THE IMPACT OF ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARDS ON THE QUALITY OF FINANCIAL REPORTS USING THE ACCRUAL MODEL

Tabarak Ayad Jasim[A], Mohammed Abdullah Ibrahim[B]

ARTICLE INFO	ABSTRACT
	Objective: The research aims to define international financial reporting standards, in addition to showing their importance during historical development, for the purpose of adopting international financial reporting standards. **Theoretical framework:** It is clarifying the international financial reporting standards. In addition to showing its importance during the historical development, for the purpose of adopting international financial reporting standards. As well as the theoretical framework for the quality of financial reports. The adoption of international financial reporting standards was also affected, then the impact of international financial reporting standards on the quality of financial reports was measured. **Method:** The search relied on the deductive and inductive approaches, as the deductive approach was employed by studying the literature related to the subject of the research. As for the scientific aspect, the inductive, descriptive, and analytical approaches were adopted, as well as the statistical approach. **Results and Conclusion:** Results of the practical application of the research showed that the adoption of international financial reporting standards instead of the unified accounting system for banks has affected the quality of the financial reports of some banks listed in the Iraq Stock Exchange. It is concluded from this that there is a lack of proper application of international financial reporting standards because of the unclear understanding of them and how to apply them. Iraqi commercial banks need to adhere to the effective and proper application of international financial reporting standards to avoid many issues and fundamental errors related to the presentation of financial reports. **Implications of the research:** The adoption of International Financial Reporting Standards (IFRS) increases the possibility of comparing financial information, in addition to increasing the level of transparency and the quality of disclosure in financial reports. This means the application of standards reduces information asymmetry, therefore is reflected in the users of that information in decision-making. **Originality/value:** The value of research comes from the importance of international financial reporting standards and their ability to provide quality and comparable financial reports between different companies and economic units, also the role of it for improving the quality of financial reports. Doi: https://doi.org/10.26668/businessreview/2023.v8i6.2330

[A] Master. Accounting Department, College of Management and Economics, University of Baghdad. Baghdad, Iraq. E-mail: Tabarak.ayad1206a@coadec.uobaghdad.edu.iq Orcid: https://orcid.org/0009-0000-2881-029X
[B] Doctor. Assistant Professor. Accounting Department, College of Management and Economics, University of Baghdad. Baghdad, Iraq. E-mail: Mohamed.Ibrahim@coadec.uobaghdad.edu.iq
Orcid: https://orcid.org/0000-0002-4483-490X

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O IMPACTO DA ADOÇÃO DAS NORMAS INTERNACIONAIS DE RELATÓRIOS FINANCEIROS NA QUALIDADE DOS RELATÓRIOS FINANCEIROS USANDO O MODELO DE ACUMULAÇÃO

RESUMO

Objetivo: A pesquisa tem como objetivo definir as normas internacionais de relatório financeiro, além de mostrar sua importância durante o desenvolvimento histórico, para fins de adoção das normas internacionais de relatório financeiro.

Estrutura teórica: Está esclarecendo as normas internacionais de relatório financeiro. Além de mostrar sua importância durante o desenvolvimento histórico, com o objetivo de adotar as normas internacionais de relatórios financeiros. Assim como a estrutura teórica para a qualidade dos relatórios financeiros. A adoção das normas internacionais de relatórios financeiros também foi afetada e, em seguida, foi medido o impacto das normas internacionais de relatórios financeiros na qualidade dos relatórios financeiros.

Método: A pesquisa contou com as abordagens dedutiva e indutiva, pois a abordagem dedutiva foi empregada por meio do estudo da literatura relacionada ao tema da pesquisa. Quanto ao aspecto científico, foram adotadas as abordagens indutiva, descritiva e analítica, bem como a abordagem estatística.

Resultados e conclusões: Os resultados da aplicação prática da pesquisa mostraram que a adoção de padrões internacionais de relatórios financeiros em vez do sistema contábil unificado para bancos afetou a qualidade dos relatórios financeiros de alguns bancos listados na Bolsa de Valores do Iraque. Conclui-se que há uma falta de aplicação adequada das normas internacionais de relatórios financeiros devido à falta de entendimento sobre elas e sobre como aplicá-las. Os bancos comerciais iraquianos precisam aderir à aplicação efetiva e adequada das normas internacionais de relatórios financeiros para evitar muitos problemas e erros fundamentais relacionados à apresentação dos relatórios financeiros.

Implicações da pesquisa: A adoção das Normas Internacionais de Relatórios Financeiros (IFRS) aumenta a possibilidade de comparação de informações financeiras, além de aumentar o nível de transparência e a qualidade da divulgação nos relatórios financeiros. Isso significa que a aplicação das normas reduz a assimetria de informações, o que se reflete nos usuários dessas informações na tomada de decisões.

Originalidade/valor: O valor da pesquisa vem da importância das normas internacionais de relatórios financeiros e de sua capacidade de fornecer relatórios financeiros de qualidade e comparáveis entre diferentes empresas e unidades econômicas, além da função de melhorar a qualidade dos relatórios financeiros.

Palavras-chave: Normas Internacionais de Relatórios Financeiros, Qualidade dos Relatórios Financeiros.

EL IMPACTO DE LA ADOPCIÓN DE LAS NORMAS INTERNACIONALES DE INFORMACIÓN FINANCIERA SOBRE LA CALIDAD DE LA INFORMACIÓN FINANCIERA UTILIZANDO EL MODELO DE ACUMULACIÓN

RESUMEN

Objetivo: La investigación pretende definir las normas internacionales de información financiera, así como mostrar su importancia durante el desarrollo histórico a efectos de la adopción de las normas internacionales de información financiera.

Marco teórico: Se trata de aclarar las normas internacionales de información financiera. Así como mostrar su importancia durante el desarrollo histórico, a efectos de la adopción de las normas internacionales de información financiera. Así como el marco teórico de la calidad de la información financiera. También se incidió en la adopción de las normas internacionales de información financiera y, a continuación, se midió el impacto de las normas internacionales de información financiera en la calidad de la información financiera.

Método: La investigación se basó en los enfoques deductivo e inductivo, ya que el deductivo se empleó estudiando la bibliografía relacionada con el tema de investigación. En cuanto al aspecto científico, se adoptaron los enfoques inductivo, descriptivo y analítico, así como el enfoque estadístico.

Resultados y conclusiones: Los resultados de la aplicación práctica de la investigación mostraron que la adopción de las normas internacionales de información financiera en lugar del sistema contable unificado para bancos afectó a la calidad de la información financiera de algunos bancos que cotizan en la Bolsa iraquí. Se concluye que no se aplican correctamente las normas internacionales de información financiera debido a la falta de comprensión de las mismas y de cómo aplicarlas. Los bancos comerciales iraquíes deben adherirse a la aplicación efectiva y adecuada de las normas internacionales de información financiera para evitar muchos problemas y errores fundamentales relacionados con la presentación de informes financieros.

Implicaciones de la investigación: La adopción de las Normas Internacionales de Información Financiera (NIIF) aumenta la comparabilidad de la información financiera e incrementa el nivel de transparencia y la calidad de la divulgación en la información financiera. Esto significa que la aplicación de las normas reduce la asimetría informativa, lo que repercute en los usuarios de esta información a la hora de tomar decisiones.

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Originalidad/valor: El valor de la investigación proviene de la importancia de las normas internacionales de información financiera y de su capacidad para proporcionar informes financieros de calidad y comparables entre diferentes empresas y unidades económicas, además de la función de mejorar la calidad de la información financiera.

Palabras clave: Normas Internacionales de Información Financiera, Calidad de la Información Financiera.

INTRODUCTION

The eighties and beyond witnessed the financial crises that the economy went through. It affected the stability of global markets due to the difference in regulations, laws, and legislation around the world and the discrepancy in accounting applications between countries. This matter was reflected in turn on the financial statements and the consequent difficulties in making investment decisions by users of financial information. Therefore, there is a need to develop a set of international accounting standards to have a unified accounting language.

Accounting standards and financial reporting standards include a set of specific principles and procedures for the basics of accounting practice to be followed in measurement, presentation, and disclosure to improve the transparency and quality of financial reports. Given the need of users in the capital markets for accurate and transparent information to make rational decisions. This is because investors' uncertainty about the quality of financial reports will affect economic growth, so it is possible for widely accepted accounting standards to compare financial reports to reduce the difference and differences in the requirements for preparing financial reports and reduce the costs of preparing them, and in order to achieve the objectives of the research, it has been Dividing it into four axes, the first axis dealt with research methodology and previous studies, while the second axis reviewed the concept of international financial reporting standards, their importance, and the historical development of international financial reporting standards (IFRS), and the third axis was devoted to presenting the concept of quality of financial reports and its impact on the definition of international financial reporting standards as for measuring the effect between international financial reporting standards and the quality of financial reports, it was the subject of the fourth axis The research concluded with the conclusions and recommendations that represent the fifth axis of it.

BACKGROUND

The research problem revolves around the role in which each of the international financial reporting standards and the disclosure requirements contained in it and issued by the International Accounting Standards Board can improve the level of quality in the financial

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reports of the economic units, which many users rely on to make their rational economic decisions and the research problem can be expressed by asking the following question (Does the adoption of international financial reporting standards affect the quality of financial reports?.

The importance of the research stems from the importance of international financial reporting standards and their ability to provide quality and comparable financial reports between different companies and economic units and the role they play in improving the quality of financial reports.

The research aims to achieve the following:

1.   conceptual view of the role of international financial reporting standards in the quality of financial reports.

2.   Studying the relationship between international financial reporting standards and the quality of financial reports.

The research is based on the following basic hypothesis:

The effect of adopting international financial reporting standards differs in the quality of financial reports before and after applying the International Financial Reporting Standards (IFRS) for Iraqi banks listed on Iraq Stock Exchange. This hypothesis is divided into the following hypotheses:

There are no statistically significant differences in the quality of financial reports before and after applying international financial reporting standards for banks listed on Iraq Stock Exchange. Whilst alternative hypothesis is statistically significant differences in the quality of financial reports before and after applying international financial reporting standards for banks listed in the Iraq Stock Exchange.

LITERATURE REVIEW

The study by Al-Salem, Omar (2020) entitled (The Application of International Financial Reporting Standards (IFRS) and its Impact on the Quality of financial reports: a prospective study on a Group of Companies in Sulaymaniyah Governorate / Iraq) published research**.**

The study aimed to demonstrate the effect of applying International Financial Reporting Standards (IFRS) on improving the quality of financial reports and urging companies to apply International Financial Reporting Standards (IFRS) in preparing reports and financial statements. The researchers relied on the inductive approach, by designing and distributing a

questionnaire to a sample. The research was represented by companies operating in Sulaymaniyah Governorate / Iraq, numbering seventeen companies. The researchers concluded that the application of International Financial Reporting Standards (IFRS) contributes to proving the quality of financial reports by generating reliable financial information free from distortions and manipulation.

Al-Araj, Rashwan (2017) study (entitled the role of international standards IFRS in Enhancing the quality of financial reports to attract investments and achieve sustainable development: a field study on investment companies listed on the Palestine Stock Exchange) Article in the Second Scientific Conference: Sustainability and Enhancing the Creative Environment of the Technical Sector, College Technical Palestine**.**

The study aimed at scientific rooting by recognizing the role of international standards (IFRS) in increasing the quality of financial reports, which in turn helps to attract investments and achieve sustainable development for companies listed on the Palestine Stock Exchange. Previous studies, periodicals, and scientific theses, analyzing the results of the field study and testing hypotheses using the statistical program (SPSS), and the questionnaire was used and distributed to a number of specialists and to a group of financial managers, heads of departments, accountants and internal auditors, and reached the results, and the study reached the most important conclusions from it, there is The role of international standards (IFRS) in increasing the quality of financial reports for companies listed on the Palestine Exchange.

Study of Abd Salam, salah (2016) entitled. The Effects of International Financial Reporting Standards on Financial Reporting Quality (The impact of international financial reporting standards on the quality of financial reports) published research.

It aimed to investigate whether the financial reports of the companies listed on the Taiwan Stock Exchange within the framework of the International Financial Reporting Standards (IFRS) are more quality than the accepted accounting standards (GAAP). Reaching the results, it was found that companies in the post-IFRS period (2012-2014) are less likely to use accrual clauses to smooth returns compared to the previous periods (2010-2008).

The researchers tried to explore two concepts: international financial reporting standards and the quality of financial reports and to follow up on what has been written about them. To provide a conceptual and theoretical framework for the statement of the most prominent writers and financial institutions that are oriented towards these two concepts, the current research contributes to measuring the impact of applying international financial reporting standards on

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the quality of financial reports for Iraqi commercial banks using the accrual model (Kothari et al, 2005).

METHODOLOGY

The researchers based the deductive and inductive approaches, as the deductive approach was employed by studying the literature related to the subject of the research. As for the scientific aspect, the inductive, descriptive, and analytical approaches were adopted, as well as the statistical approach.

RESULTS AND DISCUSSION

International Financial Reporting Standards

First: The concept of international financial reporting standards

The International Financial Reporting Standards issued by the International Accounting Standards Board are an integrated set of guidelines and interpretations that explain how to report certain types of transactions and other events in financial statements. It works to provide transparency and comparability of listings in global markets. International Financial Reporting Standards have been developed to have an internationally stable regulatory environment.

Several previous studies have examined the impact of adopting international financial reporting standards on earnings management, and where those studies were conducted in developed and developing countries. But our study aimed to explore the effect of IFRS on earnings management. It is one of the most important emerging markets in the world. In more detail, we study the effect of IFRS on the aggressive earnings of listed Saudi companies (Ali Majed, others, 2023:4).

The quality of financial reports remains an important issue and attracts serious attention among regulators, professional accountants, and other users of financial information. This happens because high-quality financial reports could have a positive and significant impact on all organizational stakeholders because they relate to how public sector entities provide management accountability for public funds and other assets entrusted to them to help providers of public money such as donor agencies, local investors, foreign investors, and taxpayers in making important decisions and other purposes. The role of the quality of financial reports in reducing agency problems has been confirmed in the accounting and finance literature (Anto, La Ode, Yusran, Indha Novitasari. 2023: 3).

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The absence of application of international standards leads to the use of different methods and accounting principles to deal with operations and economic events, which negatively affects the beneficiaries in the difficulty of making decisions (Zakry, Maarouf, 2018: 328).

(Ibrahim) believes that the first and most important goal of adopting international financial reporting standards is to unify the financial statements to improve the comparability of accounting information for the purpose of making comparisons between global financial markets (Ibrahim et al, 2014: 543).

Writers and researchers have developed multiple definitions of the time constraint, as Arafah (Qasim, Hamid) defined a selection of high-quality standards that are distinguished by their clear presentation and are based on widely accepted accounting principles. They are a complementary set of international accounting standards that serve the standards of interpretation. It is used to prepare financial reports that provide information on the financial position and cash flows in a way that benefits the groups that deal with it to facilitate decision-making (Qasim, Hamid 2021: 172). (kandimov) defined it as a set of standards that were developed to provide a global language through which economic units can communicate the details of their accounts in an understandable and comparable manner around the world (kandimov, 2020: 11).

Second: the importance of adopting international financial reporting standards

The importance of adopting International Financial Reporting Standards (IFRS) stems from the developments that took place during the recent period in global trade, which led to an increase in the demand for capital, which requires compatibility between national accounting standards and international financial reporting standards. And its willingness to comply with international financial reporting standards (Al-Karawi, Al-Tamimi, 2017: 6). The importance of international financial reporting standards can be identified as follows:

1. Its importance appears in the fact that the existence of an international standard is important, and therefore the adoption of one set of standards will simplify accounting procedures by allowing the company to use a single language for preparing reports and working to provide investors and auditors with a coherent vision of business and money (Ismail, 2017: 20).

2. International Financial Reporting Standards are important because they help economic units feel that their investments are protected cause these standards provide strict verification opportunities for stakeholders (Zakari, 2014: 392).

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3. International Financial Reporting Standards contribute to improving the quality of accounting by reducing accounting alternatives, setting limits for opportunistic management's estimation and its manipulation of profits, and thus improving the quality of profits (Al-Tamimi, Al-Nouri, 2018: 540).

Third: Historical development of the adoption of International Financial Reporting Standards (IFRS)

1. Harmonization, which is about increasing the consistency between accounting practices, by removing differences in the followed accounting methods, procedures, and policies. Attempts to harmonize accounting standards began several years ago by many companies that wish to diversify their investments and remove barriers to capital flows. Accounting compliance has achieved great development at the international level in recent years (Dakheel & Ibrahim, 2022; 4156).

2. Convergence: Doupink sees convergence as one set of accepted standards that are agreed upon with the involvement of many regulatory bodies, an example of this is the convergence project between the International Accounting Standards Board (IASB) and (FASB) to reduce the differences between accounting standards issued by Accounting bodies (Doupink, 2015: 67), and in the same context (Hassan, Abdullah, 2020: 444) refers to the convergence as the convergence between the national accounting standards and the international financial reporting standards (IFRS), whether in the methods of measurement or disclosure or perhaps It should also be in terminology, in a way that enables the preparation of comparable financial statements between countries.

3. Adoption: Adoption means that national accounting standards are directly replaced by international financial reporting standards, and the European Union began in 2005 to impose international financial reporting standards on all economic units listed in the market in addition to units that deal with the European Union (Yusrina et al 2017: 436). In addition, the United States of America encouraged the application and acceptance of International Financial Reporting Standards as an alternative to American Accounting Standards (GAAP) in 2011, and many developed countries, including Japan and Canada, have adopted International Financial Reporting Standards to overcome differences in rules, principles, and foundations in treatments. accounting and enhancing

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confidence in the information contained in the financial reports prepared according to it (Jacob and Jassim, 2018: 212).

The Quality of Financial Reports and the Impact of Adopting International Financial Reporting Standards Therein

First: The quality of financial reports in this field is defined

The credibility of the financial statements, which reflects positively on the nature of the work of the economic unit and thus helps the stakeholders to rely on them when making rational decisions (Obaid, 2018: 674).

In the same context, Muzir defined it. It is the ability to meet stakeholder requirements or its suitability for purpose or use, and a good financial report should meet the requirements of users and be appropriate to communicate the information necessary for decision-making (MUZIR, 2019: 167).

Second: Measuring the quality of financial reports through the quality of earnings

Earnings quality is defined as those continuous, estimated, and predictable earnings that match cash flows (Hameed et al, 2019: 7). In the same context, (Obaid and Akbar) see that the quality of profits lies in providing a vision of the ability of financial profits to provide a realistic picture of the status and reality of economic unity and its ability to survive in the future (Obeid and Akbar, 2016: 252)**.**

To measure earnings management through accruals, it begins with measuring the total accrual, which is the difference between the net operating income minus the cash flows from operating activities, and the total accrual consists of two parts: the optional accrual and the non-optional accrual (Nuji, 2019: 14) and there are many models that adopt On optional accruals as a measure of earnings management, but the best and most widespread are as follows:

A. The Jones Model of the Year: (1991)
Jones suggested a model to mitigate fixed non-optional receivables from one period to another. This model considers the impact of changes on the economic situation of the economic unit. non-optional by the following equation (Jones, 1991: 211):

$$NDA_{it} / A_{it-1} = \alpha 1 (1 / A_{it-1}) + \alpha 2 (\Delta REV_{it} / A_{it-1}) + \alpha 3 (PPE_{it} / A_{it-1})$$

Since:

NDA :Non-optional dues for the unit I in year T
REV_i:Δ The change in unit revenue I in year T

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Ai, t :The total assets of unit I in year T
PPEit :Property, equipment, and buildings for unit I per year
α1 α2 α3 :Parameters of the model for the economic unit

B. The Jones Model of the Year: (1995)

Dechow et al worked in the year 1995 to develop the Jones 1991 model, whereby the change in net revenues was modified minus the change in accounts receivable, and the modified model works to identify non-optional receivables and to know the changes in receivables at the end of the period (Dechow, 1995: 210-211). It is expressed through the following equation:

$$TA_{i,t}/A_{i,t-1}=\alpha+\beta_1(1/A_{i,t-1})+\beta_2\{(\Delta REV_{i,t}-\Delta REC_{i,t})/A_{i,t-1}\}+\beta_3(PPE_{i,t}/A_{i,t-1})+\varepsilon_{i,t}$$

C.   Kothari model for the year:(2005)

It is called the performance-adjusted optional accrual model, as it links the accruals to the performance of the economic unit and has included a new element in the equation (ROA), which is the return on assets (Kothari, 2005; 174). It can be represented through the following equation:

$$Ta_{it}=\alpha_0+\alpha_1(1/A_{it-1})+\alpha_2 \Delta REV_{it}+\alpha_3 PPE_{it}+\alpha_4 ROA_{it}(or_{it-1})+\alpha_{it}$$

Since:

ΔREV_{it} :The change in revenue for unit i in year t
PPEit :Property, equipment, and buildings for unit i in year t
ROAit :Return on assets per unit I in year t.

The researchers will depend on the model (Kothari et al. model for the year 2005) in measuring the quality of financial reports.

The Effect of Adopting International Financial Reporting Standards on the Quality of Financial Reports

Several studies regarding the quality of financial reports in the public sector, especially governments in various countries, concluded that standard accounting has improved the level of accountability, which in turn improved Nigeria's financial reporting quality. Furthermore, Nkundabanyanga et al. (2013) concluded that accounting standards are positively and significantly associated with the quality of financial reporting in Uganda. Tranet al. (2021)

found that accounting capacity has a positive effect on financial reporting quality in the public sector (Anto, La Ode, Yusran, Indha Novitasari. 2023: 5).

(Ball) believes that the adoption of international financial reporting standards has a positive impact on improving the quality of financial reports, by moving from the different accounting standards used in different countries around the world to a single set of standards, which improves the speed of understanding investors and processing the information provided in the financial reports in addition to In order to reduce the effects of risks to investors who own shares or plan to own shares in the future in a specific economic unit outside the borders, which leads to making investment in stock markets more attractive, in addition to that, the adoption of international financial reporting standards makes it easier for investors to distinguish between Economic units with high or low performance and makes it possible to compare competing economic units in various financial markets, as the application of international financial reporting standards is associated with increased market liquidity and low cost of capital, so that the widespread use of international financial reporting standards enhances the attractiveness of financial markets. ballas et al, 2019 :) Also, the adoption of international financial reporting standards encourages foreign direct investment, and facilitates access for local companies to foreign capital, as well as reducing the cost of doing business across borders, and standardizing financial information for economic units like activity (Ledibabari et al. 2021).

Measuring the Effect of Adopting International Financial Reporting Standards on the Quality of Financial Reports of Banks Listed on the Iraq Stock Exchange

First: Measuring research variables

To test the hypotheses of the study represented by the dependent variable, which is (the quality of financial reports) and the independent variable represented by the adoption of international financial reporting standards. The value (0) is taken in the case of non-adoption and to measure the dependent variable through the model (Kothari et al 2005), which is called the performance-modified voluntary accrual model, as it links the accruals to the performance of the economic unit. Estimating the slope values by building a (Kothari) model for this purpose

$$Ta_{i,t}/A_{i,t-1} = \alpha + \beta_1(1/A_{i,t-1}) + \beta_2((\Delta REV_{i,t} - \Delta REC_{i,t})/A_{i,t-1}) + \beta_3(PPE_{i,t}/A_{i,t-1}) + \beta_4 ROA_{i,t} + e_{it}$$

Whereas:

Tai, t **:** Total accruals in year t of the company I
ΔREVi,t **:** Change in revenue for the unit I in year T
PPEI, t **:** Property, equipment, and buildings
AI, T-1 **:** The total assets in year T-1 of company I
ROAI, T **:** The rate of return on assets
ΔRECI, T **:** Change in accounts receivable
EIT **:** Random error

For the purpose of estimating abnormal accruals, the process requires substituting the slope values from the following equation:

$$NDA_t = \beta_1(1/A_{t-1}) + \beta_2(\Delta REV_t - \Delta REC_t) + \beta_3 PPE_t + \beta_4 ROA$$

Whereas:

Nadat **:** Non-voluntary dues during period t

For calculating the value of ntary dues, according to the following equation:

$$DAI, T = TAI, T - NDAI, T$$

Whereas:

DAI, T **:** Optional dues of the company I for term T

After applying the above models, the slope values for each bank were obtained as follows:

Table (1) The values of the marginal tendencies of the Kothari et al. Model

	Banks	β_1	β_2	β_3	β_4
1	Iraqi Commercial Bank	-5.801	-0.462	5.678	0.973
2	National Bank of Iraq	3.820	-0.061	-3.947	-0.428
3	Assur Bank	7.323	1.029	-6.736	0.425
4	credit bank	-2.698	-1.916	1.522	1.407
5	Gulf Commercial Bank	22.173	10.991	-11.060	-1.982
6	Trans Iraq Investment Bank	5.461	-5.478	-1.059	0.923
7	Iraqi Investment Bank	13.721	-6.514	-20.261	0.898
8	Mosul Bank for Development and Investment	-51.446	0.923	51.343	-0.618
9	Iraqi Union Bank	-1.875	-0.951	1.724	-0.434
10	Baghdad Bank	-10.983	0.655	11.100	-1.399
11	Economy Bank for Investment and Finance	-1.083	1.574	-4.870	0.223
12	Iraqi Commercial Bank	-1.368	0.221	0.674	0.434
13	National Bank of Iraq	-0.578	0.005	0.561	0.065

Source: The table was prepared by researchers based on the outputs of the statistical program SPSS. (2023).

A table was prepared by the two researchers based on the outputs of the Spss program.

Second: Calculation of optional dues, according to banks, as follows

Table (2): The arithmetic means for each bank of the research sample before and after applying the scale.

	Banks	Before	After	Difference between before and after	
1	Iraqi Commercial Bank	21429454224	11726754438	9702699786	Decrease
2	National Bank of Iraq	102756595041	37814260604	64942334437	Decrease
3	Assur Bank	25904664526	52540213397	-26635548871	Increase
4	credit bank	87412224567	35572729073	51839495493	Decrease
5	Gulf Commercial Bank	52316313695	88037072075	-35720758380	Increase
6	Trans Iraq Investment Bank	59092271266	136974040570	-77881769304	Increase
7	Iraqi Investment Bank	33091534014	31373519503	1718014510	Decrease
8	Mosul Bank for Development and Investment	117499361887	19511911055	97987450832	Decrease
9	Iraqi Union Bank	163384724984	20578325784	142806399199	Decrease
10	Baghdad Bank	234001116315	63335658526	170665457788	Decrease
11	Economy Bank for Investment and Finance	32433825021	21932147137	10501677884	Decrease
12	Iraqi Commercial Bank	123401778447	328085301239	-204683522792	Increase

Source: The table was prepared by researchers based on the outputs of the statistical program SPSS. (2023).

From Table (2), we note that there is an increase in optional dues before and after applying the standard for banks:

- Assyria
- The Arabian Gulf
- Sumer Commercial
- Trans Iraq Investment

It is clear from this that the average of the optional accruals of the banks above has increased, and this indicates that the banks are applying the international financial reporting standards properly and that the management has not implemented earnings management practices.

As for the banks that had a decrease in the optional receivables between before and after applying the standard, they are:

- Iraqi commercial
- Al-Ahly Iraqi
- Credit
- Iraqi investment
- Mosul for Development and Investment

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- Iraqi Federation

- Baghdad

- Economy for investment and financing

It is clear from the above that the average of the optional benefits has decreased. Therefore, this is considered an indication of the inability of the bank's policy to estimate the benefits, in addition to the bank's practice of earnings management despite the application of (IFRS)

Third: Testing research hypotheses

One of the most important conditions in simple or multiple linear regression is that the dependent variable is normally distributed, and the dependent variable represents the quality of banks' financial reports for the period (2014-2019). The test hypotheses were as follows:

Null hypothesis: Data on the quality of financial reports have a normal distribution for the banks under study.

Alternative hypothesis: Data on the quality of financial reports are not normally distributed for the banks under study.

Through Table (3), we notice that the quality of financial reports is distributed normally for all banks, as the value of the level of significance for all of them is greater than the level of significance of.(0.05)

Table (3) shows the normal distribution test according to the banks.

Source: The table was prepared by researchers based on the outputs of the statistical program SPSS. (2023).

a.   Post-test for two independent samples**:**

To test the first main hypothesis which states:

Table (3) shows the normal distribution test according to the banks.

	Banks	Kolmogorov-Smirnov Z value	P-Value	Indication
1	Iraqi Commercial Bank	0.581	0.888	Follows a normal distribution
2	National Bank of Iraq	0.486	0.972	Follows a normal distribution
3	Assur Bank	0.462	0.983	Follows a normal distribution
4	credit bank	0.772	0.591	Follows a normal distribution
5	Gulf Commercial Bank	0.429	0.993	Follows a normal distribution
6	Trans Iraq Investment Bank	0.781	0.575	Follows a normal distribution
7	Iraqi Investment Bank	0.545	0.928	Follows a normal distribution
8	Mosul Bank for Development and Investment	0.845	0.473	Follows a normal distribution
9	Iraqi Union Bank	0.649	0.793	Follows a normal distribution
10	Baghdad Bank	0.733	0.655	Follows a normal distribution

11	Economy Bank for Investment and Finance	0.535	0.937	Follows a normal distribution
12	Sumer Commercial Bank	0.665	0.768	Follows a normal distribution

Source: The table was prepared by researchers based on the outputs of the statistical program SPSS. (2023).

Null hypothesis: (There is no statistically significant effect of international financial reporting standards on the quality of financial reports)

Alternative hypothesis: (There is a statistically significant effect of international financial reporting standards on the quality of financial reports)

The research sample contained six years, three years before the adoption of international financial reporting standards for the period (2013-2015) and three years after the adoption of international financial reporting standards for the period (2017-2019). Significance of the test we will compare the arithmetic mean. If the arithmetic mean before adoption is greater, this indicates that the effect of adopting international financial reporting standards is reversed. If the arithmetic mean after adoption is greater, this indicates that the effect of adopting international financial reporting standards is direct. When non-significant, this means that there is no Effect, and for ease of calculation, the natural logarithm of the quality of financial reports was taken. The results are as in the following table.

Table (4) shows the results of the t-test for two independent samples.

Banks	Arithmetic mean	Standard deviation	Arithmetic mean	Standard deviation	Calculated	
Iraqi trade	23.49	1.06	22.79	1.28	0.72	Non-D
Al-Ahly of Iraq	25.34	0.24	24.19	0.76	2.48	D in favour of Tribal
Assyria	23.55	1.24	24.40	0.91	0.96	Non-D
Credit	24.63	1.27	24.26	0.32	0.49	Non-D
Commercial gulf	23.88	1.58	25.00	0.79	2.15	D in favour of The Post
Trans Iraq investment	24.63	0.74	23.99	2.60	0.41	Non-D
Iraqi investment	24.16	0.44	23.89	0.90	0.47	Non-D
Mosul for development and investment	25.25	0.84	23.34	1.00	2.54	D in favour of Tribal
Iraqi federation	25.57	0.96	23.11	1.49	2.40	D In favour of Tribal
Baghdad	25.78	1.30	24.77	0.57	1.23	Non-D
Economics for investment and financing	24.12	0.53	23.66	0.74	0.88	Non-D
Summer business	23.18	2.99	26.08	1.38	3.65	D in favour of the Post

Source: The table was prepared by researchers based on the outputs of the statistical program SPSS. (2023).

The tabular t-value is at the level of significance (0.05) and the degree of freedom (4) = 2.13

The table is prepared by the two researchers based on the results of the SPSS program.

Through Table (4), which shows the results of the t-test for two independent samples, we note:

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The following banks appeared to have significant significance, as their t-values were greater than their tabular value at the level of significance (0.05), i.e., rejecting the null hypothesis and accepting the alternative hypothesis, which states (there is a statistically significant effect of international financial reporting standards on the quality of financial reports):

a.   The National Bank of Iraq has the opposite effect.

b.   Khaleej Commercial Bank direct effect

c.   Mosul Bank for Development and Investment reverse effect

d.   Union Bank of Iraq reverse effect

e.   Sumer Commercial Bank's direct effect

The following banks appeared to have no significant significance, as their t-values were smaller than their tabular value at the level of significance (0.05), i.e., accepting the null hypothesis and rejecting the alternative hypothesis, which states (there is no statistically significant effect of international financial reporting standards on the quality of financial reports):

a.   The Commercial Bank of Iraq

b.   Ashur Bank

c.   Credit Bank

d.   Trans Iraq Investment Bank

e.   The Iraqi Investment Bank

f.   Bank of Baghdad

Economy Bank for Investment and Finance

CONCLUSIONS

As we have already indicated that the research problem is centered around: What is the role played by each of the international financial reporting standards and the disclosure requirements contained in it and issued by the International Accounting Standards Board, in improving the level of quality in the financial reports of the economic units? Many users depend on these financial criteria to make their rational economic decisions. The research problem can be summarized by asking the following question: Does the adoption of international financial reporting standards affect the quality of financial reports?

In Order to Answer These Questions, We Put The Following Answers

1. The adoption of International Financial Reporting Standards (IFRS) increases the possibility of comparing financial information, in addition to increasing the level of transparency and the quality of disclosure in financial reports. This means that the application of standards reduces information asymmetry and, therefore, is reflected in the users of that information in decision-making.

2. Investors need quality financial information to make investments without exposure to risks, especially after the events of financial crises. Therefore, the adoption of international financial reporting standards by economic units stimulates the investor and makes him more reassured when analyzing the performance of those units.

3. The results of the practical application of the research sample showed that the adoption of international financial reporting standards instead of the unified accounting system for banks has affected the quality of the financial reports of some banks listed in the Iraq Stock Exchange.

4. The results showed that there is a discrepancy in the application of international financial reporting standards from one bank to another, as it is concluded from this that there is a lack of proper application of international financial reporting standards because of the unclear understanding of them and how to apply them correctly due to the difficulty of some of their paragraphs.

5. The need for Iraqi commercial banks to adhere to the effective and proper application of international financial reporting standards to avoid many issues and fundamental errors related to the form and presentation of financial reports, and the requirements for unifying these elements to reach comparable financial reports.

6. The regulatory and professional authorities in Iraq should highlight the adoption of international financial reporting standards and provide workers in all sectors with knowledge and capabilities in how to interpret the accounting treatment of these standards, especially international financial reporting standards related to the banking sector.

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