THE IMPACT OF ACCOUNTING EARNINGS QUALITY ON THE FINANCIAL REPORTS: AN APPLIED STUDY TO A SAMPLE OF IRAQI BANKS LISTED IN THE IRAQI STOCK EXCHANGE

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ABSTRACT

The present research aims at identifying the concept of the accounting earnings quality and the range of its impact on the financial reports of Iraqi banks listed in the Iraqi Stock Exchange. The significance of the study stems from the significance of the accounting earnings quality impact on the Iraqi banks financial reports. The research is based on a number of results, the most of which are: "the quality of accounting earnings is an important element in assessing the quality of financial reports", and also 'the quality of earnings represents the ability to predict the future earnings of the banks and continuity of the of banks earnings as well'. Moreover, the article has reached to a number of recommendations, the most important of which are: "attention should be given by the Iraqi Stock Exchange to the adoption of models to measure the quality of earnings of Iraqi banks", and "internal periodic reports on the quality of earnings in Iraqi banks should be published for the purpose of improving the performance and efficiency of banks". As far as the statistical analysis is concerned, the researchers have utilized the modified Jones Model (1991) following the statistical program SPSS.

Keywords: Iraqi Stock Exchange (ISX), International Financial Reporting Standards (IFBS), Financial Accounting Standards Board (FASB).

INTRODUCTION

Scholars and researchers have dedicated considerable endeavors in focusing on the quality of accounting earnings due to the intrinsic role played by the banks in attracting domestic and foreign investments as well as financing small and large projects and the positive effects of Iraqi banks after 2003 through the increase and expansion of its activity and efficiency inside and outside the country. This research attempts to explain the findings of several accounting and financial studies globally and their impact on the Iraqi environment through the features of financial information, namely the quality of accounting earnings that are marked by the main characteristics of the desired accounting information for users of financial statements, in addition to the earnings disclosed by Iraqi banks to enable them to assess their performance in the past as well as forecast future cash flows that affect the share prices in turn. However, the interest in the number of earnings alone without taking into account what may affect this number leads to a reduction in the quality of earnings as a tool for earnings as well as raise the receivables which in return leads to vague decisions. The continuity of earnings and the low percentage of receivables are a proof of their quality because the quality of earnings reflects the continuity of cash flows more than the continuity of receivables. Hence, the researchers have focused on the concept of

quality of earnings, its causes, and its importance. The theoretical part of the study ensures the most important approaches to measuring the quality of accounting earnings in the financial reports.

As far as the organization of the study is concerned, the research deals with: the methodology of the study and previous studies, theoretical aspect of the study, the field part of the research, and finally the most important conclusions and recommendations.

RESEARCH METHODOLOGY

Research Problem

The quality of the accounting earnings reflects the real profits of the bank and therefore the possibility of predicting the future earnings of Iraqi banks registered in the Iraqi Stock Exchange (ISX). Based on has been just mentioned, the research considers the following formulated questions:

1. Are financial reporting users able to assess the quality of profits in financial statements? And are the users able to measure the quality of earnings?
2. Are the earnings of Iraqi banks listed in the Iraqi Stock Exchange marked with the characteristics of quality in earnings?

Research Significance

This research derives its significance from the quality of the accounting earnings and the extent of its impact on the financial reports of the Iraqi banks. Hence the study significance stems from the followings:

1. Checking whether there is an accounting earnings quality on the financial reports of Iraqi banks, and also checking whether that impact reflects the actual earnings of these banks.
2. Determining the level of quality of accounting earnings in Iraqi banks listed in the Iraqi Stock Exchange ensures the rationalization of the financial decisions taken based on the figures of these earnings. This is actually reflected positively on attracting financial investments of Iraqi banks for the purpose of ensuring a high level of quality and transparency of financial reports.

Research Objectives

The research attempts to achieve the following objectives:

1. Identifying the concept of the quality of accounting earnings and its impact on the financial reports of Iraqi banks.
2. Identifying the accounting earnings of the Iraqi banks which have characteristics of quality in accounting earnings.

Research Hypotheses

Basically, the article is based on the following hypotheses:

H1:   There is a correlation with significant value marks the accounting earnings of Iraqi banks listed in the Iraqi Stock Exchange at an appropriate level of quality and the higher the quality of profits are the strong effect they leave on the financial reports.

H2:   There is a correlation with significant value between the accounting earnings quality and the financial reports.

> *H3:*   *There is a significant correlation between the change in accounting earnings and that impact on the financial reports.*

Sample of the Study

The research practical part is based on a pilot test conducted on eight Iraq banks listed in the Iraqi Stock Exchange.

Limits of the Study

The financial reports of the Iraqi banks were used for the period 2013-2017.

Approach of the Study

In this study, the researchers utilize descriptive approach for measuring the quality of accounting earnings and testing the impact of that quality on the financial reports of Iraqi banks listed in the Iraqi Stock Exchange.

LITERATURE REVIEW

Al Maaeny's (2014) study entitled "*The Role of The Quality of Accounting Profits in Enhancing Investors' Decisions: An Applied Study to the Iraqi Stock Exchange*" aims to highlight the importance of the quality of accounting earnings in enhancing the decisions of investors in the Iraqi Stock Exchange as well as to determine the factors that affect the quality of accounting earnings. The study reached to a set of conclusions, most importantly that investors in the Iraqi Stock Exchange do not take into account the quality of accounting earnings when making investment decisions. The results of the study have shown that most of the high trading units have low quality earnings. This study has reached to a number of recommendations, the most important of which is the investors should take the variable volatility factors into account and the age and size of the economic units as indicators of the quality of earnings.

Ziad (2013) conducted a study entitled "*The Effect of Earnings Quality on the Value of the Company: An Empirical Study on a Sample of Iraqi Industrial Companies Participating in the Iraqi Stock Exchange*". This study aimed to measure the quality of earnings based on the dues and continuity and the impact of this quality on the real values of the shares and of the company due to the importance of this impact on increasing confidence in accounting information and in making investment decisions. The study has reached to a number of conclusions, the most important of which is that the quality of earnings may serve the standards makers in terms of being an indirect indicator of the quality assessment of accounting standards. The results of the study have shown that companies are marked with a quality of earnings in a number of years when using the optional dues scale. Moreover, the study reached to a number of recommendations, including the development of a model for measuring the quality of earnings in the Iraqi Stock Exchange which is an indication for investors and dealers about the quality of earnings of companies listed in the Iraqi Stock Exchange.

Hamad (2016) also conducted a study entitled *"Measuring Accounting Earnings Quality within Fair Value Adaptation Approach for Evaluating the Financial Investments"*. The objective of the study was to assess the fair value concept and to demonstrate the requirements of the International Financial Reporting Standards (IFRS) which had adopted a measurement approach to the fair value. The study reached to a number of conclusions, the most important of

which is that the existence of a special model for each of the measures of the quality of earnings does not mean that those measurements are separate from each other. The researcher found a strong correlation between the characteristics of the earnings that these measurements verify. This study has reached to a number of recommendations, the most important of which are: the need to consolidate the concept of fair value and its characteristics and methods of measurement in the minds of those who are interested in the field of accounting and securities, determining the factors that define the quality of the earnings and in particular defining the effect of unrealized gains and losses on fair value on the quality of the accounting information through the use of entries to measure the quality of earnings.

Obeid (2016) also conducted a study entitled "*The Quality of Earnings and its Impact on the Financial Statements*". This study aimed to identify the concept of earnings quality and how to measure it based on the main financial statements and its impact on the disclosure in the financial statements in sense that earnings represent an important element of the financial statements which interested the users of the financial statements for the purpose of making investment and credit decisions. Therefore, the focus has been on the quality of earnings that show the earnings in a fair and honest manner that does not disturb the users of the financial statements. This study has reached to a number of recommendations, among which are: Internal periodic reports on the quality of profits in economic units should be published in order to improve performance and increase efficiency.

Based on what has been stated so far, it becomes clear that the originality of the present article lies on its originality and it's distinguished from the previous studies in sense it presents a broad presentation of the concept of the quality of accounting earnings and its impact on the financial reports of Iraqi banks. Also, this study differs from previous studies in its settings in terms of the quality of accounting earnings of Iraqi banks and the impact of that quality the on financial reports of these banks.

THEORETICAL FRAMEWORK

Accounting Earnings Quality Concept

It is worth mentioning that the quality of accounting earnings refers to the earning which is marked by the main characteristics of the accounting information desired by the users of the financial statements, which basically helps users of that information to achieve the objectives of financial reporting in general and the accounting earnings reporting in particular. The researchers assume that the accounting earnings through disclosure are unusual items in the income statement which lead to a defect in the amount of these earnings and its quality. Earnings quality has been defined as the degree of convergence between the accounting concept and the economic concept of income based on capital preservation as an input to income measurement (Obeid, 2016). In other words, the higher the earning of accounting, the greater the ability to continue as it continues to obtain a higher level of quality of future earnings. Hamad (2005) points out that the quality of earnings is the ability of earnings that are of high quality if it reflects the current operating performance of the company. Moreover, it reflects a good indicator of future operational performance and provides a good measure of the value of the company.

Accounting Earnings Quality Significance

Obeid (2016) illustrates that the quality of accounting earnings is of great importance in company as it benefits the board of directors and shareholders in various areas, i.e., it helps the them in taking decisions in the field of financial and investment and in evaluating the company's current and future performance. Hence, we can say that there are several metrics for users to measure the quality of earnings and it is by personal standards according to the earnings from the point of view of a user of the financial statements. Additionally, the quality of earnings is an important aspect in assessing both of the company financial position and its performance by a large number of users.

Accounting Earnings Criteria

According to Al Sayed Ahmed (2008), the most important criteria used to determine the quality of earnings are the *"continuity of earnings* and *earnings and their devoid from the management practices."*

Continuity of Earnings

It refers to the extent of the correlation between the current earnings realized at present and the expected future earnings, the Company's ability to continue to achieve the greatest possible cash flow during the current period and hence the current earnings. This basically leads the Company's ability to predict future cash flows.

Earnings Devoid of Management Practices

The absence of Earnings from the company management practices is intended not to interfere with the management of the company in determining the receivables on the company or obligations on them, which leads to a great degree of objectivity in knowing the size of receivables on the company. Therefore, this measure is used to limit the methods used by the management in selecting any of the receivables that are in its favor, which leads to a lack of real earnings or is closer to the truth, which in turn leads to a decrease in the quality of accounting earnings.

Earnings Quality Objectives

There is a set of objectives that earnings quality possesses which in turn gives a clear perception of the concept of the quality of accounting earnings and its needs in assessing the performance of companies in relation to the current earnings or expected future earnings from continuing the company's various activities. According to Ziad (2014), the quality of accounting earrings attempts to achieve some objectives that some of them are stated below:

1. Taking into consideration the accuracy of the expected earnings for the next period. The higher the quality of the profits, the more accurate the future forecasts and the provision of information useful and convenient for investors.
2. Reliance on indicators and financial ratios that depend on accounting earnings outputs when performing financial analyses and measuring the actual performance indicators of the company.
3. Stating the validity of the relation that measures earnings per share and expected return as the earning reflects the positive correlation the investors expect between the target profitability and the expected return.

4. Providing investors with indicators of the earnings available to the owner for each ordinary share by showing the share of the stock out of the distributed earning, which reflects the capital gains per share, which is the difference between the purchase price and selling price and this affects the current share price in the market.

Methods of Assessing Accounting Earnings Quality

Ali (2016) states that the process of assessing the quality of accounting earnings in economic units depends on a number of methods, the most important of which are:

1. Comparing the accounting principles used by the company with those used in industry in the form of competition companies.
2. Reviewing the changes in accounting principles and estimates to determine if they result in inflated earnings.
3. An attempt to assess whether certain expenses, such as a security expense, are not reflected in the income statement.

Earnings Quality Entries

There is a range of different approaches to measuring the quality of earnings as identified by (Al-Sakni, 2010) as follows:

1. Receivables Entry.
2. Characteristics Quality Information Entry.
3. Statistical Entry.
4. Earnings, Receivables and Financial Audit.
5. Relevance and Reliability.

Concept of Financial Reports

The concept of quality of financial reporting reflects the characteristics of the financial information contained in these reports. These characteristics emerged from the utility of accounting information and are intended to make decisions that depend on the degree of reliability and comparability of information. Several financial reporting concepts have been used through the characteristics of the quality of financial information provided by the Financial Accounting Standards Board (IASB) Recommendation No. 2 (Ibrahim, 2005). The financial reports include financial statements such as (income statement, statement of financial position, cash flow statement, and statement of changes in equity). Additionally, the financial reports also contain the auditor's report, the Board of Directors' report and the estimate of financial forecasts (Hassan, 2005).

Significance of Financial Reports

The main objective of financial reporting is to provide high-quality financial information that is useful for economic decision-making and is used by some, such as investors and financial markets. The importance of financial reporting quality is reflected in the financial reporting gap, which positively affects the trust of the beneficiaries, which in turn leads to greater reliance on financial information in their economic decisions. Additionally, there is a positive sign between the quality of financial reports and the accuracy of analysts 'and investors' expectations of future earnings (Al Sayed Ahmed, 2008).

Factors Affecting the Quality of Financial Reports

There are a number of factors that affect the quality of financial reporting, which is the main objective that companies seek to achieve (Al Qadhi, 2000). Among the factors influencing the production and guidance of financial information and the provision of accounting systems are illustrated in the following manner (Hamad, 2004):

1. Physical Components: They denote the physical components such as manual accounting tools and devices are designed to produce high-quality accounting information.
2. Human Components: They include a group of people who operate the accounting system and its employees.
3. Financial Components: They include all available funds for the accounting system used for the purpose of carrying out its functions and targets.
4. Database: It contains a set of practical procedures and necessary data required for the purpose of operating the system and achieving its objectives.

Based on what has been mentioned so far in the literature review of the study so far, the researchers observe the impact of the quality of accounting earnings in the financial reports, through the main characteristics of the quality of accounting information for users of financial statements disclosed by Iraqi banks since the quality of financial reporting is the main objective it seeks to achieve. The evaluation of the quality of earnings is followed by financial analysis by identifying the key accounting policies of Iraqi banks and evaluating the flexibility available to banks in selecting accounting policies.

EMPIRICAL ANALYSIS

The research sample of the study consists of 8 Iraqi banks listed in the Iraqi Stock Exchange for the period (2013-2017). The sample of the study was randomly tested out of 22 total Iraqi banks listed in the Iraqi Stock Exchange. The researchers were able to obtain the financial reports data for the Iraqi banks sample of the study through personal interviews with the staff of the market or directly from the banks described below:

1. Commercial Bank of Iraq.
2. Bank of Baghdad.
3. Investment Bank of Iraq.
4. National Bank of Iraq.
5. Sumer Commercial Bank.
6. Bank of Babylon.
7. Economy Bank for Investment and Finance.
8. Mosul Bank for Development and Investment.

The following model was used to evaluate the test receivables for the purpose of designing the level of continuity of the quality of earnings of the Iraqi banks listed in the Iraqi Stock Exchange using the simple linear regression equation (the general trend model) under the following equation:

$$YT = A + BTI \quad (1)$$

Where:
YT = Linear regression value.
A= Fixed general trend model.
B= The tendency of the general trend line.

TI= Time Variable.

Analyzing the Linear Regression of the Iraqi Banks Annual Earnings

The general trend analysis is a measure of the quality of the relationship between two variables. The simple linear regression is regarded as one of the statistical methods used to measure the relationship between two variables in the form of a functional relationship considering the time as independent variable whereas the quality of earnings as the dependent variable. This relationship can be used by following the straight-line equation.

Linear Regression Equation of the Commercial Bank of Iraq (Time and Earnings of the Bank)

Through this relationship, the researchers aim to exploit the possibility of the effect of time on the quality of the accounting earnings of the Commercial Bank of Iraq and this is done by conducting a simple linear regression between the investors as shown in Table 1 below:

Table 1 LINEAR REGRESSION OF THE COMMERCIAL BANK OF IRAQ			
Model	**Correlation Coefficient**	**Determination Factor R^2**	**Adjusted Extended Factor**
1.	0.312[a]	0. 97	-0.355
[a] Predicator			

Source: SPSS

From Table 1, the researchers note that the correlation coefficient has reached to 0.312. This means that there is an average correlation between the dependent variable (the profits of the Commercial Bank of Iraq and the independent variable time. The value of R^2 is equal to 0. 97, (97%) of the variables that occurred on the dependent variable. The profits of the Commercial Bank of Iraq are from the effect of the independent variable (time) while (3%) is due to other factors not found in the model.

Table 2 LINEAR REGRESSION COEFFICIENTS OF THE COMMERCIAL BANK OF IRAQ			
Variable	**Regression Coefficient**	**Statistical T-Value**	**P-Value**
B0	0.1532	1.689	0.201
BI	-0.0399	1.124	0.351

As shown in Table 2 above, the value of the regression coefficients for the earnings of the Commercial Bank of Iraq and the associated fixed limit value have reached to 0.1532, which is the value of the dependent variable when the independent variable value reaches to 0. Additionally, we can notice that regression linear ratio of the commercial bank earnings is 0.351, which is greater than the customary value 0.05.

Table 3 LINEAR REGRESSION OF BANK OF BAGHDAD			
Model	**Correlation Coefficient**	**Determination Factor R^2**	**Adjusted Extended Factor**
1.	0.402[a]	0.161	0.258

Source: SPSS

From Table 3, the researchers note that the value of the correlation coefficient has reached to 0.402. This means that there is a strong correlation between the dependent variable (Bank of Baghdad earnings) and the independent variable (time). Moreover, one can note that the value of the R^2 is 0.161, which means that 16% of the variables on the dependent variable (Bank of Baghdad profits) are from the effect of the independent variable (time) while 84% is due to other factors not applicable in the model. Table 4 below illustrates the general trend line coefficients:

Table 4 GENERAL TREND LINE COEFFICIENTS OF BANK OF BAGHDAD			
Variable	Regression Coefficient	Statistical T-Value	P-Value
B0	11.081	-2.105	0.22
BI	3.42	1.607	0.219

As shown in Table 4 above, the value of the regression coefficients for the earnings of the Bank of Baghdad and the associated fixed limit value have reached to 11.081, which is the value of the dependent variable when the independent variable value reaches to 0. The ratio of the general trend line to the earnings of Bank of Baghdad is 3.42. This means that an increase in time in one year leads to an increase in the bank's earnings by 3.42. However, this increase is insignificant because the p-value of BI of the general trend of earnings is 0.219. It is greater than cognitive value.

Coefficient of the General Trend Line of the Investment Bank of Iraq

In Table 5, the researchers explain the relationship between time and its effects on the quality of the accounting earnings of the Iraqi Investment Bank by means of a simple regression between the two variables above:

Table 5 LINEAR REGRESSION OF INVESTMENT BANK OF IRAQ			
Model	Correlation Coefficient	Determination Factor R^2	Adjusted Extended Factor
1.	0.605ᵃ	0.366	0.407
ᵃ Predicator			

Source: SPSS

Clearly, Table 5 shows that the correlation coefficient value is 0.605. This means that there is a weak correlation between the dependent variable (investment bank earnings) and the independent variable (time). The value of R^2 is 0.366, which means that 36% out of the variables on the dependent variable (investment bank earnings) are from the independent variable (time), while 64% belongs to other factors that are not present in the model.

Table 6 GENERAL TREND LINE COEFFICIENTS OF THE INVESTMENT BANK OF IRAQ			
Variable	Regression Coefficient	Statistical T-Value	P-Value
B0	0.073	5.701	0.031

| BI | 0.003 | 0.501 | 0.579 |

As shown in Table 6 above, the value of the regression coefficients for the earnings of the Investment Bank of Iraq and the associated fixed limit value have reached to 0.073, which is the value of the dependent variable when the independent variable value reaches to 0. Additionally, we can notice that regression linear ratio of the investment bank earnings is 0.579, which is greater than the customary value 0.05.

Coefficient of the General Trend Line of the National Bank of Iraq

In Table 7, the researchers explain the relationship between time and its effects on the quality of the accounting earnings of the National Bank of Iraq by means of a simple regression between the two variables above:

Table 7			
LINEAR REGRESSION OF NATIONAL BANK OF IRAQ			
Model	**Correlation Coefficient**	**Determination Factor R^2**	**Adjusted Extended Factor**
1.	0.379[a]	0.143	-0.2855
[a] Predicator			

Source: SPSS

Clearly, Table 7 shows that the correlation coefficient value is 0.379. This means that there is a weak correlation between the dependent variable (the National Bank of Iraq earnings) and the independent variable (time). The value of R^2 is 0.143, which means that 14% out of the variables on the dependent variable (the National Bank of Iraq earnings) are from the independent variable (time), while 86% is related to other factors that are not present in the model.

Table 8			
GENERAL TREND LINE COEFFICIENTS OF THE NATIONAL BANK OF IRAQ			
Variable	**Regression Coefficient**	**Statistical T-Value**	**P-Value**
B0	0.634	5.012	0.03
BI	-0.161	-5.142	0.044

As shown in Table 8 above, the value of the regression coefficients for the earnings of the Investment Bank of Iraq and the associated fixed limit value have reached to 0.634, which is the value of the dependent variable when the independent variable value reaches to 0. the researchers also noted that the general trend line to Bank earnings (-0.161) This is an increase in one year's time, leading to reduced bank earnings rate (-0.161). This decrease does not affect because the value associated with the general trend of profits equal to (0.044) is less than the realized value (0.05).

Coefficient of the General Trend Line of Sumer Commercial Bank

In Table 9, the researchers explain the relationship between time and its effects on the quality of the accounting earnings of the National Bank of Iraq by means of a simple regression between the two variables above:

Table 9 LINEAR REGRESSION OF SUMER COMMERCIAL BANK			
Model	Correlation Coefficient	Coefficient of Determination R^2	Moderate Selection Factor
1.	0.351[a]	0.123	-0.315
[a] Predicator			

Source: SPSS

Clearly, Table 9 shows that the correlation coefficient value is 0.351. This means that there is a weak correlation between the dependent variable (Sumer Commercial Bank earnings) and the independent variable (time). The value of R^2 is 0.123, which means that 12% out of the variables on the dependent variable (Sumer Commercial Bank earnings) are from the independent variable (time), while 88% is related to other factors that are not present in the model.

Table 10 GENERAL TREND LINE COEFFICIENTS OF SUMER COMMERCIAL BANK			
Variable	Regression Coefficient	Statistical T-Value	P-Value
B0	-0.06	-6.305	0.022
BI	-0.019	-0.598	0.71

As shown in Table 10 above, the value of the regression coefficients for the earnings of Sumer Commercial Bank and the associated fixed limit value have reached to -0.06, which is the value of the dependent variable when the independent variable value reaches to 0. Additionally, we can notice that regression linear ratio of Sumer Commercial Bank earnings -0.019.This means an increase in time in one year, leads to a decrease in the bank's profits by (-0.019). This decrease is insignificant as 0.71 which is greater than the cognitive value (0.05).

Coefficient of the General Trend Line of Bank Babylon

The researchers observed through this relationship, the impact of time on Babylon Bank earnings quality is done through simple linear regression between the above variables. In Table 11, the researchers explain the relationship between time and its effects on the quality of the accounting earnings of the National Bank of Iraq by means of a simple regression between the two variables above:

Table 11 LINEAR REGRESSION OF BANK BABYLON			
Model	Correlation Coefficient	Coefficient of Determination R^2	Moderate Selection Factor
1.	0.513[a]	0.263	-0.1055
[a] Predicator			

Source: SPSS

Clearly, Table 11 shows that the correlation coefficient value is 0.513. This means that there is a weak correlation between the dependent variable (Bank Babylon earnings) and the independent variable (time). The value of R^2 is 0.263, which means that 26% out of the

variables on the dependent variable (Bank Babylon) are from the independent variable (time), while 74% is related to other factors that are not present in the model.

Table 12 GENERAL TREND LINE COEFFICIENTS OF BANK BABYLON			
Variable	Regression Coefficient	Statistical T-Value	P-Value
B0	0.017	-0.073	0.931
BI	-0.029	-0.381	0.723

As shown in Table 12 above, the value of the regression coefficients for the earnings of Bank of Babylon and the associated fixed limit value have reached to 0.017, which is the value of the dependent variable when the independent variable value reaches to 0. The ratio of the general trend line to the earnings of Bank of Babylon is -0.029. This means that an increase in time in one year leads to an increase in the bank's earnings by 0.017. However, this increase is insignificant because the value of the general trend of earnings is 0.723. It is greater than cognitive value.

Coefficient of the General Trend Line of Economy Bank for Investment and Finance

The researchers observed through this relationship, the impact of time on the Economy Bank for Investment and Finance earnings quality is done through simple linear regression between the above variables. In Table 13, the researchers explain the relationship between time and its effects on the quality of the accounting earnings of the Economy Bank for Investment and Finance by means of a simple regression between the two variables above:

Table 13 LINEAR REGRESSION OF THE ECONOMY BANK FOR INVESTMENT AND FINANCE			
Model	Correlation Coefficient	Coefficient of Determination R^2	Moderate Selection Factor
1.	0.812^a	0.659	0.489
[a] Predicator			

Source: SPSS

Table 13 shows that the correlation coefficient value is 0.812. This means that there is a weak correlation between the dependent variable (Economy Bank for Investment and Finance) and the independent variable (time). The value of R^2 is 0.659, which means that 66% out of the variables on the dependent variable (Economy Bank for Investment and Finance) are from the independent variable (time), while 34% is related to other factors that are not present in the model.

Table 14 GENERAL TREND LINE COEFFICIENTS OF THE ECONOMY BANK FOR INVESTMENT AND FINANCE			
Variable	Regression Coefficient	Statistical T-Value	P-Value
B0	0.014	0.059	0.733
B1	-0.016	-0.281	0.701

As shown in Table 14 above, the value of the regression coefficients for the earnings of Economy Bank for Investment and Finance and the associated fixed limit value have reached to

0.014, which is the value of the dependent variable when the independent variable value reaches to 0. The ratio of the general trend line to the earnings of the Economy Bank for Investment and Finance is -0.016. This means that an increase in time in one year leads to a decrease in the bank's earnings by -0.016. However, this decrease in the earnings trend has no effect because the value associated with the trend of the earnings is 0, which is less than the cognitive value 0.05.

Coefficient of the General Trend Line Mosul Bank for Development and Investment

In Table 15, the researchers explain the relationship between time and its effects on the quality of the accounting earnings of Mosul Bank for Development and Investment by means of a simple regression between the two variables above:

Table 15			
LINEAR REGRESSION OF MOSUL BANK FOR DEVELOPMENT AND INVESTMENT			
Model	**Correlation Coefficient**	**Coefficient of Determination R^2**	**Moderate Selection Factor**
1	0.661[a]	0.436	0.154
[a] Predicator			

Source: SPSS

Clearly, Table 15 shows that the correlation coefficient value is 0.661. This means that there is a weak correlation between the dependent variable (Mosul Bank for Development and Investment) and the independent variable (time). The value of R^2 is 0.436, which means that 43% out of the variables on the dependent variable (Mosul Bank for Development and Investment earnings) are from the independent variable (time), while 57% is related to other factors that are not present in the model.

Table 16			
GENERAL TREND LINE COEFFICIENTS OF MOSUL BANK FOR DEVELOPMENT AND INVESTMENT			
Variable	**Regression Coefficient**	**Statistical T-Value**	**P-Value**
B0	0.013	0.070	0.920
B1	-0.027	-0.366	0.711

As shown in Table 16 above, the value of the regression coefficients for the earnings of Mosul Bank for Development and Investment, and the associated fixed limit value have reached to 0.013, which is the value of the dependent variable when the independent variable value reaches to 0. The ratio of the general trend line to the earnings Mosul Bank for Development and Investment is -0.027. This means that an increase in time in one year leads to an increase in the bank's earnings by 0.711. However, this increase is insignificant because the value of the general trend of earnings is 0.05. It is greater than cognitive value.

The researchers have conducted a comprehensive Table 17 for showing the general trend line equations for the annual earnings of the Iraqi banks tested in the article (the sample of the study):

Table 17			
COMPREHENSIVE ANNUAL EARNINGS OF THE SAMPLE OF THE STUDY WITH EQUATIONS			
The Bank	**Average Time**	**Average Earnings**	**Trend-Line Equation**

Table 17 COMPREHENSIVE ANNUAL EARNINGS OF THE SAMPLE OF THE STUDY WITH EQUATIONS			
Commercial Bank of Iraq	2.5	0.049	$Yt = 0.1532 - 0.0399Ti$
Bank of Baghdad	2.5	-2.03	$Yt = 11.081 + 3.42Ti$
Investment Bank of Iraq	2.5	0.078	$Yt = 0.073 + 0.0003Ti$
National Bank of Iraq	2.5	0.2	$Yt = 0.634 - 0.161Ti$
Sumer Commercial Bank	2.5	-0.053	$Yt = -0.06 - 0.019Ti$
Bank of Babylon	2.5	-0.071	$Yt = 0.017 - 0.029Ti$
Economy Bank for Investment and Finance	2.5	0.051	$Yt = 0.014 - 0.016Ti$
Mosul Bank for Development and Investment	2.5	1.98	$Yt = 0.013 - 0.0027Ti$

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Based on the significant statistical analyses reached with the Iraqi banks (Commercial Bank of Iraq, Investment Bank of Iraq, National Bank of Iraq, Economy Bank for Investment and Finance, and Mosul Bank for Development and Investment) the researchers have reached to the following results:

1. The results of the empirical research part showed that the earrings of Iraqi banks listed in the Iraqi Stock Exchange have characteristics of quality in accounting earnings.
2. The quality in accounting earnings is regarded as one of the most important component in assessing the quality of financial reports of Iraqi banks.
3. Having a special model for each of the revenue quality metrics does not mean that those metrics are separate from each other. The researchers have found a strong correlation between the earning attributes that these measures are to verify and differ according to the earning characteristic being measured.
4. The quality of earnings represents the ability to predict the future profits of the banks and the continuity of earnings to them, the increase in earnings leads to increase the amounts available for investment.

Recommendation

1. The necessity to familiarize users of financial reports with different concepts of the quality of accounting profits and measurement in Iraqi banks.
2. Consolidation of interest by employees in the Iraqi Stock Exchange by adopting models to measure the quality of accounting profits of Iraqi banks listed in the Iraqi Stock Exchange.
3. The necessity of the Iraqi banks to reconsider their financial and administrative policies and to benefit from the analyses and results presented by the study, especially related to the cash flows and the impact of the quality of earnings on the financial reports.
4. The quality of earning should be disclosed in the financial reports of Iraqi banks in order to help users of financial statements predict future earnings more fairly.
5. Iraqi banks should publish internal periodic reports on their quality of earnings in order to improve the performance of banks and increase their efficiency.

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