

## THE IMPACT OF ACCOUNTING CONSERVATISM ON THE VALUATION OF PRIVATE IRAQI BANKS: A STUDY OF SELECTED BANKS LISTED ON THE IRAQI STOCK EXCHANGE

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| ABSTRACT   | KEY WORDS                                |
|--|--|
| The research used Tobin's Q scale to measure the extent of accounting conservatism practices in private Iraqi banks and their impact on the company's value. The study focused on twenty-three Iraqi banks listed on the Iraqi Stock Exchange from 2018 to 2022, with a sample size of fourteen banks, approximately 60% of the total population. The results revealed variations in accounting conservatism practices among the sampled banks based on profit skewness, with some banks implementing these practices while others did not. The researcher recommends that banks adhering to conservative practices should continue doing so while striving to strike a balance between high market value and book value. Achieving this balance is crucial for positive performance evaluation and efficient decision-making. Additionally, increasing accounting conservatism practices should be done in a way that provides more relevant information for decision-making and enhances the bank's value. | Accounting, conservatism, company value. |

### Introduction

To this day, accountants adhere to one of the most important accounting practices, the application of which has received special attention from external auditors and other relevant parties. Conservatism has been considered a controversial concept from the beginning of the last century until the present. Despite the criticism directed at it, it plays an important role in accounting applications. It requires accountants to be cautious of expected losses and not recognize expected profits. They are also required to disclose information about assets and revenues at lower values and expenses and liabilities at higher values in cases of uncertainty. There must be a correlation between information about assets, liabilities, expenses, and revenues in evaluating performance, so it appeared. Several measures for evaluating performance contributes to rationalizing the decisions of investors and lenders, and identifying the role that accounting conservatism practices can play in enhancing the quality of financial statements and thus an important tool in evaluating the performance of companies, increasing the level of confidence in the information contained in those statements, and reducing profit fluctuations, to reflect It has a positive impact on the process of making and rationalizing decisions, so this research focused on those

aspects through its four axes, the first of which was devoted to the research methodology and previous studies, and the second to the theoretical aspect. The third focused on the applied aspect of the research, and finally the fourth axis came to extract results and recommendations.

## **The first axis: research methodology and previous studies**

### **First//Research methodology**

#### **Research problem:**

Interest in accounting conservatism has increased widely, especially after the collapse of many large companies. One of the reasons for these collapses was opportunistic management practices, deliberate earnings management, profit inflation, and failure to apply accounting conservatism. It is important to note that the company's value is a crucial element in monitoring its performance. Identifying accounting conservatism practices is essential for accurately determining a company's final value. The research problem can be outlined with the following questions:

- What is the level of accounting conservatism in a sample of banks listed on the Iraq Stock Exchange?
- How can the value of these companies be determined using scientific and accounting-acceptable methods?
- Is there a relationship between accounting conservatism and the value of these companies listed on the Iraqi Stock Exchange?

#### **The Research Objective:**

The research has the following objectives:

- To measure the extent of accounting conservatism practices in the banks included in the research sample.
- To determine the value of the sample companies using Tobin's Q scale.

#### **The importance of the research:**

The importance of the research lies in its focus on accounting conservatism, which is of great interest to researchers and stakeholders in companies, especially in cases involving uncertainty in economic decision-making. The research aims to provide valuable insights and useful information for those interested in accounting conservatism and to explain its impact. The value of the company corresponds to that of the banks listed on the Iraqi Stock Exchange.

#### **The Research Assumptions:**

The research is based on the following hypotheses:

- The banks in the research sample practice accounting conservatism in varying ways.
- The ability of the Tobin's Q scale to determine the value of the company, as applied to the banks in the research sample.
- There is a statistically significant relationship between accounting conservatism and the value of the company for a sample of banks listed on the Iraq Stock Exchange.

#### **The Research Population and Sample:**

The research encompasses private Iraqi banks listed on the Iraqi Stock Exchange, totaling twenty-three banks. Fourteen of these banks were selected as a sample, representing approximately 60% of the

research community during a five-year time series. The data was obtained from the website of The Securities Market Authority over the research period. Below is Table (1) showing the banks included in the research sample:

**Table (1) - Banks selected as a sample for the research**

| Drains                  |    |             | Arrangement |
|-------------------------|----|-------------|-------------|
| Baghdad                 | 8  | Credit      | 1           |
| Sumer                   | 9  | Investment  | 2           |
| Assyria                 | 10 | Al-Ahly     | 3           |
| Iraqi Commercial        | 11 | Gulf        | 4           |
| Al-Mansour              | 12 | Middle East | 5           |
| United                  | 13 | Mosul       | 6           |
| through Iraq Investment | 14 | Babel       | 7           |

## Research Method:

The researcher used a variety of Arab and foreign sources such as books, periodicals, online research, and studies to cover the theoretical aspect of the research. They also referred to the annual financial statements of the banks in the research sample and the directory of joint-stock companies listed on the Iraq Stock Exchange from 2018 to 2022 to enhance the practical side.

## • Statistical Analysis Methods:

For statistical analysis, the researcher used several methods including the second correlation coefficient (R), coefficient of determination (R Square), and analysis of variance (ANOVA) to analyze the statistical results and test the research hypotheses.

## Second: The Previous Studies:

### 1 -Some Arabic studies:

#### • Study (Iqbal, Al-Qudah, 2014)

This study aimed to explore different interpretations of conservatism and to analyze its pros and cons. It also sought to understand the impact of the financial crisis on accounting conservatism and to highlight the challenges faced by accounting and accountants during various crises. The researcher designed a questionnaire to measure the impact of the financial crisis on supporting the policy of accounting conservatism. The study concluded that Jordanian public shareholding companies adhere to accounting conservatism when preparing financial statements.

#### • Study (Youssef, 2012)

This study aimed to test the effect of the establishment's ownership structure on conservatism in financial reports. The agency's analyses determined the nature of administrative testing of accounting policies within the framework of the economic effects of these policies. Accounting conservatism is one of the accounting principles that determine the characteristics of the accounting information provided and its role in decision-making by various stakeholders related to the facility. Accounting conservatism was measured using the inverse regression model of accounting profits on concurrent

returns, which is known as the (Basu 1997) model. The most important conclusion of the study was that ownership affects accounting conservatism. The greater the percentage of ownership, the greater the asymmetry in recognition between good news and bad news.

- **Study (Hamdan, 2011)**

This study presents additional evidence regarding the extent of accounting conservatism in the financial reports of Jordanian public shareholding companies. It also sheds light for the first time on the relationship between accounting conservatism and the improvement of financial report quality. The study aimed to achieve two goals: firstly, to measure the level of accounting conservatism in the policies adopted by companies in the Jordanian Public Shareholding Industrial Estate; and secondly, to examine the impact of accounting conservatism on the improvement of financial report quality. The significance of this study lies in providing new indicators of the level of conservatism in accounting policies in Jordan. Accounting conservatism was measured by using the ratio of total receivables to total profits. The most important findings of the study include the utilization of the ratio of total receivables to total profits as an indicator of the level of accounting conservatism. This methodology for measuring accounting conservatism differs from that used in previous studies in the Jordanian environment. to achieve two goals. The first goal is to measure the level of accounting conservatism in the policies followed by companies. The Jordanian Public Shareholding Industrial Estate, and the second goal is to study the impact of accounting conservatism in improving the quality of financial reports. The real importance of this study lies in providing new indicators on the level of conservatism in accounting policies in Jordan, as accounting conservatism was measured using the method of ratio of total receivables to total profits, and it was The most important finding of the study are the use of the ratio of total receivables to total profits as an indicator of the level of accounting conservatism, which is a methodology for measuring accounting conservatism that differs from what previous studies have used in the Jordanian environment.

## **2 -Foreign studies:**

- **Study (Tulcanaza-Prieto & Lee, 2022)**

This study aimed to investigate whether effective corporate governance affects the relationship between real earnings management and company value. It used quantitative methods and descriptive statistical analysis. The study concluded that opportunistic earnings management is no longer effective in companies with strong governance procedures. The results suggest that corporate governance plays an active role in monitoring management and preventing opportunistic earnings management, which positively affects the company's value.

- **Study (Hernawaali et al, 2021)**

This study aimed to demonstrate the effect of increasing income and profit management practices on the value of the company. It used the accrual method and the Modified Jones model to determine the extent to which earnings management practices are utilized. The results concluded that increasing income is used as a means of transferring the potential well-being of the company to the owners.

- **Study (Allam et al., 2011)**

This study by Allam et al. (2011) aims to assess the impact of accounting regulations in the State of Kuwait by implementing mandatory standards for companies listed in the Kuwaiti securities market to achieve an acceptable level of accounting conservatism when preparing financial reports.

The study utilized the model proposed by Basu (1997), also known as the rate of return on equity, to measure conservatism. It concluded that there is an inverse relationship between the level of accounting conservatism and the size of debt and that the type of sector to which a company belongs impacts the level of conservatism. Specifically, the study found that the financial sector exhibits more conservatism compared to the service and industrial sectors.

This research stands out from previous studies due to its focus on examining the link between accounting conservatism practices and the evaluation of bank performance in the local context, a facet that prior studies overlooked. The study used both the book value measure and the market value of shares to gauge accounting conservatism, as well as Tobin's Q measure to assess the performance of banks in the research sample.

## **The Second Axis: The Theoretical Aspect:**

### **First: The concept and definition of accounting conservatism**

Accounting conservatism has been a controversial accounting concept since the beginning of the last century and remains so today. Despite criticisms, it plays an important role in accounting practices (Watts, 2003b:35). Basu (1997) describes conservatism as one of the most important evaluation principles in accounting. It has influenced accounting practices for quite some time, amid waves of skepticism in financial reports. Adherence to this principle has become the basis for companies to differentiate themselves in the degree of transparency of their financial statements, in addition to becoming a standard for classifying countries according to their degree. Accounting conservatism has been known as “We do not expect profits, but we expect all losses” (Basu, 1997:17). Others have stated that “the accountant must choose the accounting method that leads to reducing values and not increasing them, and thus reducing the results of operations. It requires lower values of assets and revenues and more to the values of obligations and expenses” (Al-Qadi and Hamdan, 2004: 509-510). Some believe that it represents “a reduction in the book values of assets relative to their market value” (Beaver, Ryan, 2005: 275).

Based on the above, the researcher agrees with the definition presented by Al-Qadi and Hamdan, stating that accounting conservatism means recording losses before they are realized and recognizing them in the financial statements, even if the supporting evidence is moderate or weak. At the same time, the accountant does not recognize profits before they are realized and supported by evidence. In verification, the accountant tends to obtain a higher degree of verification in order to recognize profits, greater than that which he needs to recognize losses."

### **Second: Objectives of Accounting Conservatism:**

The objectives of accounting conservatism can be summarized as follows (Iqbal, Al-Qassa, 2014: 916):

- Enhancing the credibility of financial statements and increasing the suitability of accounting information.
- Preventing bankruptcy and collapse of companies.
- Meeting the requirements of shareholders and lenders by preparing conservative financial reports.

- Using accounting conservatism as a shield to reduce uncertainty in speculation and expectations related to financial statement preparation.
- Using accounting conservatism as a tool to confront the uncertainty faced by accountants when preparing financial statements.

### **Third: Explanations of Accounting Conservatism**

Basu (1997:20) explained that accounting conservatism is the tendency for profits to adjust faster to bad news than to good news because the verification of good news requires more scrutiny from accountants. Additionally, accounting conservatism is seen as a collection of internal and external organizational arrangements between different parties within the company (Watts, 2003:34). Therefore, multiple explanations for accounting conservatism have been provided, as summarized below (Watts, 2003:34), (Lafond & Watts, 2008:447-448):

- **Contractual Interpretation:** Accounting conservatism is mainly derived from contractual arrangements, focusing on official contracts such as debt and incentive contracts. Shareholders and lenders require conservative financial statements to reduce agency costs and align managerial incentives.
- **Litigation Interpretation:** Managers are inclined to be conservative in recognizing profits and asset values to avoid potential litigation from parties relying on the financial information for investment decisions.
- **Tax Interpretation:** The choice of accounting methods impacts reported income, thereby affecting taxes. Tax laws can either increase or decrease accounting conservatism. For example, although using the declining balance method to recognize asset depreciation supports conservatism, it is rarely acceptable under tax laws.
- **Regulatory Interpretation:** Financial market regulations and disclosure requirements mandated by securities authorities directly influence accounting conservatism and its implementation.

### **Fourth: Types of Conservatism**

Balletal (2003:244) mentioned two types of reservation: conditional reservation and unconditional reservation. Conditional reservation, as defined by Ball & Shivakumar (2005:97), Rayn (2006:516), and Watts (2003:38), refers to a lack of uniformity in timing recognition, meaning that bad news is recognized faster than good news. This results in profits responding to bad news faster than good news, by speeding up the recognition of economic losses. On the other hand, unconditional conservatism, as defined by Pope & Walker (2003:400), involves reporting the lower value of net assets or disclosing the lower book value of equity. Examples of unconditional conservatism include applying cost or market, whichever is lower, in valuing assets. Unconditional conservatism is not linked to bad or good news in relation to profits. The researcher believes that unconditional reservation is an application of accounting measurement alternatives to suit disclosure in the company.

### **Fifth: The Pros and Cons of Accounting Conservatism**

#### **Advantages of Accounting Conservatism:**

- Accounting conservatism helps counteract excessive optimism among accountants and managers when evaluating the company's assets and liabilities, as well as when facing uncertain circumstances.



- It leads to somewhat objective accounting outputs that adhere to accounting standards.
- It helps accountants avoid the risks of providing incorrect information while also preventing the omission of correct information.
- Financial statement users prefer conservative numbers as they provide a margin of safety from adverse results.

## **Disadvantages of Accounting Conservatism:**

- The use of accounting conservatism conflicts with some principles and secondary qualitative characteristics of accounting information. These include neutrality, understandability, consistency, honest representation, and the clear conflict between accounting conservatism and the characteristic of consistency and stability. This conflict becomes evident when conservatism is applied to evaluating end-of-term inventory. For example, when inventory is evaluated based on the lower of cost or market, it may be valued based on cost in one year and based on market value in another year, leading to inconsistency and making comparison and analytical procedures difficult.
- Using accounting conservatism may distort accounting information by portraying it at a value different from its true value. This could result in showing revenues, assets, expenses, and liabilities at values different from their true worth.
- Exaggerated reduction in the values of assets and revenues, and an increase in the values of expenses and liabilities, could lead to outcomes that are as risky as the overvaluation of assets and revenues or undervaluation of expenses and liabilities. This poses a high risk as it may lead to irrational decisions made by stakeholders in the company.
- At times, accountants resort to using accounting conservatism to protect themselves from potential accountability without considering whether this behavior may harm some parties and benefit others related to the company or with an interest in the company.

## **Sixth: Measures of accounting conservatism**

There are four common measures of conservatism in accounting literature:

### **1 .Model (Basu, 1997):**

Known as the (Basu) model, this measure examines the relationship between profits and stock returns. The model assumes that accounting conservatism requires a higher degree to verify gains compared to losses. This means that gains lead to an increase in net assets, while losses lead to their reduction. The model looks at the speed of accounting's response to these gains and losses, indicating that bad news is reflected in profits faster than good news. Basu predicted that negative stock returns will be fully reflected in the profits of the same period, while positive stock returns will be incompletely reflected (Hamdan,2012:25).

### **2 .Conservatism Index:**

Developed by Penman & Zhang (2002), this measure aims to assess the impact of accounting conservatism on the statement of financial position by examining the ratio of hidden reserves to net operating assets. A higher conservatism index indicates an increased degree of conservatism.

### 3 .Introduction of book value to market value:

This approach, known as the net assets measure, uses the ratio of book value to market value to examine the value of the company's shares. (Hamdan 2011:417) ,Studies have indicated(Hamdan,2011:15), (Givoly&Hayh,2000:294) that a decrease in this ratio over time suggests that the company is using conservative accounting policies, while an increase suggests non-conservative policies. The essence of accounting conservatism is to accurately value the company's assets.

**Equation (1)..... Reservation = Book value / Market value (share market price).**

**Equation (2)..... Book value = (common shares + dividend reserve)/number of shares.**

The researcher suggests that the best way to measure accounting conservatism in the local environment is through the last approach for the following reasons:

- 1 .Providing appropriate information to apply this approach in the trading bulletins issued by the Iraq Stock Exchange.
- 2 .The ease of applying this approach, which leads to ease of making investment decisions by current and prospective investors.
- 3 .The previous approaches cannot be applied due to the difficulty of obtaining negative stock returns. It is also not possible to know the hidden reserves without resorting to the company itself, and the company cannot give any information about the hidden reserves.

**Accounting conservatism will be measured quantitatively according to the earnings skewness model in the applied aspect of the research.**

### Seven: The Concept of Corporate Value:

The concept of company value has recently become a fundamental goal in the financial management of companies. This goal is to achieve a higher value for the company. The value has various applications, such as in buying and selling, company liquidation, corporate separation, insurance, and tax and regulatory purposes. The value of a company is an important indicator used to measure the company's financial performance.

Companies must focus on the value of their shares. Financial management is based on the principle that increasing the company's value should take precedence over other goals. All companies with shareholders prioritize the value and return of the shares (Mohamed, 2017: 396-397).

Companies aim to enhance their value by increasing their market share, which is the value of the shares they own in the capital markets. This increase in value not only benefits the shareholders but also impacts other stakeholders such as investors, lenders, creditors, and government agencies. The management of companies demonstrates their value through the shareholders and shares they own in those companies (Teller, 2023: 48).

### Eighth: The importance of the company's value

The value of a company is a crucial topic due to its impacts on the entities associated with the company, directly or indirectly. These entities include: (Al-Khafaji and Wahab, 2021: 231-232), (Al-Baghdadi and Al-Hindawi, 2022: 589)

- 1 .Company management: Determining the company's value significantly influences the quality and magnitude of decisions made by the management. Maximizing the company's value is essential for its competition with peer companies. A decrease in value poses a significant risk, serving as a deterrent



for investing in its shares and indicating a decline in profitability and trading activity in financial markets.

2 .Investors: Investors focus on the company's profitability, financial position, sources of financing, and dividend offerings. Maximizing value benefits investors, while a decrease negatively impacts their returns.

3 .Lenders: The value of a company is largely represented by its assets. As asset value increases, lenders have greater confidence in recovering their money and the interest on it.

4 .Government agencies: Increased company value contributes to development, prosperity, and economic growth, leading to higher taxes and overall economic improvement.

## **Ninth: Company value objectives**

The company's primary goal is to maximize profits, with increasing value being an important objective as it reflects the company's ability to benefit its shareholders. This objective is divided into short- and long-term components:

1 .Short-term goal: Maximizing profits using existing resources.

2. Long-term goal: Increasing the company's value to enhance shareholders' wealth (Artini & Suardana.2021:96).

## **Tenth: Factors Affecting Company Value:**

Several key factors influence a company's value, including:

1 .Profitability: This measures the company's ability to generate profits through property rights, sales, and total assets. Higher profits indicate better financial performance and can attract investors, ultimately increasing the company's value .( wiyanto.et al.2012:554)

2 .Liquidity: This ratio assesses the company's ability to meet its short-term obligations. High liquidity signals that the company can pay off short-term debts, which can boost its value in the stock market.( R. Reschiw Ati.et al.2019:327)

3 .Company Size: The company's size, determined by assets, sales, profits, tax burden, and capital, influences its ability to obtain internal and external financing (Utami & Hasan 2021: 1250). Larger companies tend to witness growth and prosperity, increasing their value 0 (Hirdinis M.2019: 177)

4 .Capital Structure: The way a company's capital is structured affects its value. A fully owned capital strengthens the company, while borrowed capital weakens its financial capacity and value. (Tamimi and Hasnawi, 2020: 198)

5 .Modern Technology: Companies with advanced technology tend to have higher market value, as it provides a competitive advantage and contributes to progress and prosperity. (Abdul Karim and Jassim, 2022 : 49 )

6 .Product Quality: The quality of a company's products influences customer satisfaction and sales volume, ultimately impacting the company's stock prices and value. . (Al-Khafaji and Wahab, 2021: 233)

7 . Political Stability: Political stability positively impacts a company's value. Instability in political conditions can negatively affect financial markets and, in turn, the value of a company.

These factors play a vital role in determining a company's value. ( Abdul Karim and Jassim, 2022: 49).

**The Third Axis: The Applied Aspect**

This section focuses on the practical aspect of accounting conservatism in the research sample of banks. It aims to measure the level of accounting conservatism practiced by each bank during the research period and to assess the variation in this practice among the banks in the sample. The ultimate goal is to determine the value of each bank based on Tobin's Q scale. This section also involves testing and analyzing the relationship between accounting conservatism practices and the value of the company for the banks in the research sample.

First: Measuring the Level of Accounting Conservatism Practice in the Banks in the Research Sample

The researcher relied on the financial reports of the banks in the research sample, which were published on the Iraqi Securities Exchange, to extract the book value. Market bulletins were used to determine the market value. The measurement of accounting conservatism is based on the quantitative application of the earnings skewness model. The results are presented in the following tables for the years 2018, 2019, 2020, 2021, and 2022.

Accounting conservatism is measured quantitatively using the earnings skewness model.

$$\text{The statistical model is: Skew}_{it} = (X - \mu)^3 / \sigma^3$$

$\text{Skew}_{it}$ : The distortion of profits (net income) or cash flows from the operating activities of company  $i$  into  $t$ .

$X$ : Net income or cash flows from operating activities.

$M/\sigma$ : The arithmetic means and standard deviation of earnings.

All variables are divided by total assets.

**Table (2) Results of measuring accounting conservatism using earnings skewness for the Credit Bank of Iraq**

| Accounting conservatism | The difference is in twisting | Coefficient of skewness of flows | Profit skewness factor | Flow/Assets | Operational flow | Profit/Assets | net income     | Total Assets    | year |
|-------------------------|-------------------------------|----------------------------------|------------------------|-------------|------------------|---------------|----------------|-----------------|------|
| There is a reservation  | -1.6047                       | -0.6900                          | 0.9147                 | 0.0582      | 28,967,983,000   | 0.0112        | 5,597,616,000  | 497,694,366,000 | 2018 |
| There is no reservation | 1.0019                        | -0.8260                          | -1.8278                | 0.0714      | 37,283,724,000   | -0.0098       | -5,121,655,000 | 522,536,851,000 | 2019 |
| There is a reservation  | -1.0445                       | -1.0614                          | -0.0168                | 0.0109      | 5,733,628,000    | -0.0065       | -3,427,205,000 | 527,045,441,000 | 2020 |
| There is a reservation  | -3.3715                       | -1.5415                          | 1.8300                 | -0.1250     | -58,341,827,000  | -0.0106       | -4,938,429,000 | 466,751,787,000 | 2021 |
| There is a reservation  | -1.6980                       | 0.2441                           | 1.9421                 | -0.1459     | -59,330,303,000  | 0.0264        | 10,743,532,000 | 406,730,762,000 | 2022 |

Source: Prepared by the researcher

The results in the table above indicate that the highest degree of application of the accounting conservatism policy at the Credit Bank for the period from 2018 to 2022 was in the year 2021, where it reached -3.3715. In the years 2018, 2020, and 2022, the degree of application of accounting conservatism reached -1.6047, -1.0445, and -1.6980, respectively.

**Table 3: Results of measuring accounting conservatism using earnings skewness for the Iraqi Investment Bank**

| Accounting conservatism | The difference is in twisting | Coefficient of skewness of flows | Profit skewness factor | Flow/Assets | Operational flow | Profit/Assets | net income    | Total Assets    | year |
|-------------------------|-------------------------------|----------------------------------|------------------------|-------------|------------------|---------------|---------------|-----------------|------|
| There is no reservation | 0.0620                        | 1.0747                           | 1.0127                 | -0.0475     | -28,832,567,889  | 0.0006        | 338,964,573   | 607,084,862,000 | 2018 |
| There is a reservation  | -2.6416                       | -1.4017                          | 1.2399                 | -0.1408     | -74,614,857,049  | 0.0000        | 17,216,299    | 529,829,506,000 | 2019 |
| There is a reservation  | -0.4933                       | -0.4361                          | 0.0572                 | 0.0650      | 37,149,108,331   | 0.0082        | 4,673,583,718 | 571,480,175,360 | 2020 |
| There is a reservation  | -0.8877                       | 0.9799                           | 1.8675                 | -0.0966     | -62,850,166,897  | 0.0014        | 922,599,195   | 650,958,668,058 | 2021 |
| There is no reservation | 1.7319                        | 1.7718                           | 0.0400                 | -0.1332     | -100,180,769,583 | 0.0099        | 7,464,079,063 | 752,255,033,028 | 2022 |

Source: Prepared by the researcher

The table above shows the application of the accounting conservatism policy in the Investment Bank from 2018 to 2022. The highest level of application was in 2019, with a value of -2.6416. In 2021, the degree of application was -0.8877, and in 2020, it was -0.4933.

**Table (4) presents the results of measuring accounting conservatism using earnings skewness for the National Bank of Iraq**

| Accounting conservatism | The difference is in twisting | Coefficient of skewness of flows | Profit skewness factor | Flow/Assets | Operational flow | Profit/Assets | Net Income     | Total Assets      | year |
|-------------------------|-------------------------------|----------------------------------|------------------------|-------------|------------------|---------------|----------------|-------------------|------|
| There is a reservation  | -1.8412                       | -1.0273                          | 0.8139                 | 0.0214      | 11,239,092,000   | -0.0150       | -7,912,541,000 | 525,757,058,000   | 2018 |
| There is a reservation  | -0.0516                       | 0.3262                           | 0.3777                 | 0.0140      | 8,833,736,000    | 0.0145        | 9,164,205,000  | 632,802,650,000   | 2019 |
| There is no reservation | 2.8899                        | 1.9441                           | -0.9459                | 0.0144      | 12,839,629,000   | 0.0223        | 19,907,518,000 | 893,964,966,000   | 2020 |
| There is no reservation | 3.4472                        | 1.7613                           | -1.6860                | 0.0489      | 89,042,608,000   | 0.0143        | 26,122,025,000 | 1,821,341,840,000 | 2021 |
| There is no reservation | 0.2607                        | 1.6803                           | 1.4197                 | 0.1579      | 381,516,222,000  | 0.0114        | 27,538,484,000 | 2,416,088,780,000 | 2022 |

Source: Prepared by the researcher

The table above shows that the highest level of implementation of the accounting conservatism policy at Gulf Bank during the period from 2018 to 2022 was in 2018, where it reached -2.8338, while the lowest level of conservatism was in 2019, at -2.6787.

**Table (5) Results of Measuring Accounting Conservatism by Twisting Profits of Gulf Bank of Iraq**

| Accounting conservatism | The difference is in twisting | Coefficient of skewness of flows | Coefficient of skewness of flows | Flow/   | Operational flow | Profit/Assets | net income     | Total Assets    | year |
|-------------------------|-------------------------------|----------------------------------|----------------------------------|---------|------------------|---------------|----------------|-----------------|------|
|                         |                               |                                  |                                  | Assets  |                  |               |                |                 |      |
| There is a reservation  | -2.8338                       | -1.9943                          | 0.8395                           | 0.0003  | 180,025,906      | 0.0010        | 591,789,500    | 578,336,518,931 | 2018 |
| There is no reservation | 2.6787                        | 1.5852                           | -1.0935                          | 0.0114  | 6,234,005,385    | -0.0072       | -3,931,357,837 | 549,154,530,701 | 2019 |
| There is reservation    | -1.3614                       | -1.6588                          | -0.2974                          | -0.0353 | -18,048,171,856  | 0.0000        | -1,477,089     | 510,798,283,631 | 2020 |
| There is no reservation | 0.3057                        | 0.1849                           | -0.1207                          | 0.0516  | 27,764,316,365   | -0.0094       | -5,038,769,658 | 538,490,755,397 | 2021 |
| There is a reservation  | -2.4999                       | -0.7950                          | 1.7049                           | 0.0634  | 35,056,205,788   | -0.0093       | -5,131,100,435 | 553,057,328,642 | 2022 |

Source: Prepared by the researcher

The table above shows that the highest level of implementation of the accounting conservatism policy at Gulf Bank during the period from 2018 to 2022 was in 2018, where it reached -2.8338, while the lowest level of conservatism was in 2019, at -2.6787.

**Table 6: Results of measuring accounting conservatism using earnings skewness for Middle East Bank**

| Accounting conservatism | The difference is in twisting | Coefficient of skewness of flows | Profit skewness factor | flow   | Operational flow | Profit/Assets | net income     | Total Assets    | year |
|-------------------------|-------------------------------|----------------------------------|------------------------|--------|------------------|---------------|----------------|-----------------|------|
|                         |                               |                                  |                        | Assets |                  |               |                |                 |      |
| There is no reservation | 0.4121                        | 0.9404                           | 0.5283                 | 0.0664 | 53,162,896,000   | -0.0029       | -2,295,243,000 | 800,749,802,000 | 2018 |
| There is reservation    | -1.2494                       | 0.6472                           | 1.8966                 | 0.2242 | 147,583,400,000  | 0.0001        | 78,677,000     | 658,231,494,000 | 2019 |
| There is no reservation | 0.3538                        | 0.5539                           | 0.2001                 | 0.0063 | 4,062,911,000    | -0.0032       | -2,095,830,000 | 647,868,750,000 | 2020 |
| There is no reservation | 1.6070                        | 1.6014                           | -0.0057                | 0.0434 | 27,788,916,000   | 0.0005        | 290,173,000    | 640,721,811,000 | 2021 |
| There is no reservation | 3.1070                        | 1.1776                           | -1.9295                | 0.0961 | 76,426,404,000   | 0.0000        | 14,488,000     | 795,103,959,000 | 2022 |

Source: Prepared by the researcher

The table above shows the level of application of the accounting conservatism policy at the Middle East Bank from 2018 to 2022. The highest degree of application was in 2019, reaching 1.2494, while the lowest degree was in 2022, at 3.1070.

**Table 7: Results of measuring accounting conservatism by skewing profits for Mosul Bank for Development and Investment**

| Accounting conservatism | The difference is in twisting | Coefficient of skewness of flows | Profit skewness factor | flow    | Operational flow | Profit/Assets | net income    | Total Assets    | year |
|-------------------------|-------------------------------|----------------------------------|------------------------|---------|------------------|---------------|---------------|-----------------|------|
|                         |                               |                                  |                        | Assets  |                  |               |               |                 |      |
| There is no reservation | 0.6192                        | -0.3345                          | -0.9537                | 0.1710  | 70,082,563,495   | 0.0063        | 2,584,497,909 | 409,740,060,338 | 2018 |
| There is reservation    | -0.2763                       | 0.5553                           | 0.8315                 | -0.0481 | -19,734,103,755  | 0.0083        | 3,418,816,088 | 410,167,917,709 | 2019 |
| There is no reservation | 0.9492                        | 1.3150                           | 0.3658                 | 0.0280  | 11,129,688,409   | 0.0037        | 1,452,467,621 | 397,449,289,966 | 2020 |
| There is no reservation | 0.6774                        | 1.1976                           | 0.5202                 | 0.4842  | 374,254,885,566  | 0.0048        | 3,714,240,483 | 772,857,151,713 | 2021 |
| There is no reservation | 1.7674                        | 1.8984                           | 0.1310                 | 0.0052  | 4,165,580,730    | 0.0069        | 5,482,472,576 | 793,656,712,688 | 2022 |

Source: Prepared by the researcher

The table above shows that the Bank of Mosul had the highest level of implementation of the accounting conservatism policy during the period from 2018 to 2022 in the year 2019, where it reached 0.2763.

**Table 8: Results of measuring accounting conservatism by skewing profits for a bank for Babel**

| Accounting conservatism | The difference is in twisting | Coefficient of skewness of flows | Profit skewness factor | flow    | Operational flow | Profit/Assets | net income      | Total Assets    | year |
|-------------------------|-------------------------------|----------------------------------|------------------------|---------|------------------|---------------|-----------------|-----------------|------|
|                         |                               |                                  |                        | Assets  |                  |               |                 |                 |      |
| There is reservation    | -2.7206                       | -0.7255                          | 1.9951                 | 0.0542  | 20,362,587,993   | 0.0101        | 3,775,492,031   | 375,666,557,542 | 2018 |
| There is reservation    | -0.0306                       | 0.7520                           | 0.7827                 | -0.0262 | -11,206,222,741  | 0.0031        | 1,321,673,774   | 427,424,159,717 | 2019 |
| There is no reservation | 2.2179                        | 0.4223                           | -1.7955                | 0.0239  | 10,386,461,855   | -0.0268       | -11,651,985,384 | 435,176,073,334 | 2020 |
| There is reservation    | -0.4122                       | -1.0368                          | -0.6246                | 0.0662  | 28,799,770,263   | -0.0106       | -4,619,256,598  | 434,903,628,081 | 2021 |
| There is reservation    | -0.0057                       | -0.2498                          | -0.2441                |         |                  |               |                 | 0               | 2022 |

Company.

Source: Prepared by the researcher

The table shows the level of application of the accounting conservatism policy at the Bank of Babel from 2018 to 2022. The highest degree of application was in 2018, with a value of -2.7206, while the lowest degree was in 2022, with a value of 0.0057.

**Table 9: Results of measuring accounting conservatism using earnings skewness for the Bank of Baghdad.**

| Accounting conservatism | The difference is in twisting | Coefficient of skewness of flows | Profit skewness factor | flow/   | Operational flow | Profit/Assets | net income     | Total Assets      | year |
|-------------------------|-------------------------------|----------------------------------|------------------------|---------|------------------|---------------|----------------|-------------------|------|
|                         |                               |                                  |                        | Assets  |                  |               |                |                   |      |
| There is a reservation  | -1.1451                       | 0.3295                           | 1.4747                 | 0.0657  | 73,170,765,000   | 0.0037        | 4,152,102,000  | 1,113,538,558,000 | 2018 |
| There is a reservation  | -3.2043                       | -1.4290                          | 1.7753                 | -0.0044 | -4,975,556,000   | 0.0064        | 7,298,604,000  | 1,132,744,205,000 | 2019 |
| There is a reservation  | -0.0754                       | 1.5580                           | 1.6334                 | 0.0003  | 420,263,814      | 0.0142        | 20,200,071,000 | 1,419,528,237,000 | 2020 |
| There is no reservation | 0.7125                        | 1.0282                           | 0.3157                 | 0.1494  | 230,124,174,000  | 0.0195        | 29,980,363,000 | 1,539,808,656,000 | 2021 |
| There is no reservation | 1.2748                        | 1.7472                           | 0.4724                 | 0.0301  | 51,913,122,000   | 0.0308        | 53,154,485,000 | 1,724,199,578,000 | 2022 |

Source: Prepared by the researcher

The table above shows the application of the accounting conservatism policy in the Bank of Baghdad from 2018 to 2022. The highest degree of application was in 2019, with a value of -3.2043, while the lowest degree was in 2020, with a value of 0.0754.

**Table 10: Results of measuring accounting conservatism using earnings skewness for Sumer**

| Accounting conservatism | The difference is in twisting | Coefficient of skewness of flows | Profit skewness factor | flow/   | Operational flow | Profit/Assets | net income    | Total Assets    | year |
|-------------------------|-------------------------------|----------------------------------|------------------------|---------|------------------|---------------|---------------|-----------------|------|
|                         |                               |                                  |                        | Assets  |                  |               |               |                 |      |
| There is reservation    | -0.5737                       | -0.5971                          | -0.0233                | 0.1104  | 45,205,342,000   | 0.0022        | 912,969,000   | 409,535,591,000 | 2018 |
| There is reservation    | -2.9511                       | -1.1341                          | 1.8170                 | -0.1666 | -58,382,663,000  | 0.0029        | 1,008,783,000 | 350,378,452,000 | 2019 |
| There is reservation    | -0.7039                       | -1.7714                          | -1.0675                | 0.0588  | 19,591,877,000   | 0.0032        | 1,066,854,000 | 333,165,030,000 | 2020 |
| There is reservation    | -0.2614                       | -1.6825                          | -1.4212                | 0.1375  | 51,193,173,000   | 0.0030        | 1,122,568,000 | 372,349,319,000 | 2021 |
| There is reservation    | -1.2788                       | 0.1799                           | 1.4587                 | -0.1262 | -41,370,465,000  | 0.0038        | 1,261,166,000 | 327,857,356,000 | 2022 |

**Commercial Bank**

Source: Prepared by the researcher

The table above shows the results of measuring the application of the accounting conservatism policy at Sumer Bank from 2018 to 2022. The highest degree of application of the policy was in 2019, with a value of -2.9511, while the lowest degree was in 2021, with a value of 0.2614 .

**Table 11: Results of measuring accounting conservatism using earnings skewness for Assyria International Bank**

| Accounting conservatism | The difference is in twisting | Coefficient of skewness of flows | Profit skewness factor | Flow/ Asses | Operational flow | Profit/Assets | net income     | Total Assets    | year |
|-------------------------|-------------------------------|----------------------------------|------------------------|-------------|------------------|---------------|----------------|-----------------|------|
| There is no reservation | 0.4218                        | -1.3243                          | -1.7461                | 0.2115      | 98,873,748,000   | 0.0101        | 4,735,286,000  | 467,479,690,000 | 2018 |
| There is no reservation | 0.0235                        | -0.0167                          | -0.0402                | -0.0903     | -38,334,664,000  | 0.0142        | 6,048,969,000  | 424,655,845,000 | 2019 |
| There is no reservation | 0.8987                        | 0.9205                           | 0.0218                 | 0.0547      | 25,940,395,000   | 0.0313        | 14,827,792,000 | 473,954,153,000 | 2020 |
| There is reservation    | -0.9287                       | 0.8896                           | 1.8183                 | -0.0273     | -16,742,214,000  | 0.0124        | 7,620,058,000  | 613,525,839,000 | 2021 |
| There is reservation    | -1.0775                       | 0.6979                           | 1.7754                 | -0.1238     | -96,505,515,000  | 0.0165        | 12,891,219,000 | 779,419,575,000 | 2022 |

Source: Prepared by the researcher

The table above, prepared by the researcher, shows the degree of application of the accounting conservatism policy at Assyria Bank from 2018 to 2022. The results indicate that the highest degree of application of the policy was in 2021, reaching 0.9287, while the lowest degree was in 2019, reaching 0.0235.

**Table 12: Results of measuring accounting conservatism using earnings skewness for the Commercial Bank of Iraq**

| Accounting conservatism | The difference is in twisting | Coefficient of skewness of flows | Profit skewness factor | Flow /  | Operational flow | Profit/Assets | net income      | Total Assets    | year |
|-------------------------|-------------------------------|----------------------------------|------------------------|---------|------------------|---------------|-----------------|-----------------|------|
|                         |                               |                                  |                        | Assets  |                  |               |                 |                 |      |
| There is a reservation  | -1.2693                       | -0.6543                          | 0.6151                 | -0.0964 | -49,700,818,870  | -0.0326       | -16,798,612,900 | 515,535,374,763 | 2018 |
| There is no reservation | 1.2100                        | -0.6163                          | -1.8263                | -0.0021 | -1,246,498,000   | -0.0034       | -2,057,722,269  | 604,313,971,998 | 2019 |
| There is no reservation | 2.3417                        | 0.5409                           | -1.8009                | 0.0002  | 112,722,642      | 0.0006        | 447,941,000     | 699,147,651,000 | 2020 |
| There is no reservation | 0.7656                        | -1.1069                          | -1.8725                | 0.0476  | 39,375,787,000   | 0.0024        | 1,981,862,000   | 827,259,701,000 | 2021 |
| There is no reservation | 2.9957                        | 1.9125                           | -1.0832                | 0.0048  | 3,820,139,000    | 0.0002        | 173,368,000     | 792,670,153,000 | 2022 |

Source: Prepared by the researcher



The table above shows that the Commercial Bank of Iraq had the highest degree of implementation of the accounting conservatism policy during the period from 2018 to 2022, with the highest implementation in 2018 at 1.7069.

**Table 13: Results of measuring accounting conservatism using earnings skewness for Al Mansour Investment Bank**

| Accounting conservatism | The difference is in twisting | Coefficient of skewness of flows | Profit skewness factor | flow/   | Operational flow | Profit/Assets | net income     | Total Assets      | year |
|-------------------------|-------------------------------|----------------------------------|------------------------|---------|------------------|---------------|----------------|-------------------|------|
|                         |                               |                                  |                        | Assets  |                  |               |                |                   |      |
| There is reservation    | -3.4778                       | -1.8693                          | 1.6085                 | 0.1532  | 237,478,581,691  | 0.0137        | 21,164,144,077 | 1,550,293,820,379 | 2018 |
| There is no reservation | 1.0109                        | 0.0197                           | -0.9912                | -0.0295 | -43,045,709,395  | 0.0057        | 8,278,258,676  | 1,461,478,909,568 | 2019 |
| There is a reservation  | -1.3738                       | -1.7336                          | -0.3598                | -0.1338 | -172,256,096,397 | 0.0054        | 7,005,133,190  | 1,287,419,060,851 | 2020 |
| There is a reservation  | -1.7004                       | -1.5042                          | 0.1962                 | -0.7933 | -553,666,157,437 | 0.0116        | 8,117,891,662  | 697,917,429,555   | 2021 |
| There is a reservation  | -2.6864                       | -1.9096                          | 0.7768                 | -0.0995 | -73,288,908,768  | 0.0172        | 12,651,511,991 | 736,839,536,901   | 2022 |

Source: Prepared by the researcher

The table shows that the highest level of implementation of the accounting conservatism policy at Al-Mansour Bank during the period from 2018 to 2022 was in 2018, with a value of -3.4778.

**Table 14: Results of measuring accounting conservatism using earnings skewness for United Bank**

| Accounting conservatism | The difference is in twisting | Coefficient of skewness of flows | Profit skewness factor | flow/  | Operational flow | Profit/Assets | net income     | Total Assets    | year |
|-------------------------|-------------------------------|----------------------------------|------------------------|--------|------------------|---------------|----------------|-----------------|------|
|                         |                               |                                  |                        | Assets |                  |               |                |                 |      |
| There is reservation    | -1.7069                       | -1.3375                          | 0.3694                 | 0.0168 | 7,458,094,000    | 0.0244        | 10,833,738,000 | 444,138,292,000 | 2018 |
| There is reservation    | -0.9136                       | -0.9578                          | -0.0443                | 0.0459 | 20,657,195,000   | 0.0145        | 6,532,195,000  | 449,777,104,000 | 2019 |
| There is reservation    | -0.2716                       | 1.4415                           | 1.7131                 | 0.1437 | 88,682,288,000   | 0.0575        | 35,456,553,000 | 616,949,239,000 | 2020 |
| There is reservation    | -1.0928                       | 0.4791                           | 1.5720                 | 0.2216 | 113,531,163,000  | 0.0254        | 13,009,256,000 | 512,311,665,000 | 2021 |
| There is reservation    | -0.9516                       | 0.6993                           | 1.6509                 | 0.0635 | 33,585,248,000   | 0.0220        | 11,661,802,000 | 528,983,923,000 | 2022 |

Source: Prepared by the researcher.

The table above shows that the United Bank had the highest degree of implementation of the accounting conservatism policy during the period from 2018 to 2022. This implementation was most prominent in the year 2018, with a value of -1.2693

**Table 15: Results of measuring accounting conservatism using earnings skewness for a bank in Iraq.**

| Accounting conservatism | The difference is in twisting | Coefficient of skewness of flows | Profit skewness factor | Flow / Assets | Operational flow | Profit/Assets | net income     | Total Assets    | year |
|-------------------------|-------------------------------|----------------------------------|------------------------|---------------|------------------|---------------|----------------|-----------------|------|
| There is a reservation  | -2.3405                       | -1.6820                          | 0.6586                 | 0.0159        | 5,216,822,000    | 0.0198        | 6,483,791,000  | 327,734,866,000 | 2018 |
| There is no reservation | 0.1068                        | -0.6718                          | -0.7786                | 0.1115        | 38,662,509,000   | 0.0038        | 1,323,004,000  | 346,646,881,000 | 2019 |
| There is a reservation  | -0.9855                       | -0.5937                          | 0.3917                 | -0.0550       | -18,807,520,000  | 0.0087        | 2,983,064,000  | 341,896,041,000 | 2020 |
| There is a reservation  | -0.6045                       | -0.4126                          | 0.1919                 | -0.1900       | -71,436,008,000  | -0.0058       | -2,171,795,000 | 376,076,748,000 | 2021 |
| There is no reservation | 1.4380                        | 0.6443                           | -0.7937                | -0.0784       | -32,486,504,000  | -0.0193       | -7,995,070,000 | 414,287,314,000 | 2022 |

Source: Prepared by the researcher.

The table indicates that the highest level of implementation of the accounting conservatism policy at Trans-Iraq Bank during the period from 2013 to 2022 was in 2018, when it reached -2.3405.

### 3- Measuring The Value of the Company

#### Second: Measuring The Company's Value:

The company's value is determined using Tobin's Q equation, which is a ratio calculated by comparing the market value of the company's assets with the cost of replacing the company's assets. Tobin's Q is calculated by taking the ratio of total assets minus the book value of shares. The equation for measuring the company's value using Tobin's Q model is as follows: Tobin's Q = (total market value + total book value of liabilities) / total book value of assets.

When the value of Q is greater than 1, it indicates an increase in the company's value, and if its value is less than 1, it means that the company's assets are valued higher than their market value, leading to a decrease in the company's value.

**Table 16 measures the company's vitalics a scale (Tobin's Q) for the banks in the research sample.**

| Via Iraq Investment | United | Al-Mansour | Iraqi commercial | Assyria | Sumer  | Baghdad | Babel  | Mosul  | The Middle East | Gulf   | Al-Ahly | Investment | Credit | Companies |
|---------------------|--------|------------|------------------|---------|--------|---------|--------|--------|-----------------|--------|---------|------------|--------|-----------|
| 0.7131              | 0.4611 | 0.9066     | 0.6230           | 0.5430  | 0.8932 | 0.8159  | 0.3915 | 0.4405 | 0.7033          | 0.5529 | 0.6669  | 0.6490     | 0.5602 | 2018      |
| 0.7578              | 0.5308 | 0.9150     | 0.6511           | 0.5096  | 0.5933 | 0.8164  | 0.4161 | 0.4333 | 0.6281          | 0.5180 | 0.8256  | 0.6355     | 0.6275 | 2019      |
| 0.7496              | 0.5983 | 0.8766     | 0.6714           | 0.4614  | 0.5079 | 0.8673  | 0.4308 | 0.3899 | 0.6316          | 0.4807 | 0.9017  | 0.6364     | 0.6270 | 2020      |
| 0.9922              | 0.6673 | 0.7703     | 0.6884           | 0.6382  | 0.5450 | 0.9575  | 0.4583 | 0.6914 | 0.6585          | 0.5184 | 0.9899  | 0.7107     | 0.5781 | 2021      |
| 1.2344              | 0.6309 | 0.8098     | 0.6188           | 0.7056  | 0.3351 | 0.9865  | 0.4583 | 0.7123 | 0.7049          | 0.5287 | 0.9676  | 0.7132     | 0.4752 | 2022      |
| 0.8045              | 0.6261 | 0.9202     | 0.6644           | 0.6023  | 0.7467 | 0.9405  | 0.4957 | 0.5777 | 0.7401          | 0.6679 | 0.8363  | 0.7435     | 0.7201 | Average   |

Source: Prepared by the researcher

It is clear from the above table that:

1. The average value of the company to the Credit Bank was (0.7201), as the highest value of the company was in the year (2019), which was (0.6270), which was higher than the average of the company, while the lowest value was in the year (2022), which was (0.4752), which was less than the average. Company.
2. The average company value for the Investment Bank was (0.7435), as the highest company value was in the year (2021), which was (0.7107), which was higher than the company's average, while the lowest value was in the year (2019), which was (0.6355), which was less than average. Company.

3. The average company value for Al-Ahli Bank was (0.8363), as the highest company value was in the year (2021), which was (0.9899), which was higher than the company's average, while the lowest value was in the year (2018), which was (0.6669), which was less than the average. Company.
4. The average company value for Gulf Bank was (0.6679), as the highest company value was in the year (2018), which was (0.5529), which was higher than the company's average, while the lowest value was in the year (2020), which was (0.4807), which was less than average. Company.
5. The average company value of the Middle East Bank reached (0.7401), as the highest value of the company was in the year (2022), which was (0.7049), which is higher than the company's average, while the lowest value was in the year (2019), which was (0.6281), which was less than Average company.
6. The average company value for Mosul Bank reached (0.5777), as the highest value of the company was in the year (2022), which was (0.7123), which was higher than the company's average, while the lowest value was in the year (2020), which was (0.3899), which was less than average. Company.
7. The average company value for Babylon Bank reached (0.4957), as the highest company value was in the year (2022), which was (0.4583), which was higher than the company's average, while the lowest value was in the year (2018), which was (0.3915), which was less than average. Company
8. The average company value for the Bank of Baghdad was (0.9405), as the highest value of the company was in the year (2022), which was (0.9865), which was higher than the company's average, while the lowest value was in the year (2018), which was (0.8159), which was less than average. Company.
9. The average company value for Sumer Bank reached (0.7467), as the highest company value was in the year (2018), which was (0.8932), which was higher than the company's average, while the lowest value was in the year (2022), which was (0.3351), which was less than the average. Company.
10. The average company value for Assyria Bank was (0.6023), as the highest company value was in the year (2022), which was (0.7056), which was higher than the company's average, while the lowest value was in the year (2020), which was (0.4614), which was less than the average. Company.
11. The average company value for the Commercial Bank of Iraq was (0.6644), as the highest company value was in the year (2013), which was (0.8251), which was higher than the company's average, while the lowest value was in the year (2015), which was (0.5862), which was less than Average company.
12. The average company value for Al-Mansour Bank was (0.9202), as the highest company value was in the year (2013), which was (1.1946), which was higher than the company's average, while the lowest value was in the year (2021), which was (0.7703), which was less than the average. Company.
13. The average company value for United Bank reached (0.6261), as the highest value of the company was in the year (2013), which was (0.9447), which was higher than the company's average, while the lowest value was in the year (2018), which was (0.4611), which was less than the average. Company.
14. The average company value for Trans-Iraq Bank was (0.8045), as the highest company value was in the year (2022), which was (1.2344), which is higher than the company's average, while the lowest value was in the year (2018), which was (0.7131), which was less than Average company.

**Third: Testing and analyzing the relationship between accounting conservatism practices and the company's value for the banks in the research sample.**

For the purpose of conducting statistical tests for the third hypothesis of the research, the statistical analysis program SPSS was used, and the following table shows the descriptive statistics for the research variables.

**Table (17) shows the descriptive statistics for the research variables.**

| Descriptive Statistics  |    |         |         |         |                |
|-------------------------|----|---------|---------|---------|----------------|
|                         | N  | Minimum | Maximum | Mean    | Std. Deviation |
| Accounting conservatism | 70 | .420    | 2.07    | 1.30100 | .965735        |
| Company value           | 70 | .240    | 1.930   | .48957  | .254606        |
| Valid N (listwise)      | 70 |         |         |         |                |

We observe from the table above that the number of views is 70. The highest value for accounting conservatism is 2.07 and for the company value is 1.930, while the lowest value for accounting conservatism is 0.420 and for the company value is 0.240.

Therefore, it is necessary to use simple regression analysis to test the third hypothesis. This can be done through the statistical analysis package SPSS, as shown in Table 18.

**a. Results of regression analysis and testing of the third research hypothesis**

**Table (18) shows a summary of the third hypothesis testing model**

| Model Summary                                      |                   |          |                   |                            |
|--|-------------------|----------|-------------------|----------------------------|
| Model  | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1  | .616 <sup>a</sup> | .379     | .370              | .202075                    |
| a. Predictors: (Constant), Accounting conservatism |                   |          |                   |                            |

The table (18) indicates that the second correlation coefficient (R) between the two variables is 0.616, and the coefficient of determination (R square) is 0.379. This indicates that 37.9% of the change in the dependent variable (company value) is attributable to changes in the independent variable (accounting conservatism). The remaining percentage is attributed to other factors, demonstrating a clear impact.

**Table (19) shows the analysis of variance for the third hypothesis**

| ANOVA <sup>b</sup>                                 |            |                |    |             |        |                   |
|--|------------|----------------|----|-------------|--------|-------------------|
|  | Model      | Sum of Squares | Df | Mean Square | F      | Sig.              |
| 1  | Regression | 1.696          | 1  | 1.696       | 41.537 | .000 <sup>a</sup> |
|  | Residual   | 2.777          | 68 | .041        |        |                   |
|  | Total      | 4.473          | 69 |             |        |                   |
| a. Predictors: (Constant), Accounting conservatism |            |                |    |             |        |                   |
| b. Dependent Variable: Company value               |            |                |    |             |        |                   |

In Table 19, the level of moral significance was recorded as 0.000, which is smaller than the specified and acceptable level of 0.05. This indicates that there is a relationship between the two variables. The calculated F value of 41.537 is greater than its tabulated value of 4.01, which means that the third hypothesis, stating "There is a statistically significant relationship between accounting conservatism and the company's value for a sample of banks listed on the Iraq Stock Exchange," is supported by the statistical evidence.

**Table (20) shows the coefficients of the regression line function for the third hypothesis**

| Coefficients <sup>a</sup> |                         |                             |            |                           |       |      |
|---------------------------|-------------------------|-----------------------------|------------|---------------------------|-------|------|
| Model                     |                         | Unstandardized Coefficients |            | Standardized Coefficients | T     | Sig. |
|                           |                         | B                           | Std. Error | Beta                      |       |      |
| 1                         | (Constant)              | .278                        | .041       |                           | 6.837 | .000 |
|                           | Accounting conservatism | .162                        | .025       | .616                      | 6.445 | .000 |

a. Dependent Variable: Company value

In Table 20, the regression line equation between the two variables is shown as:

**Company value = 0.278 + 0.162 (accounting conservatism)**

This equation describes the relationship between the two variables - the dependent variable (company value) and the independent variable (accounting conservatism) through the factor (B).

## The Fourth Axis: The Conclusions and the Recommendations

### First: The Conclusions

The most important results and conclusions can be summarized as follows:

1. There are many methods used as a basis for determining the level of accounting conservatism practiced by companies, and the book value measure of market value is considered one of the most appropriate measures for application by various parties with interests because it is based on transactions available to all parties on the Securities Commission's website and stock price trading bulletins available on the website. Iraq Stock Exchange.
2. There is a discrepancy between the banks in the research sample in accounting conservatism practices based on the book value to market value scale, as the results indicated that some banks practiced accounting conservatism while others did not practice sufficiently conservative policies.
3. several measures can be used as guidance to evaluate the performance of companies. This calls for the need to test the extent and suitability of the Iraqi environment. The results have proven the suitability of the (Tobin's q) measure to determine the value of the company in the local environment.
4. The results confirmed a statistically significant relationship between the level of accounting conservatism and the company value of the banks in the research sample.

### Second: Recommendations

In light of the results and conclusions reached, the researcher recommends the following:

1. The management of the Iraqi market obliges companies whose shares are listed on it to follow conservative accounting practices while disclosing those practices in their financial reports, and this is

considered an important condition for listing their shares in the market or continuing to list because this would enhance the ability of those reports to give companies value. Companies and rationalize the decisions of interested parties.

2. Banks that follow conservative practices should not abandon the application of those practices while striving to achieve a balance between high market value and book value, as high market value means evaluating the bank's performance positively and reflects efficient performance, while high book value means increasing conservative accounting practices, which It requires application in a way that provides more appropriate information for decision-making and increases the value of the bank.

3. The necessity of disclosing information and indicators that would increase the ability of those interested in companies listed on the Iraqi Stock Exchange to predict more accurately the value of companies in order to make their decisions correctly.

4. The need to pay attention to aspects that help in maximizing the company's value, including adopting social issues, the amount of interest in intellectual capital, the quality of disclosure of accounting information, and the focus on research and development, as well as adopting international financial reporting standards.

5. Conduct more accounting research in this field and in the field of accounting conservatism, which can form the basis for future research, including:

a. Accounting conservatism and its role in enhancing the quality of accounting information.

B. The effect of accounting conservatism in evaluating companies' performance - a comparative study of multiple economic sectors.

T. The effect of accounting conservatism in evaluating companies' performance using other measures of accounting conservatism and to assess performance.

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