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Measuring the quality of financial reports of banks listed on the Iraq Stock Exchange

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Abstract: **The study aims to measure the level of quality of financial reports according to a set of characteristics related to the quality of profits. The study includes a sample of (13) Iraqi companies. These companies belong to an important group of different sectors represented by (banks, industry, insurance, agriculture, and tourism). The study dealt with the concept of measuring the quality of financial reports and the determinants and methods of measurement, according to a scientific theoretical framework based on a group of Arab and foreign scientific research. The study reached a set of conclusions, the most important of which is that the quality of financial reports is low in Iraqi companies. The reason is due to the high optional accruals, and that the continuity of profits is the most influential among the agents of the Iraqi companies. The quality of the financial reports. Enhance credibility and reliability.**

Keywords: **quality of reports, banks listed, measurement, quality measurement.**

I. INTRODUCTION

The level of quality of financial reporting is a major factor in the investor's view of the company's performance. Therefore, investors consider it an important factor in determining their investment strategy. It is necessary to measure the level of quality of financial reports for banks listed on the Iraq Stock Exchange, and therefore measuring the level of quality of financial reports for banks listed on the Iraq Stock Exchange determines the basic rules for any such measurement project, so the need to produce a high-quality financial report has become a global phenomenon. (Echobu et al, 2017: 67) An interesting issue for board members, stakeholders and professional accountants, due to major scandals in the international financial community, further questions and concerns have been raised about the quality of financial reporting (Salehi et al., 2018: 6). Manipulating the company's financial statements is a problem that affects some companies listed in the financial markets, as well as the funds of investors, savers and stakeholders in various classifications, and the reputation of the financial market as well as the regulators, and that the lack of knowledge about the quality of information in companies, lack of confidence in its quality, and insufficient knowledge of the factors that Affects the quality of reports, financing leads to poor quality of financial reports, and this is what distinguishes financing. Reports of companies listed on the Iraqi Stock Exchange. The importance of the scientific study lies in the importance of showing the quality of the financial statements of the companies listed on the Iraq Stock Exchange as the strength of financial and accounting information and the basis for building the auditor's opinion. The main objective of this study is to measure the quality of the financial statements of the companies listed in the Iraq Stock Exchange using a set of models included in the quality of profits.

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II. LITERATURE REVIEW

1. The concept of quality of financial reporting

The quality of financial reports (FRQ) has become a very attractive topic for researchers, but they did not agree on a specific and comprehensive definition of the quality of financial reports due to the difference in points of view. To reach a comprehensive concept of the quality of financial reports, it must first be divided into its basic components (financial reports and quality) Accounting point of view Financial reporting was previously seen as a low-priority bookkeeping process for accounting work, but today it is considered an important core function to guide the company according to the principles of good corporate governance.(Paulinus et al., 2017: 117), form the basis for economic decision-making by various stakeholders, and those financial reports produced by an accountant must be based on some key qualities required by stakeholders to understand the content of Report (Paulinus et al., 2017: 123). The overall purpose of financial reporting is to provide information on financial budget, performance and cash flow (Irwandi & Pamungkas, 2020:25), as the International Accounting Standards Board (2010) has identified Accounting Standard Board (IASB) Interest of Financial Report as follows: "Provides information about the financial position, performance, and changes in the financial position of a company that is useful to a wide range of users in making economic decisions" (Mbawuni, 2019: 30). As for the concept of quality from the accounting point of view, it means the quality of the information and content of financial disclosure and the amount to which financial reports on the company's economic infrastructure are presented fairly (SA The Financial Accounting Standards Board (2010) Statement of Financial Accounting Concepts (SFAC) No. 8 of the Financial Accounting Standards Board (FASB) explained that the amount of quality means the amount of usefulness of the information, and the statement stated that: "The usefulness of financial information for decision-making should be the basic quality that must Research it in determining what should be covered in the financial report (Tambingon et al. 2018: 265).

After getting acquainted with the basic components of the concept of financial reporting quality (financial reports and quality), a comprehensive concept of financial reporting quality and the researchers' perspectives in defining it can now be defined (Suharsono et al., 2020: 1185) as financial information, disclosures and non-financial information useful in decision-making, and in terms of the accuracy of the information contained in financial reports, he defined it (Hailu, 2017: 12) as the accuracy of information transmitted through the financial reporting process.

(Assad & Alshurideh, 2020: 255) did not differ much with the previous views and defined it in terms of clarity of information as the transmission of transparent and complete financial information designed in a way that avoids misleading or obfuscating users. Ibrahim & Jehu, 2018: 55 and Mbawuni, 2019: 30 agreed. They defined it as the accuracy with which financial reports convey information about a company's operations, particularly its cash flows, in order to inform equity investors. The concept of corporate financial reporting quality is implemented in accordance with the changing accounting standards that evolve over time in relation to the needs, expectations and demands of users of financial reports, and this is illustrated by (Paulinus et al., 2017: 123), where he explained that there are two general perspectives widely used in Evaluation of the quality of financial reports, the first perspective depends on the needs of users, and in light of this perspective, the quality of financial reports is determined on the basis of the usefulness of financial information for users, while the second perspective focuses on the quality of financial reports according to the idea of protecting users. Clarification of these two perspectives can give a more comprehensive and clear definition of the quality of financial reporting as follows:

A. Utility perspective (user needs):

This perspective is based on the importance of the quality of financial reports and the benefit that stakeholders can obtain from this information contained therein, so this feature is related to meeting the specific needs of the beneficiaries of the quality of reports under a specific item. Circumstances, as they are affected by space, time and other variables surrounding the business environment). Therefore, quality must be determined by the objectives of financial reports, that is, they provide useful information to users to help them make investment and credit decisions, with the need to take into account the qualitative characteristics of quality such as relevance and honest representation. And comparability, so that the quality of the reports is available from the financial reporting information, so it must meet the requirements To its users and to exceed their expectations through the benefit it provides to them and adding value that helps in making investment decisions.

B. Investor and Shareholder Protection Perspective (Governance Approach):

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In this perspective, the quality of financial reporting is mainly determined in terms of full and fair disclosure to shareholders. But on the other hand, these regulatory bodies are linked to the concept of quality of financial reporting to the extent to which these companies comply with the regulations called the governance approach, although it is not expected that the strict application of governance will be Although the Blue-Ribbon Commission (1999) and the Sarbens-Oxley Act (2002) require auditors to discuss the quality of financial reporting and not just accept it, the concept of quality remains vague. Based on the opinions of many previous researchers, the quality of financial reports can be defined as preparing financial and non-financial information in a more accurate, clear, consistent, fair and complete manner and communicating it to external users and stakeholders through financial reports. To help them make the most appropriate financial decisions for their aspirations and to provide greater protection for their investments.

2. Financial Reporting Quality Standards

In order to rely on financial reports and be of high quality, they must have a set of standards, which can be divided into the following types (Hussein, 2016: 28):

A. **Legal Standards:** Many professional companies in many countries seek to develop standards for the quality of financial reports, and to achieve compliance with them through clear enactment and regulation of corporate work**.**

B. **Control standards**: The control component is seen as one of the components of the administrative process on which both the board of directors and the investors are based, and the success of this component depends on the existence of effective control that defines the role of each of the audit and financial affairs committees and administrative control agencies in organizing financial treatment to ensure that its financial statements are of high quality. financial reports.

C. Professional standards: Professional accounting bodies and councils are interested in preparing accounting and auditing standards to control the performance of the accounting process, which highlighted the concept of administrative accountability from the owners to verify their investments, which in turn led to the emergence of the need to prepare financial reports with integrity and honesty.

D. **Technical Standards**: The provision of accounting standards leads to the development of the concept of information quality, which in turn is reflected in the quality of financial reports to increase the confidence of stakeholders in the company, so it led to the issuance of many standards that contribute to the provision of qualitative characteristics of accounting information.

3. Types of Quality of Financial Reporting

Achieving the quality of financial reporting for the company's business requires the fulfillment of three types of requirements for the quality of financial reporting: (Abdel Fattah, 2013: 66).:

A. Quality of the report's drafting: Describe the reporting data well so that the words chosen to describe it are clear and understandable to accurately reflect the data. This requires clarity in the financial statements.

B. Quality of the content of the report: It is necessary to have the correct data values and the absence of material errors in the report, and this requires the availability of three characteristics (comprehensiveness, completeness and accuracy).

C. **Quality of report presentation:** Easy access to the report in a timely manner or presentation of information under homogeneous headings or in a way that does not need further explanation and clarification when used, and this requires the availability of four characteristics: consistency or consistency, neutrality, timeliness and transparency.

4. Elements of preparing the quality of financial reports

Conducting a study on the quality of financial reports requires examining the elements that lead to reporting or produce quality financial reports, and the most important ones:

A. Human Resources Efficiency

Human resources are the human capital in the company, that human capital is people's knowledge, skills and abilities that can be exploited to achieve the production of professional services and economic business, and is considered a source of innovation and ideas, and highly qualified employees are likely to provide highly qualified professional services, in addition to that Human efficiency and resources that have a significant positive impact on the quality of the report.

B. Internal Audit Efficiency

It has long been recognized that internal audit is important in ensuring high-quality financial reporting (Rubino & Vitolla,2014:743), And that within the competence of the internal audit is for the internal auditor to apply the necessary accounting knowledge, skills and experience and to exercise the necessary professional care in performing the internal audit service, according to a study by the Institute of Internal Auditors (IIA). For the internal auditor's research, competence is adequately defined as the ability to perform the task or role, as experienced internal auditors have many advantages in terms of discovering material errors in financial reports, understanding these errors with high accuracy, and searching for the causes of errors. (Tambingon et al., 2018:263).

C. Efficiency of Accounting Information System

The system is an integrated entity that tries to achieve a set of goals, and information systems are defined as an arrangement of people, data, processes, interfaces, networks, and technology that help support and improve daily operations in business, in addition to supporting problem solving and the needs of management decision makers, and an information system can be defined Accounting as an integrated framework within the company that uses physical resources to convert economic data into financial information in order to operate and manage the company's activities, and to inform interested parties about the company's achievements, as each company modifies the accounting information systems that users need, and that the accounting information system varies greatly from one business to another (Tambingon et al.,2018:264). (Sagara2015:113) It is believed that accounting information systems are an important element in companies, and that its application has a positive impact on the quality of financial reports, which is one of the factors contributing to the production of high-quality financial reports, and that the financial reports generated through the accounting information system are based on good internal inputs, processes and outputs, where All three of these aspects must be integrated and sustained as the basis for good financial reporting systems.

5. Financial Reporting Quality Metrics

Many previous researches and studies relied on the use of various measurement tools to evaluate the quality of financial reports, as most researchers relied on scale and quantitative indicators such as accrual quality. (Alam, 2019), accounting conservatism (Mustafa, 2019) and continuity. (Shteiwi, 2012) These measures are based on the specific features of financial information and reports, and also based on the decision-making usefulness of the information in the financial report, and the measure of the quality of quantitative financial reports in general is reliability over others. (Al-dmour et al.,2017:6). Other research relied on the qualitative characteristics of accounting information to assess the quality of information provided by financial reports, such as a study (Mbawuni, 2019), by organizing the questionnaire form.

A. Accounting Information Quality Characteristics Model

The characteristics model for the quality of accounting information for measurement is the latest model for assessing the quality of financial reports, and this model examines the level of usefulness of information in financial reports for the necessary decision-making by determining the quality characteristics of financial reports, Jonas and Blanchett (2000) pioneers in using this model in assessing the quality of financial reports This form is a questionnaire form that contains questions closely related to the quality characteristics of the separate information of financial reports as stipulated in Finance. (FASB) (1980) and the International Accounting Standards Board (IASB) (1989). The model has been approved by many researchers to provide a direct measure of the quality of financial reports to cover all aspects of financial reports, including financial and non-financial, and the qualitative characteristics facilitate the evaluation of the usefulness of financial reports, which will also lead to a high level of quality and clear advantages. Another reason for this framework is the fact that it is highly compliant with International Financial Reporting Standards (IFRS) (Al-dmour et al.,2017:7)..

B. Profit Quality Models

Over the decades, the Conceptual Framework for Financial Reporting has provided complete guidance to both researchers and users on how to think about determining the quality level of financial reporting, and more specifically, the level of quality of earnings. Earnings can be described as high-quality earnings if they provide more information about the features of a company's financial performance. It was relevant to the specific decision made by the decision makers (Peterson et al.,

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2015:2486). The quality of financial reporting is approximated by the quality of earnings based on the justification that earnings are the basis of the combinations and measures used by investors (Kousenidis et al., 2013:351). As the quality of earnings is an important indicator of the reliability of financial information used by stakeholders, such as investors, lenders, creditors, and others, it contributes to providing significant benefits to these decision makers (Saleh et al., 2020:33). The concept of earnings quality is central to accounting and financial economics, however, there are wide disagreements on how to define and measure it (Dichev et al., 2013:2). In order to reach the characteristics of high-quality profits, (Hussein, 2017: 44), citing (Gaio & Raposo 2011), It deals with seven characteristics that relate to the quality of earnings and classifies them into two groups. This group is measured based on accounting data only, while the second group includes profit characteristics that depend on the market (value suitability, appropriate timing, and accounting conservatism) and are measured using accounting and market data .

C. Quality of Entitlements

The accrual accounting system is concerned with recording revenues in each financial period and recognizes revenue when it is due, not when it is collected, and accrual for expenses in each financial period means that the expense is recognized when the obligation arises, not when it is paid, hence the accounting accruals, which consist of a non-optional part and a non-optional part Optional (Al-Dali, 2014: 58). (Leal et al., 2017) It is believed that the accrual basis seeks to measure the result in the economic sense, regardless of transactions and events, in other words, that the accruals are the components of the accounting results that modify the recognition of cash flow over time, with the aim of improving the measurement of the company’s economic performance, that is, the accruals are all the profits accounts that are in Earnings reports, but they do not include the necessary cash flows, and the total receivables to the company can be measured as the difference between net profits and operating cash flows, and thus represent an important component of the company's profits. (Leal et al., 2017: 207).). The two major Accounting Standards Boards (FASB 1978; IASB 1989) Approval of the superiority of accrual accounting over cash accounting to provide summary indicators of the company's performance. According to these boards, accrued earnings generally provide a better indication of the timing and uncertainty of expected cash flows than limited information. For cash receipts and payments, accruals are necessary to achieve the primary objective of financial reporting, because they enhance the importance of forecasting future cash flows, reduce costs resulting from information asymmetry and contribute to a better allocation of economic resources. (Arnedo et al., 2012: 499) . Accrual accounting is also flexible so that the accrual component of earnings becomes less reliable compared to the cash flow portion of earnings (Ibrahim & Jehu, 2018: 55). As most accounting studies have agreed, they have agreed on two types of benefits according to The extent of senior management's freedom to make adjustments to cash flows , as follows: (Abdullatif, 2016: 56).

- **Optional benefits :** The adjustments made by the senior management to the company's cash flows are based on the personal discretion of them to achieve the specific goals, which are within the limits of the flexibility provided by the accounting standards, and as a result of this flexibility, the optional benefits to represent the component that often gives the opportunity for managers to change the amount of profits and transfer them between periods, so it is assumed that these benefits result from accounting treatments or transactions that are chosen by them to manage earnings.

- **Non-optional accruals** : Refer to the adjustments made by management to the company's cash flows imposed by the parties involved in setting accounting standards, and therefore those accruals resulting from the company's regular transactions in the current period of the company's level of performance and conditions changes in the industry and the economy. events at the general level in order to measure accrual quality, so many accounting studies dealt with several measurement models, including the study (Hussein, 2016), (Hanan, 2016), and (Al-Dali, 2014). These studies focused on the development of measurement models and their importance in measuring accruals of all kinds. And that the most accurate model in revealing the level of quality of entitlements, according to the opinions of most researchers, is the model of Kothari et al (2005), which modified the model of Jones (1991) and modified from Dechow et al (1995), and this is what the researcher agrees with, as this model measures voluntary entitlements Performance-adjusted, which indicates that the effectiveness of previous models used to measure voluntary benefits can be improved by controlling the return on assets (ROA), which could have an impact on the measurement of voluntary benefits during the study period (Hanan, 2016: 167). Kothari et al (2005) model for measuring entitlements can be explained as follows:

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$$TA_{it}= \beta_0+ \beta_1(1/ASSETS_{it-1}) + \beta_2\Delta SALES_{it}+ \beta_3 PPE_{it}+ \beta_4 ROA_{it} \text{ (or } _{it-1}) + \varepsilon_{it}$$

Whereas:

= TA Total Receivables

=ASSESTS: Total Assets at the beginning of year t

=ΔSALES Change in sales weighted based on total assets

= PPE Fixed Assets

ROA = Rate of Return on Assets

E. Continuity of profits

Continuity of earnings flow is an important feature of the quality of earnings, as the role of financial reports is to provide useful information for investors to evaluate cash flows and future profits, and therefore it is the useful feature for making important financial decisions (Dimitropoulos & Koronios, 2018: 2).

The continuity of profits can be viewed from two perspectives, namely the continuation of profits resulting from the company and the continued performance of stock prices in the capital market, where the first view states that continuous profits appear through the sustainability of Obtaining profits in the long term, and the continuation of the profit flow is an indication of the company's continued good performance in the long term, so that these profits can be used in the current year to estimate future profits related to operating cash flows in the future, and the second presentation is the continuity of profits shown by the relationship between profits, and the greater the relationship Profits with revenue, the greater the continuity of profits. (Merkusiwati & Damayanthi, 2020: 203).

To measure the continuity of earnings, regression coefficients between current period earnings and futures earnings are used, in agreement with the study (Deng &) Liao, 2017), (Makhsun et al., 2018) according to the following model:

$$X_{t+1} = \alpha_t + \beta X_t + \varepsilon_t$$

Whereas:

X_{t+1} = Expresses next year's earnings

α = fixed limit

β = continuity coefficient

X_t = Current Year Earnings

ε = error factor

The beta coefficient of β is relied upon, i.e., the closer you are to 1, the more continuous the X_t will be.

F. Profit Predictability

Profit predictability refers to the ability of earnings to predict themselves (Do Nguyet, 2017:83) and is an essential element of the conceptual framework of reports, a desirable quality characteristic of accounting information and a key element of a company's valuation (Hasan et al., 2012: 2). Earnings predictability is tested using the regression coefficient from the base regression relationship between future cash flows and current earnings, which determines the ability of earnings numbers to predict future cash flows, according to the following model (Al-dhamari & Ku Ismail, 2017: 2):

$$CFO_{it+1}=\beta_0 + \beta_1 EARN_{it} + \varepsilon_{it}$$

Whereas:

CFO_{it}+1 is the cash flows from the operation of company i in the year t+1 divided by total assets.

EARN it is the net income before the extraordinary items of Company i in year t divided by total assets at the beginning of the year, a positive and significant signal of 1 indicates more predictive earnings, while a negative and significant signal of 1 means less predictive earnings.

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A. Paving Profits

Dividend boot refers to the action of managers who manage profits to reduce reported earnings fluctuations, some consider it a special type of profit management because earnings boot can be used to shade stakeholders' view of the actual performance of the company, and others as a tool to communicate the company's own information about future earnings to them (Shabani & Sofian, 2018: 132). This definition leads to two competing opinions about the role of uniformity of dividends. From one point of view, homogenization of dividends is desirable, and can lead to reducing investors' perceptions about the risks to which the company is exposed. Dividends homogenization can convey special information about future amounts Earnings and the permanent level of earnings flow, on the other hand, and there is another less optimistic view of dividend facilitation, which is that distributing these artificially calculated earnings can fail to portray the true performance of the company's underlying, leading to underreported earnings, which increases the lack of Ensure profits (Khurana et al., 2018: 2) The preamble of earnings can be measured by dividing the standard deviation of earnings before extraordinary items by the standard deviation of cash flow from operations in agreement with (Hussein, 2016), (Mohammed, 2015) according to the following model:

$$\mathbf{E_{Smooth} = \sigma\ (NIBE_{i,\ t})\ /\ \sigma\ (CFO_{i,\ t})}$$

When the ratio is less than one, it indicates increased heterogeneity, which means using accruals to pave profits.

B. Characteristics of profits that depend on the market basis

C. Value relevance

Value adequacy is defined as the ability of accounting information to summarize information that affects the stock values of companies, regardless of their source (Kaaya, 2020: 101) It is a direct indication of the benefits of information for decision makers because it reflects the important role of accounting information in providing important information to the investor for evaluation purposes in particular, as this appropriate value is compatible with the general purpose of the financial report, which is to provide restricted information to help current and potential investors, lenders and other creditors appreciate company value. (Almagtome & Abbas, 2020: 6777)

The most famous model for measuring the appropriateness of the value of these dividends is Ohlson (1995) which expresses the market value of a firm as a linear function of the book value of the shares and the dividends, in agreement with the study (Hussein and Salman, 2020), (Kaaya, 2020), (AL-Ani & Tawfik, 2021), as follows:

$$\mathbf{P_{it} = \beta_0 + \beta_1\ EPS_{it} + \beta_2\ BVP_{it} + \varepsilon_{it}}$$

Whereas:

P_{it} = represents the market value of company i's shares at the end of year t

= EPS_{it} represents the accounting earnings of company i shares at the end ,of the year t.

BVP_{it} = represents the book value of company i shares at the end of year t

The appropriateness of the value is measured by (R2) of the decline in stock prices on accounting information, so if ((^{R2}) of this decline is zero or close to zero, then slavery is The accountant is not valuable.

D. Timing of earnings

Timely disclosure of financial statement information is essential for well-functioning capital markets (Bartov et al., 2017: 3) punctuality is a feature of accounting metrics, and the timing of accounting profit is the ability of profits to combine returns that occurred in the same period (Benyasrisawat, 2011: 62). It was developed (Gaio & Raposo, 2011: 476) The following regression model measures the right timing of earnings:

$$\mathbf{EARN_{i,\ t}{=}\beta_0{+}\beta_{1,\ iNEGi,t}{+}\beta_{2,\ iRi,t}{+}\beta_{3,i}NEG_{i,t}R_{i,t}{+}\nu_{i,t}}$$

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By taking the variable NEG as one value in the event that the appropriateness of the value is less than zero and takes a value of zero otherwise, the previous model for each company is estimated similarly and the appropriate timing of profits is calculated as follows:

$$\mathbf{TIMEL_i = -R^2_i}$$

A higher value of TIMEL indicates lower earnings in time and lower earnings quality, earnings that reflect the quality of information received from stock returns more quickly for investors to perceive as higher quality information.

III. THE PRACTICAL SIDE

Measuring the quality of financial reports

To measure the quality of financial reports, the researcher uses the Kothari et al (2005) model to measure accruals, as follows:

$$\mathbf{TA_{it} = \beta_0 + \beta_1(1/ASSETS_{it-1}) + \beta_2\Delta SALES_{it} + \beta_3 PPE_{it} + \beta_4 ROA_{it}\ (or\ _{it-1}) + \varepsilon_{it}}$$

Whereas:

TA: Total Receivables

ASSESTS: Total Assets at the beginning of year t

ΔSALES: Change in sales weighted based on total assets

PPE: Fixed Assets

ROA: Rate of Return on Assets.

Table (1) Measuring the quality of profits for banks research sample

N	Bank	Sunnah	Quality of profits	Average profit management per bank
1	Investment	2016	0.19%	0.17%
		2017	0.27%	
		2018	0.05%	
2	National Bank	2016	0.30%	0.27%
		2017	0.28%	
		2018	0.23%	
3	Commercial	2016	0.32%	0.32%
		2017	0.33%	
		2018	0.31%	
4	Gulf	2016	0.23%	0.27%
		2017	0.26%	
		2018	0.32%	
5	Middle East	2016	0.29%	0.29%
		2017	0.31%	
		2018	0.29%	
6	North	2016	0.31%	0.30%
		2017	0.31%	
		2018	0.30%	

7	United	2016	0.30%	0.30%
		2017	0.30%	
		2018	0.30%	
8	Connector	2016	0.29%	0.30%
		2017	0.32%	
		2018	0.30%	
9	Babylon	2016	0.33%	0.32%
		2017	0.32%	
		2018	0.32%	
10	Baghdad	2016	0.32%	0.32%
		2017	0.32%	
		2018	0.32%	
11	Sumer	2016	0.33%	0.33%
		2017	0.33%	
		2018	0.33%	
12	Assyria	2016	0.30%	0.31%
		2017	0.31%	
		2018	0.30%	
13	Al , Mansour	2016	0.30%	0.32%
		2017	0.33%	
		2018	0.33%	
The general average of profit management for banks - research sample			0.29%	

It is clear from Table No. (1) that the percentage of profit quality for the research sample banks. All banks in the research sample recorded reduced profit quality percentages, which were reflected in the general average of profit quality by 29%. The lowest qualitative percentage of profits was recorded by the Investment Bank of Iraq, at 17%. The highest profit quality ratio recorded by Bank Sumer, at 33%. It is clear from Table No. (1) that the Iraqi banks listed in the Iraq Stock Exchange suffer from a decline in the quality of their profits.

IV. CONCLUSIONS

1. There is no specific opinion by the researchers that there is a single, understandable and comprehensive definition of the quality of financial reports, and it is not possible to restrict the determinants or methods of measurement.

2. Although there is a large number of opinions about the concept of financial reporting quality, the basis for most of these concepts falls under the two general and widely used perspectives, as the first perspective depends on the needs of users, and the second perspective focuses on protecting the idea of users.

3. There are many determinants of the quality of financial reports and these determinants are usually related to certain characteristics in the company or to the characteristics of corporate governance.

4. The possibility of measuring the quality of financial reports through quantitative measures that focus on the specific characteristics of financial reporting information, through the high-quality qualitative characteristics of accounting information through the organization of the questionnaire form..

5. The seven characteristics related to the quality of profits, both accounting (quality of accruals, continuity of profits, predictability and smoothing of profits) and market (appropriateness of value, timeliness and accounting conservatism), are more accurate in terms of results and easier in terms of application to assess the quality of financial reports.

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6. Iraqi banks are characterized by a low level of the quality of their profits, so this is reflected in the quality of financial reports relatively, and Iraqi banks listed in the Iraq Stock Exchange suffer from a decline in the quality of financial reports in general.

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