classified under current liabilities according to the date of their liquidation or settlement. The obligations expected to be paid appear first, followed by the obligations expected to be paid, after that, and so on

*Fixed Liabilities : The debts owed by the facility, the repayment period of which takes more than one year, are called "long-term debts" or "fixed liabilities". If part of the fixed liabilities is due for payment within a year or closer to the date of the statement of financial position, the amount due is included in the current liabilities

- Equity : It is the remainder of the value of assets , after excluding the value of liabilities , so the value of equity depends on the valuation of assets and liabilities. When property owners invest money in a project, it is the assessment of assets that determines the amount added to property rights , and when the results of operations are summarized, the increase in the value of assets determines the amount of net income added to owners' equity the registration of property rights data in the budget varies, according to the legal form of the institution, and whether it is a sole proprietorship, a company of persons, or a joint stock company . (Lazaar, 2012 : 37)

IV. THE PRACTICAL SIDE OF THE SEARCH

Analysis statistician For research sample banks

The researchers found the general and descriptive statistics of the lowest and highest value, the computational medium, the standard deviation and the dispersion factors of each of the study variables in order to give a full picture of the data used. Because the study expands to more than one independent variable, the variables have been encoded for use in the statistical program as in table (1)

table (1)

Statistical code	Variable type	Variable name
ST32	independent	Standard 32
SIEZ	Regulatory	Bank size
LEV	Regulatory	Leverage
GROWTH	Regulatory	Revenue growth
EM	adherent	Quality of financial statements

Analyze the general statistics of the variables :

Table (2) shows the general descriptive statistics represented by the lowest value and highest value and Arithmetic mean and The standard deviation of the study variables for the research sample banks for the period from 2017-2020

Table (2) Descriptive statistics for the study variables for the research sample banks for the period from 2017 – 2020

T	Variables	Arithmetic mean	highest value	lowest value	standard deviation	dispersion coefficient
1	EM	4.555295	27.49042	0.051122	7.302497	0.996
2	ST32	0.166667	1.000000	0.0000000	0.389249	1
3	SIEZ	9.349544	10.97031	5.390981	1.556695	0.341
4	LEV	0.533333	0.66	0.420000	0.083594	0.222
5	GROWTH	0.388408	5.253445	-0.687	1.621048	1.301

The source was prepared by the researcher based on Eviews program

The mentioned table shows that the lowest value of the financial statement quality variable was (0.0511), while the highest value was (27.49), with an arithmetic mean of (4.555), a standard deviation of (7.302497) and a dispersion coefficient of (0.996), which indicates a high dispersion ratio between the values of this variable during the study period

application variable was (2), while the highest value was (1252.1500), with an arithmetic 32 mean of (698.4100), a standard deviation of (495.9576), and a dispersion coefficient of (0.71), which indicates a somewhat high percentage of dispersion between the values of these values. ratio during the study period

The lowest value of the variable size of the bank was (5.390981) , while the highest value was (10.97031), with an arithmetic mean of (1.2541), a standard deviation of (1.556695), and a dispersion coefficient of (0.341), which indicates a small dispersion ratio between the values of this ratio during the study period

The lowest value of the leverage variable was (0.42), while the highest value was (0.66), with an arithmetic mean of (0.533333) and a standard deviation of (0.083594) and a dispersion coefficient of (0.222) which indicates a very low dispersion ratio between the values of this ratio during the study period

The lowest value of the growth variable was (-0.687), while the highest value was (5.253445), with an arithmetic mean of (0.39) and a standard deviation of (1.62) and a dispersion coefficient of (0.16), which indicates a low dispersion ratio between the values of this ratio during the period the study. The lowest value of the net profit ratio on assets was (-0.0063), while the highest value was (0.0304), with an arithmetic mean of (0.0099), a standard deviation of (0.0175) and a dispersion coefficient of (1.301), which indicates a significantly high dispersion ratio between the values of this ratio during the study period

Analyzing the correlations between the variables :

Table (3) displays the correlation matrix between the nine variables under study for the trust bank Islamic for the period from 2017 to 2020 . If the Pearson correlation score is higher than 0.70 , there is a relationship between the independent variables

Table (3) Statistical relationships between the variables of the research sample banks for the period from 2017 to 2020

Variables	EM	ST32	SIEZ	LEV	GROWTH
EM	1.000				
ST32	-0.202	1.000			
SIEZ	-0.73	2.0-	1.000		
LEV	-0.07	-0.32	-0.02	1.000	
GROWTH	-0.13	-0.101	-0.31	-0.19	1.000

The source was prepared by the researcher, based on the SPSS program

Statistical tests of the data showed only one statistically significant relationship, and a number of statistically non-significant relationships, which we summarize as follows:

A- The data presented in Table (3) showed that there are a number of positive and negative weak relationships between the variables under study, but they were not statistically significant, for example, the statistically insignificant relationship between each of the 32 criteria and financial leverage and growth

We conclude from the foregoing, that the statistical analyzes of the data obtained from the financial reports of the banks of the study sample provide, in general, evidence indicating the existence of a relationship of one large value, negative and significant, statistically only between the size of the ba

Main Hypothesis Test

The main hypothesis states that "there is a statistically significant effect of applying Standard No. 32 on the quality of the financial statements." The effect of the independent variable and the control variables dependent on the quality of the financial statements of the sample banks for the period from 2017 to 2020 has been tested using the results of multiple regression analysis . Through the following regression:nk and the quality of the financial statements

$$\mathrm{EM} = a + \beta_1 \mathrm{ST32}_{it} + \beta_2 SIEZ_{it} + \beta_3 LEV_{it} + \beta_4 GROWTHS_{it} \varepsilon_{it}$$

Where

EM = Financial statement quality (dependent variable) measured using the 1991 Jones model

ST32 = Standard 32 independent variable

SIEZ = company size regulatory variable

LEV = debt ratio regulatory variable

GROWTHS = Revenue Growth (Regulatory Variable)

Table (3) The results of the multiple regression analysis of the independent study variable and the variables on the dependent variable The quality of the financial statements based on the financial statements of the study sample banks for the period from 2017 to 2020

Variable	Coefficient	std. Error	t-Statistic	Prob.
ST32	-9.996698	1.748463	-5.717421	0.0007
SIEZ	-4.806164	0.437170	-10.99382	0.0000
LEV	-31.96118	8.063796	-3.963540	0.0054
GROWTH	-2.161657	0.411981	-5.246984	0.0012
C	69.04242	6.641696	10.39530	0.0000
R-squared	0.949918	Mean dependent var		4.555295
Adjusted R-squared	0.921299	SD dependent var		7.302497

SE of regression	2.048619	Akaike info criterion	4.566546
Sum squared resid	29.37787	Schwarz criterion	4.768590
Log likely	-22.39927	Hannan -Quinn criter .	4.491741
F-statistic	33.19244	Durbin-Watson stat	1.805418
Prob (F-statistic)	0.000122		

The source was prepared by the researcher based on Eviews program

1 -Table (4) shows that the coefficient of determination that measures the degree of relationship between two model variables The regression ratio of the credit risk and the value of the bank was 0.94 , which is very strong. As for the square of the coefficient of determination, which measures the extent to which the independent variable affects the credit risk ratio on the dependent variable, the value of the bank, its value was (0.92), which is very strong. This result indicates that the explanatory power of the independent variable and the control variables on the quality of the financial statements is very high

2- Table (4) also shows that the value of the beta coefficient, which constitutes the simple regression treatment to predict the expected effect of the independent variable standard 32 on the dependent variable, the quality of the lists is (-9.99), and since the value of the coefficient of the independent variable is negative, this means that when the application of standard 32 increases , then the value of the coefficient of the independent variable is negative. The quality of the financial statements will increase through the decrease in the accounting practices used in the management, and this result is statistically significant. And it appears in Table (4) that the value of the t - test for the independent variable was (-5.717421) , which is statistically significant at the calculated level of morale (0.007), which is equal to the level of the selected morale (0.05). This means that the value of the dependent variable is (-9.99) when the value of the independent variable is (1) . Which indicates the proof of the research hypothesis which states that “there is a statistically significant effect of applying Standard No. 32 on the quality of the financial statements

It is also evident from Table No. (4) that there is a statistically significant effect of the regulatory variables, the size of the bank, financial leverage , and growth on the quality of the financial statements at the level (0.05)

V. CONCLUSIONS AND RECOMMENDATIONS

Conclusions :

The conclusions of the theoretical aspect can be explained by the following:

1- Islamic banks issue seven financial statements, which are: the statement of financial position, the income statement, the statement of cash flows, the statement of retained earnings (the list of changes in owners’ equity) , the list of changes in restricted investments, the list of sources and uses of Zakat Fund funds and their uses, and the list of sources of funds of the Fund The loan and its uses
2- The existing accounting treatments in the books of the lessor did not differ substantially in light of the accounting standard Financial Accounting Standard (FAS 8) for those treatments in light of the Financial Accounting Standard (FAS 32)
3- What the lease standard did in the books of the lessee in proving the “right to use the asset” is nothing but the capitalization of the benefit owned by the lessee, which has used the term amortization alongside this asset and presented in a separate manner in the financial statements
4- Iraqi Islamic banks did not apply Islamic Financial Accounting Standard No (32) Ijarah, in 2021 , to be implemented in 2022

Recommendations:

The research reached a set of recommendations as follows:

1- The need to conduct future studies on performance indicators other than that used by the researcher when conducting this study in addition to other Islamic financing formulas and their impact on financial statements
2- The need for Islamic banks to help researchers in the field of specialization by disclosing financial statements for periods of at least 10 years, which helps researchers obtain more accurate results
3- Educating investors about the nature of the relationship between both earnings per share and asset turnover can help them rely on asset turnover to predict dividends on the shares expected to be acquired
4- Expanding the application of Islamic accounting standard No. (32) in all its terms because of its reflection on accounting disclosure

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