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MEASURING THE LEVEL OF PROFIT MANAGEMENT IN LIGHT OF THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS AND ITS IMPACT ON THE FINANCIAL STATEMENTS (APPLIED STUDY AT AL KHALEEJ COMMERCIAL BANK)

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ABSTRACT

The research aims to address the theoretical framework for profit management in terms of concept and importance and address the ethical perspective with a focus on measuring the level of profit management in light of the adoption of international financial reporting standards and to show the impact of this on the financial statements in a way that is consistent with the accompanying changes of the modern business environment. The research was applied in the Khaleeji Commercial Bank for the period from 2016 to 2020, where the modified (Jones, 1995) model was used in order to measure the level of profit management in light of the adoption of international financial reporting standards in the research sample bank. The research reached a set of conclusions, including that there is a possibility to measure earnings management practices in the research sample, and negative earnings management practices can be reduced by improving the quality of financial statements and reports, improving the transparency of financial reports, and good disclosure of information that reflects the reality of the financial position and profits and the extent of interest in reports sustainability.

INTRODUCTION:

The contemporary business environment has witnessed radical transformations and developments in recent years, which led to the emergence of commercial and financial transactions that may be characterized by complexity. Which entails taking appropriate decisions based on the accounting information contained in the financial statements, and accordingly, accounting standards have been issued that explain and interpret the alternatives that can be applied and at the same time allows the management to manipulate the reports on its performance and show it the best picture. These practices are called profit management practices, and through profit management, it is possible to exploit the gaps in the accounting principles to show the financial position in the way that managers want, as the management of the economic unit does some of these Practices within the framework of international accounting standards to reach the objectivity of accounting measurement and to avoid bias. Nevertheless, international accounting standards give management wide flexibility to choose between procedures, policies, and accounting methods that can be exploited by management to achieve certain goals at the expense of the goals of other parties.

THE FIRST TOPIC: RESEARCH METHODOLOGY

Research problem:

Many managers of economic units may resort to the practice of profit management to achieve their own goals at the expense of the goals of other parties benefiting from the financial statements, although international accounting standards have given management wide flexibility to choose between procedures, policies, and accounting methods that can be exploited to achieve this, and can be expressed as The problem of the research through the following question: (Is there a possibility to measure the level of profit management in light of the adoption of international financial reporting standards and what is the impact of this on the financial statements?).

Importance of the research:

The importance of the research comes from the importance of the issue of profit management and its impact on the financial statements of the economic unit and its reflection on the parties interested in the results that the economic unit can reach, which may positively or negatively affect the net income of this unit through manipulation of accounting information. Therefore, it is necessary to reveal these practices and try to show their impact on the financial statements.

RESEARCH OBJECTIVE:

The research aims to address the theoretical framework for profit management in terms of concept and importance and address the ethical perspective with a focus on measuring the level of profit management in light of the adoption of international financial reporting standards and to show the impact of this on the financial statements in a way that is consistent with the accompanying changes of the modern business environment.

RESEARCH HYPOTHESIS:

The research is based on a basic premise that: (there is a possibility to measure the level of profit management in light of the adoption of international financial reporting standards in Iraqi banks in a way that helps improve the financial statements).

RESEARCH METHODOLOGY:

In order to achieve the objectives of the research, the deductive and inductive approaches were followed. The deductive approach was followed in the theoretical aspect, depending on the Arab and foreign references available in the libraries. whereas, the inductive approach was followed with the applied aspect of this research.

RESEARCH POPULATION AND SAMPLE:

The research population is represented by the banks listed on the Iraq Stock Exchange, and the research sample is represented by the Gulf Commercial Bank for the period from 2016 to 2020.

THE SECOND TOPIC: THE THEORETICAL SIDE OF THE RESEARCH

The concept and motives of profit management:

Earnings management is seen as the process of manipulating accounting numbers by exploiting flexibility in accounting rules and options for measurement practices and disclosure them to convert financial information to what preparers prefer to obtain the required results instead of reporting in a neutral and fair manner within a specified period of time (Huseynov, 2010:8).
Profit management is deliberate manipulation practices by the management of the economic unit with the intent of affecting the profits disclosed in its financial statements, taking advantage of the flexibility provided by accounting standards, with the intent of showing financial success in a biased way. That is, the financial statements are prepared in a certain way that serves parties within the economic unit at the expense of The parties outside this unit, which leads to the shadowing of the financial statements (Michael, et.al., 2007: 2).

Profit management represents a reliance on administrative decisions that are compatible with the objectives set by the management of the economic unit when disclosing information in the financial statements with the aim of achieving special benefits and objectives at the expense of the objectives and interests of other parties, especially the parties that have no hand in preparing the financial statements Mckee, 2005: 14).

Relying on administrative decisions that are compatible with the objectives set by the management of the economic unit requires converting the accounting numbers from what they are already to what the management of the economic unit wants to be, using flexibility in rules, standards, methods, and accounting methods, or by violating part of those rules Financial Standards and Shaded Accounting Information Presentation (Remenarić, et.al., 2018: 194).

Based on the foregoing, the researcher believes that profit management is represented by exploiting flexibility in accounting rules and methods with the aim of manipulating reported profits by changing the numbers of items in the income statements to reach other goals that may achieve self-interest for the management or to give the economic unit a stable and good financial position during a specific period of time Provided that it does not conflict with the management's own goals and maintain the level of operations of the unit in the financial markets.

There are four motives for managing profits, which are organizational motives, contractual motives, financial motives, and tax motives. Whatever type of motives these motives are, they fall under two main pillars, which are either to increase or decrease the level of profits through several methods. The main motives for-profit management can be clarified as follows: (Sundvik): (2016:17), (Scott & pitnan, 2005:379), (Mulford & Conisky, 2008:80)

First: Organizational motives: If the economic unit is subjected to legal accountability or governmental pressures, the management of this unit resorts to adopting methods and procedures and taking decisions that lead to showing its profits in a less than real way, in order to reduce these pressures to the least possible.

Second: Contractual motives: The management of the economic unit uses accounting information to help monitor and organize contracts between the economic unit and the owners and multiple stakeholders established by these contracts to test the reward or incentives between the interests of the administration and stakeholders.

Third: Financial motives: The company’s management is concerned with the financial and economic situation of the economic unit, as this paragraph relates to the short term, and the prevailing use of accounting information in evaluating shares by investors and financial analysts in the short term creates an incentive for managers to manipulate profits when there is a close link between profits. reported and stock prices.

Fourth: Tax motives: One of the motives that arise in the economic unit is the necessity to follow the methods of profit management practices to reduce revenues and increase expenditures with the aim of reducing the tax base resulting from the economic unit for the tax.

Accordingly, organizational motives, contractual motives, financial motives, and tax motives are among the most important motives that drive the management of the economic unit to practice profit management with the aim of increasing or decreasing the level of profits as a result of exploiting flexibility in accounting rules and methods in order to achieve special goals at the expense of the goals and interests of others.

METHODS OF PROFIT MANAGEMENT:

There are many methods followed by the management of the economic unit through which the form and content of accounting information is affected in the financial reporting period and with the goal that it deems appropriate and with different methods, degrees and decisions that are predetermined, and the most important methods of profit management can be clarified through the following:

First: Changes in Accounting Estimates: Changes in accounting estimates represent an adjustment in the amount recorded in the book value of an asset or liability, for example, modifying the annual depreciation amount of the asset as a result of its reassessment and the expected future benefits, represented by re-estimating the useful life of the asset or re-estimating the value of the debris. Changes in accounting estimates result from the emergence of new information that was not previously available, and therefore it is not a correction of errors, but rather a process of manipulating the accounting numbers (Thi, 2015:41).

Second: Changes in accounting policies: The ability of management to choose among the methods included in accounting also allows management to distinguish between them in order to determine appropriate accounting practices. Accounting practices consist of the processes and techniques that the accountant uses to report transactions and others through the methods of depreciation estimations and inventory valuation processes (Andreou, et.al., 2017: 42).

Third: Changes in the Reporting Unit: Changes in the reporting unit appear as a result of the establishment of the merger of two economic units or more. The merger process is prepared either through the purchase strategy or by collecting interests within the purchasing strategy. The goodwill of the store is calculated through the discrepancy between the cost paid for the purchase and between the net market value of the assets, the total value of the goodwill is amortized over the estimated life of the goodwill, as allowing the company’s goodwill to be periodically exhausted would make the net profit less than it is. Managers can use one of the two strategies when a company acquires another company, such as amortizing research and development expenses for the economic units purchased, as all these expenses must be reported in the same year of acquisition, thus reducing pressure on benefits in the future (Thi, 2015:23).

Fourth: The timing of recognizing revenues or expenses: Among the approved accounting practices and the necessary and available legal options, the management of the economic unit works to increase profits through the timing strategy of recognizing revenues or expenses in which the level of the economic unit profits fluctuates by increase or decrease and the degree of its stability, thus shading accounting information contained in the financial statements (Andreou, et.al., 2017:42).

Fifth: Accounting for exceptional items: It is known that the non-main products produced by the economic unit beside its main products are strategies used by the management of the economic unit to control profits and indicate any revenues or expenses that may not come. From the daily operations of the economic unit, which means that these revenues and expenses do not occur routinely and more than once, and they are defined as exceptional items that differ from the activities of the economic unit and do not appear frequently.

Examples of extraordinary or unusual activities in an economic unit include gains and losses from foreign exchange conversion and gains and losses from the sale of fixed assets and equipment (Kieso & Weygandt, 2009: 182).

Sixth: Estimating the allocations: The management of the economic unit can use the estimates in order to reach the financial position and stability that would enable it to manage profits. The management of the economic unit can decide to increase or decrease the provisions through the bad debts allocations or re-estimate the elements of the indebtedness and thus increase expenditures in good periods, which means increasing expenses or reducing the expenses of the economic unit, and thus helping to reduce expenses leads to increase profits (John, 2017: 296).

It is noted from the above, that there are many ways that the management of the economic unit can follow through which the form and content of the accounting information in the financial reporting period are affected and with the goal that it deems appropriate and with different methods, degrees, and decisions that are predetermined. These methods mislead the accounting information contained in the financial statements prepared by the economic unit.

Ethical perspective of profit management:

The basic core of the ethical perspective includes the concepts of justice, fairness, and truth, and these concepts can affect the profit management practices followed by the economic unit, and these concepts can be clarified through the following: (Belkaoui, 2005:45)

1. Justice: It means equality in the accounting treatments for all parties interested in the financial statements.

2. Fairness: is the fair presentation of fair and unbiased data.

3. Truth: It means that the financial statements are true, accurate, and without distortion.

The concept of justice has generally become an ethical implication, as it indicates that the financial statements have been prepared without undue influence or bias. Justice is the value of the various financial statements applied in accounting, and accordingly, fairness is a basic criterion for evaluating other standards because it indicates ethical considerations. According to the opinion put forward by (Scott), any practice of profit management is an unethical practice because it will violate one of the three concepts of the ethical approach. According to Yu, who focused on fairness and equity, the practice of earnings management is possible by management because it can add value to the financial statements, and the ethical status of earnings management is highly contentious depending on whether earnings management is ethical or unethical practice. The point of contention here is in determining the extent to which the administration deliberately misleads the stakeholders in the economic unit (Gala & Dunmore, 2007:12).

There are a number of researchers who consider profit management an attempt by the administration to deliberately manipulate accounting information with the intent of negatively or positively affecting the net profit of the economic unit. And some of them see it as desirable to address certain cases that do not have current accounting treatments, and in general, the ethical dimension or perspective can be determined for the practice of profit management in the economic unit through the following: (Raigopal, 2005:8)

1. The practice of profit management is unacceptable as it does not comply with the ethical approach to accounting if the intent is to mislead users by providing them with incorrect and inaccurate accounting information.

2. The practice of profit management is a legitimate legal behavior if it is used to treat specific cases that do not have current accounting treatments.

Thus, reliance on the ethical approach in the areas of business management, accounting, and auditing has a common denominator, which is the extent of the distinction between acceptable and morally unacceptable behavior. There are many behavioral models in which absolute distinction is difficult, as the disapproval of auditors and accountants in Britain for such situations. Moving from the general concept of injustice and dishonesty, we can address a more personal level where individuals make decisions about work that are defensible in one way or another (Gala & Dunmore, 2007:13).

Accordingly, the practice of profit management is desirable if it is used to treat specific cases that do not have current accounting treatments, and these practices are considered unethical and undesirable otherwise.

Measuring profit management practices under IFRS:

There are many models presented by researchers, through which it is possible to determine the extent to which economic units exercise their profits management, and the modified (Jones) model is one of the best models to achieve this purpose. This model aims to improve the process of calculating non-discretionary entitlements by taking into account the operational and economic conditions of each company when calculating those receivables. The model is based on the following assumptions: (Bagus, 2020:57)

1. The total dues consist of optional dues and non-optional dues, meaning that:

Total dues = non-optional dues + optional dues

2. The optional dues represent the part that is attributed to the management's intervention in the accounting measurement and disclosure process to influence the accounting figures stated in the financial statements.

3. The non-optional dues represent the part resulting from the normal operating activity of the company during the accounting period.

The non-optional dues of the economic unit are calculated during a certain period according to the following equation: (Bagus,2020:57)

$$NDA_t = a1\left(\frac{1}{A_{t-1}}\right) + a2\left(\frac{\Delta REV}{A_{t-1}}\right) + a3\left(\frac{PPE_t}{A_{t-1}}\right)$$

whereas:

NDA_t: The non-optional dues in year t.
REV: The change in the current year's revenue from the previous year's revenue.
PPE_t: Total fixed assets.
A_{t-1}: The total assets of the year prior to the measurement year.

a_1, a_2, a_3 : model coefficients, which are weights specific to each economic unit that is calculated according to the regression equation below, and through this equation also calculating optional dues, called residuals, which are used as a function of voluntary accruals that result from the administration's intervention and practice profit management.

In 1995, (Dechow) modified the (Jones, 1991) model, as the accounts receivable variable ΔREC was added to the model in order to improve the previous model and reduce errors in the measurement of optional dues. The model variables are calculated according to a set of assumptions, which can be clarified through the following: (Bagus,2020:57)

1. Every change that occurs in the forward sales of an economic unit is the result of profit management practices by the management of this unit.

2. 2. A variable $(\Delta REV - \Delta REC)$ is an expression of the non-optional dues in the working capital associated with the sales of the economic unit.
The non-optional dues are measured according to the following equation:

$$NDA_t = a1\left(\frac{1}{A_{t-1}}\right) + a2\left(\frac{\Delta REV - \Delta REC}{A_{t-1}}\right) + a3\frac{PPE_t}{A_{t-1}} + et$$

whereas:

ΔREC : Represent the change in accounts receivable between the current year and the previous year.

The same procedures for calculating optional dues used in the previous model are followed, but the current model reduces errors in the previous model. The addition of the change in the accounts receivable reflects the extent of the management's intervention in the practice of profit management through the manipulation of forward sales, which are more susceptible to areas of manipulation and the management's intervention than cash sales, and this represents the management's intervention in the accounting measurement processes through the principle of revenue recognition.

Through the above, the researchers see that the modified (Jones, 1995) model is the best model that can be used to measure profit management because of its accuracy and modernity, in addition to its treatment of all the disadvantages that other models have been exposed.

The third topic: the practical aspect of research

An introduction to Al Khaleej Commercial Bank:

Khaleeji Commercial Bank was established as a private joint-stock company under the certificate of incorporation No. 7002 on 10/20/1999 issued by the Companies Registration Department in accordance with Companies Law No. 21 of 1997 with a capital of 600,000,000 dinars fully paid. The bank started its actual activity on 1/4/2000 and the main branch opened its doors to the public on that date after obtaining a license to practice banking from the Central Bank of Iraq No. 115, in 2/7/2000, in accordance with the provisions of the Central Bank of Iraq Law No. 64 of 1976, repealed, for the bank to practice comprehensive banking business. Its founding contract was amended to increase its capital several times until its capital on 8/9/2013 amounted to 250 billion dinars, equivalent to 212 million US dollars. The bank has 23 branches in Baghdad, and one of the strategic objectives of the senior management of the bank is to work to provide the highest standards of protection for the rights and money of its clients and to enable them to carry out their banking operations with great comfort and flexibility, and in light of this, the Banking Awareness and Public Protection Department was established. The bank aims to provide innovative financial solutions that are compatible with the provisions of Islamic Sharia, prepare leaders and specialized cadres in the banking industry, as well as raise the level of institutional performance within the application of governance principles and horizontal and vertical expansion of services to achieve growth and financial strength.

Measuring profit management practices in Khaleeji Commercial Bank and its impact on the financial statements:

During this paragraph, the extent to which Al Khaleeji Commercial Bank practices profit management will be measured, and accordingly, the matter requires calculating the total dues, non-optional dues and optional dues.

Table (1): Calculating the total dues of Khaleeji Commercial Bank for the period (2016-2020)

Year	NI_{it} (1)	CFO_{it} (2)	A_{ijt-1} (3)	TAC_{ijt} / A_{ijt-1} (3) ÷ [(2) - (1)]
2016	5870759	41644237	800108667	-0.044710774
2017	4230107	(133181981)	802022034	0.171332061
2018	591790	1810026	603312990	-0.002019244
2019	(3931358)	6287320	578336519	-0.017669087
2020	(1477)	(18048172)	549145531	0.032863228
Total	1351964	(20297714)	666585148	0.027959237

average				

Source: Prepared by the researcher based on the financial statements of the research sample bank

It is noted from the above table that the value of the total dues of the Gulf Commercial Bank for the period (2016-2020) ranged between (-0.044710774) and (0.171332061), and the total average of the total dues during these years was (0.027959237). It is also noted from the previous table that the values of the total dues of the Khaleeji Commercial Bank fluctuate as a result of fluctuations in the net income and operating cash flow of these banks. The reason for this fluctuation is due to the instability of the financial performance of the banks during the years of research. It is clear to see there are negative values of the total receivables, and it was the result of the increase in operating cash flows over the net income of the research sample banks in some years.

The non-optional dues of Khaleeji Commercial Bank for the period (2016-2020) can be calculated through the following table:

Table (2): Calculation of the non-optional dues of Khaleeji Commercial Bank for the period (2016-2020)

year	**α1 ($1/A_{ijt-1}$) (1)**	**α2[(ΔREV_{ijt} – ΔREC_{ijt})/A_{ijt-1})](2)**	**α3 (PPE_{ijt}/A_{ijt-1}) (2)**	**$NDAC_{ijt}$ / A_{ijt-1} (1) + (2) + (1)**
2016	**0.0000125**	**-0.0888976**	**0.270542**	**0.1816569**
2017	**0.0000124**	**0.0955217**	**0.260852**	**0.3563861**
2018	**0.0000165**	**-0.0236862**	**0.256430**	**0.2327603**
2019	**0.0000172**	**0.0825526**	**0.239490**	**0.3220598**
2020	**0.0000182**	**-0.0262878**	**0.217906**	**0.1916364**
Total average	**0.00001536**	**0.00784054**	**0.249044**	**0.2568999**

Source: Prepared by the researcher based on the financial statements of the research sample bank.

It is evident from the above table that the value of the non-optional dues of Al Khaleej Commercial Bank for the period (2016-2020) ranged between (0.1816569) and (0.3563861), and the general average of the non-optional dues during these years was (0.2568999). Also, we can see through the previous table, the values of non-optional dues fluctuated as a result of the fluctuation of each of the amounts of revenue and balances of debtors' accounts, as well as fluctuation of the total amounts of real estate, property, and machinery during the years of research. It is also noted that there are negative values, and it was as a result of the presence of negative values in the change in the revenues of the research sample bank during these years, especially during 2016, 2018, and 2020, which led to a fluctuation in the values of non-optional dues during the years of research. And after calculating the total dues and non-optional dues for the period from 2016 to 2020, the voluntary accruals of these banks for the period (2016-2020) will be calculated through the difference between the total accruals (TACijt / Aijt-1) and the non-discretionary accruals (NDACijt / Aijt-1), as shown in the following table:

Table (3): Calculation of optional dues for Al-Khaleeji Commercial Bank for the period (2016-2020)

Year	TACijt / A_{ijt-1} (1)	$NDAC_{ijt}$ / A_{ijt-1} (2)	DAC_{it} / A_{it-1} (2) – (1)
2016	-0.044710774	0.1816569	-0.226367674
2017	0.171332061	0.3563861	-0.185054039
2018	-0.002019244	0.2327603	-0.234779544
2019	-0.017669087	0.3220598	-0.339728887
2020	0.032863228	0.1916364	-0.158773172
Total average	0.027959237	0.2568999	-0.228940663

Source: Prepared by the researcher based on the financial statements of the research sample bank.

It is evident from the above table, that the value of the optional dues of the Khaleeji Commercial Bank ranged between (-0.339728887) and (-0.158773172), where the average of these receivables during the years of research was (-0.228940663), and after calculating the optional dues, the bank will be classified into practitioners or non-practitioners of profit management, as shown in the following table:

Table (4): Classification of Khaleeji Commercial Bank to a practitioner or a non-practitioner of profit management according to the modified (Jones) model

Year	Absolute value for optional dues	Mean absolute value for optional dues	Classification (practitioner / non-practitioner)
2016	0.226367674	0.228940663	practitioner
2017	0.185054039	0.228940663	practitioner
2018	0.234779544	0.228940663	non-practitioner
2019	0.339728887	0.228940663	non-practitioner
2020	0.158773172	0.228940663	practitioner
Total average	0.228940663	-	practitioner[1, 2]

[1] If the absolute value of the optional accruals is less than the average absolute value of the optional accruals, the bank can be classified as a practitioner of profit management during each year of research, and vice versa.

[2] This bank has been classified as a practitioner of profit management because the number of years in which it has practiced profit management is more than the number of years in which it has not practiced earnings management.

Source: Prepared by the researcher based on the financial statements of the research sample bank

The previous table shows the absolute value of the optional dues and the average absolute value of the optional dues amounting to (0.228940663), and accordingly, Al Khaleej Commercial Bank can be classified into a practitioner or a non-practitioner of profit management, and it was found through this table that the bank was a practitioner of profit management during the years 2016,2017 and 2020, while the bank did not practice profit management during 2018 and 2019. Thus, this bank can be classified as a practitioner of profit management. After extrapolating the practical reality, it became clear that the research sample bank practices accounting conservatism for several reasons, the most important of which was increasing the value of the accounting information and providing protection for investors against the opportunistic behavior of the administration. The contracts entered into by the bank’s management stop the disclosed accounting figures, as the accounting conservatism practices affect both the management’s incentives and the indebtedness contracts. As well as the administration's adoption of conservative accounting policies and practices in order to reduce tax costs, as conservative policies and practices are acceptable by the tax authorities to postpone the tax burden by following these policies and practices when preparing the financial statements. As for profit management practices, the research sample bank resorts to these practices in order to increase or decrease the level of profits as a result of exploiting flexibility in accounting rules and methods in order to achieve bank-specific goals at the expense of the goals and interests of others.

FOURTH TOPIC: CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The conclusions of the theoretical and practical side can be stated through the following:

1. The modified dues model is one of the best models that can be used to measure the accounting conservatism at the level of each economic unit or each year, in addition to its dependence on the accounting information included in the financial statements.

2. The organizational motives, contractual motives, financial motives, and tax motives are among the most important motives that drive the management of the economic unit to practice profit management with the aim of increasing or decreasing the level of profits as a result of exploiting flexibility in accounting rules and methods.

3. The practice of profit management is desirable if it is used to deal with specific cases that do not have current accounting treatments, and these practices are unethical and undesirable otherwise.

4. The modified (Jones, 1995) model is one of the best models that can be used to measure profit management practices due to its accuracy and modernity, in addition to its treatment of all the disadvantages that other models have been exposed to.

5. The adoption of international financial reporting standards will help economic units achieve compatibility through significant changes that lead to an increase in the accounting comparison between multinational companies and lead to convergence and increase in new financial transactions and investments for multinational companies, and thus benefit greatly from it in improving performance, Whether operational or strategic and developing it in accordance with the developments of the modern business environment, as well as increasing confidence between the economic unit and customers.

6. Negative profit management practices can be reduced by improving the quality of financial statements and reports, improving the transparency of financial reports, and good disclosure of information that reflects the reality of the financial position and profits and the extent of interest in sustainability reports.

RECOMMENDATIONS:

The research reached a set of recommendations, which are as follows:

1. Preserving the independence of the financial market in order to ensure that its decisions are not influenced in order to contribute to enhancing confidence in it and thus providing information in a fair and equal manner for all, as well as making more efforts and following up on developments related to profit management practices.

2. Commitment to the application of international financial reporting standards in the banks of the research sample, and work to increase the level of disclosure and transparency in financial reports and make them available to all stakeholders to give shareholders and investors security for their money, and to avoid all methods that would lead to the practice of profit management in the various economic units.

3. The need for concerted efforts of professional organizations and relevant authorities to make international financial reporting standards more in line with the requirements of the local environment, and to develop awareness among shareholders and investors to improve the quality of financial reports and increase their credibility and transparency to collect beneficiaries and work to avoid all negative effects of profit management practices.

4. Work on the application of international financial reporting standards in order to increase the reliability, transparency, and comparability of financial reports, in a way that can help reduce negative profit management practices and improve the quality of accounting information.

5. Calling for meetings and seminars between professional bodies and boards of directors of economic units in order to increase knowledge, develop

administrative thought, and identify all developments that occur in international financial reporting standards.

6. we recommend Iraqi banks in general and the research sample banks, in particular, depend on the results of this research and follow the specific initial and methodological steps in order to measure the negative practices of profit management in light of the application of international financial reporting standards and to indicate their impact on the financial statements.

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