أبحاث باللغة الإنكليزية:

1- The effect of earnings management on the market value of stocks under application of International Financial Reporting Standards (Applied Study in listed companies Iraq Stock Exchange)

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Abstract

. The research aims to identify the impact of earnings management practices. in banks listed in Iraq Stock Exchange in the market value of stocks,. Since 2016 Iraqi commercial banks application of International Financial Reporting Standards (IFRSs) to improve the quality of accounting information and make it relevant for decision making. The results were compared with the measurement of earnings management under the application of the unified accounting system (before the adoption of IFRSs) and after the application of the (IFRSs). And The research did not find an effect on profit management practices in the market value of stocks. The researcher concluded that the percentage of earnings management in the years in which the banks applied the unified accounting system is very close to its percentage in the case of the application of IFRSs, which shows that the application of IFRSs did not change the percentage of earnings management in banks.

Key Words. market value of stocks. international financial reporting standards (IFRSS). Earnings management.

المستخلص.

يهدف البحث الى تحديد تأثير ممارسات إدارة الأرباح في الأداء المالي والمحاسبي في عينة من المصارف المدرجة في سوق العراق للأوراق المالية، وتأثيرها في القيمة السوقية للأسهم وجذب الاستثمار، إذ منذ عام 2016 طبقت المصارف التجارية العراقية المعايير الدولية لإعداد التقارير

المالية (IFRSs) لغرض تحسين جودة المعلومات المحاسبية وجعلها ملائمة لصنع القرار. تمت مقارنة النتائج بقياس إدارة الأرباح بموجب تطبيق النظام المحاسبي الموحد (قبل اعتماد المعايير الدولية لإعداد التقارير المالية) وبعد تطبيق المعايير الدولية للإبلاغ المالي. ولم يجد البحث تأثيرًا على ممارسات إدارة الأرباح في القيمة السوقية للأسهم، وخلص الباحث إلى أن نسبة إدارة الأرباح في السنوات التي طبقت فيها البنوك نظام المحاسبة الموحد قريب جدًا من نسبته في حالة تطبيق المعايير الدولية للإبلاغ المالي، مما يدل على أن تطبيق المعايير الدولية للإبلاغ المالي لم يغير النسبة المئوية لإدارة الأرباح في البنوك.

.Introduction:

Tariq (2017) investigated the firm-specific and country-level determinants of accruals-based earnings management and real activities-based earnings management of firms in the MENA region. In addition, he examined whether earnings management techniques are used as substitutes or complements, and whether earnings management is efficient or opportunistic.

The study concluded in the MENA region, higher leveraged firms engage in higher levels of accruals-based earnings management most likely to prevent breaches of debt covenants, and to present. favorable image of the firm to creditors in order to reduce the commitments associated with debt contracts.

Adel, 2015 ,investigated the association between corporate governance mechanisms and earnings management in industrial Jordanian firms. He identified the most important corporate governance mechanisms that have an effect on accounting choices and decisions, investigated the tools that managers use to decrease or increase earnings in Jordanian industrial firms, and finally, determined which accruals model is more powerful to detect earnings.

The results of the study indicated that there are far more instances where the results from both methods appear to challenge each other. In particular, we did not see the earnings management described by the managers in the firms to reflect the estimates of individual firms from the accrual models. For example, the study's semi-structured interviews showed that most of the firms' managers engaged in income. reducing earnings management in an attempt to pay less tax and less custom fees. But the quantitative findings of the study did not show the same results. In addition, the main corporate governance factors seem to be related to earnings management and in the quantitative analysis were not given the same weight by interviewees.

While the study of Markou. and Tsitsoni (2013), showed Earnings are one of the most vital indicators of the financial position of. company. Earnings quality is. perplexing concept. The characteristics that make earnings of high quality are various and are. matter of subjectivity, after the adoption of IFRSs in 2005.

The researchers concluded that managers indeed believed that fair value accounting improved the quality of earnings in their companies. Moreover, they answered that they did not consider IFRSs as. barrier in the accounting quality and that fair value provided reliable and accurate financial information which supported the decision -making.

whereas, Paoloni. , Paolucci. , and Menicucci E,. 2017) distinguished the influence of fair value accounting (FVA) on earnings quality (EQ) in European banking sector over the 2007 to 2016 period. As the financial reporting system of banks is particularly exposed to FVA, they concluded that earnings under Fair value-based reporting model have higher aggregate quality ranks for European banks. Specifically, they found primary evidence that net gains (losses) reported at Fair Value through banks' income statement (FVTPL) and through other comprehensive income (FVTOCI) are positively associated to banks' aggregate EQ. Finally they noted that the design of IFRSS. improves accounting .

also, Tort (2013) analyzed the impact of adopting IFRSs on earnings quality across different countries and more specifically within Spain. The overall conclusion is that institutional factors and legal enforcement are sizeable determinants for the quality of financial reporting and. powerful tool for curbing opportunistic behaviors. Earnings management occurred because managers have (hidden) incentives to mislead financial information in order to meet certain earnings thresholds.

Ball et al., (2003) argued that adopting high quality standards might be. necessary condition for high quality information, but not necessarily. sufficient one. Basu (1997) and Ball et al., (2000), gave. particular attention to timely recognition of economic losses. There are several reasons for this asymmetry. First, managers generally possessed private information about economic gains and losses (changes in expected future cash flows) that was unobservable to auditors. Their incentive to disclose gain and loss information was not symmetric, so auditors generally gave greater credence to information about losses, and financial reporting tended to specialize in timely loss recognition. Second, managers could book economic gains and losses by selling assets and, without accounting recognition of unrealized gains and losses, they would have an asymmetric incentive to exercise the option to realize gains, not losses. Timely recognition of unrealized losses reduced that asymmetry. Third, timely loss recognition decreased the likelihood of managers making ex ante negative-NPV decisions, such as ''trophy'' investments or acquisitions, whose cash flow consequences extended beyond their tenure. Fourth, pricing of debt at its issuance was unlikely to be influenced substantially by timely incorporation of known gains and losses.

Callao and Jarne (2010) examined the impact of IFRSs across (11) and gave countries (Spain included) and gave country-individual results. The authors compared discretionary accruals on the period immediately before and after of IFRSs implementation. Results showed that EM had intensified since the adoption of IFRSs in Spain, as discretionary accruals increased in the period following implementation. They studied separately long-term and current assets for more detailed conclusions and found an increase of long-term discretionary accruals in all countries except Italy, and. significant increase of current discretionary accruals in France, Spain and UK. In contrast, in Germany, Netherlands and Portugal discretionary accounting practices decreased in terms of current accruals.

While Rathke ,et.,al, (2016) Compared the level of earnings management in these two Latin American countries, with the main Anglo-Saxon countries carrying IFRSs tradition (United Kingdom and Australia), and also with the two main European Continental economies (France and Germany). Given the dissimilarities in the country. specific variables, including the level of enforcement and investor protection, and their effect on accounting practice. They expected to find dissimilarities with respect to the level of earnings management across these three groups of countries. Regarding the firms that are cross-listed in the U.S., it was not very clear if these dissimilarities raised.

Bruggemann et al. (2012)also provided. review on the mandatory adoption of IASs/IFRs in the European Union, which considered. wide range of effects, ranging from compliance and accounting choices in implementing IASs/IFRSs to capital markets and macroeconomic consequences. However, whether or not IASs/IFRSs improved the quality of financial reporting was not completely addressed with specific regard to their mandatory adoption in Europe. Islam at el.., (2011) in their study analyzed the effectiveness of Modified Jones Model in detecting earnings management among the initial public offerings that were listed between 1985. 2005 in the Dhaka Stock Exchange (DSE). The study reached that the modified Jones model was considered the most powerful tool in detecting earnings management. This was documented in many developed countries i.e., USA, UK and few other countries i.e., Malaysia, Taiwan, and India etc. However the modified Jones model was found to be less effective in gauging the level of earnings management in the Bangladesh capital market. An extended model was proposed which was found to be more effective in detecting earnings management.

. . Most of the prior studies on earnings management have focused on why firms manage earnings. Several reasons have been identified that include; income smoothing (Yoon and Miller, 2002b), ownership control (DeAngelo, 1986), equity offerings (Rangan, 1998;. Teoh et al., 1998); (Yoon and Miller, 2002) and political costs (Jones, 1991).

Cai. et. al., (2012) . examined the effect of IFRSs adoption by taking into account the prior dissimilarities. country's accounting standards had with IFRSs. They took into account the effects of legal enforcement as recent studies have done. they also found that when IFRSs were adopted or when accounting standards were more similar to IFRSs,countries had lower levels of earnings management. Further, countries with standards less similar to IFRSs prior to IFRSs adoption had. greater reduction in earnings management after IFRSs adoption.

. This study focused on measuring earnings management practices in. sample of banks listed on the Iraqi Stock Exchange in the case of the application of the unified accounting system (before the application of IFRSs), and in the case of application of IFRSs and the discovery of earnings management practices after application, and thus determining whether there was an effect of IFRSs which depends on fair value accounting in measuring the value of items and disclosure rules contained therein in reducing earnings management practices in private banks included in the research sample, and how this application affects the quality of accounting information, and then the quality of earning,

2. The Theoretical Framework :

2.1. Earnings quality is. fundamental concept. Yet, ironically, there are deep disagreements about defining earnings quality or to measure it. The list of candidate measures is long: earnings persistence, predictability, asymmetric loss recognition, various forms of benchmark beating, smooth earnings, magnitude of accruals, income-decreasing accruals, absolute value of discretionary or abnormal accruals and the extent to which accruals map into past and future cash flows. In addition to the proliferation of measures, there are. number of vexing questions that have been difficult to address with archival work because answers often rely on managerial intent, which is not observable and is difficult to infer.. related problem is that archival work cannot satisfactorily decompose the portion of earnings that is manipulated by management from the portion attributable to the unobservable fundamen-tal earnings process.(Dichev. Ilia at. al., 2013:2) .

Earnings quality could be defined as the ability of earnings information in giving response to the market. in other words. the reported earnings has. response power. The power of market reaction to the earnings information is reflected on the degree of earnings response coefficients. ERC). Higher REC means the reported earnings has high quality.. Al-Farooque, Suyono and Rosita, 2014: 206).

Healy and Wahlen (1999) offered the following definition of earnings man-agement Earnings management occurs when managers use judgment in financial reporting and in structuring transactions to alter financial reports to either mislead some stakeholders about the underlying economic perfor-mance of the company, or to influence contractual outcomes that depend on reported accounting numbers. Schipper (1989). points out. purposeful intervention in the external financial reporting process, with the intent of obtaining some private gain (as opposed to, say, merely facilitating the neu-tral operations of the process). The management manages the earnings to profit–motivated and implies earnings management reduces the information content of accounting items.

Earnings management can be divided into two separate aspects :- (Subra-manyam, 1996) :-

1. Efficient earnings management. The aims of increasing the quality of information to help investors better understand the power of earnings ability and financial condition of the company.

2. Opportunistic earnings management. Managers apply it to maximize their own interests and not the interests of the company and the investors.

2.2 International Financial Reporting Standards (IFRSs) originated in the European Union, with the intention of making business affairs and accounts accessible across the continent. The idea quickly spread globally, as. com-mon language allowed greater communication worldwide. Although only. portion of the world uses IFRSs. Participating countries are spread all over the world, rather than being confined to one geographic region. The United States has not yet adopted IFRSs, as the GAAP is viewed as the "gold stan-dard". Currently, about (120) countries use IFRSs in some way, and (90) of those require them to fully conform to IFRSs regulations. IFRSs are maintained by the IFRSs Foundation. The mission of the IFRSs Foundation is to "bring transparency, accountability and efficiency to financial markets around the world." Not only does the IFRSs Foundation supply and monitor these standards, but it also provides suggestions and advice to those who deviate from the practice guidelines. https://www.investopedia.com/terms/i/IFRSs.asp#ixzz57aFhxCT5

. International Financial Reporting Standards (IFRSs) are a set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements. IFRSs are issued by the International Accounting Standards Board (IASB), and they specify exactly how accountants must maintain and report their accounts. IFRSs were established in order to have. common accounting language, so business and accounts can be understood from company to company and country to country.

https://www.investopedia.com/terms/i/IFRSs.asp#ixzz57aEs0CHX

2-3 The effect of IFRSS adoption. Van Tendeloo and Vanstraelen (2005), point out four advantages resulting from IFRSSS adoption as follows:-

1. Such adoption will trigger greater investors' ability to make informed financial decisions, eliminating confusion that arises from the existence of different ways to measure status and financial performance in different countries, leading to reduced risk for investors and lower cost of capital for companies.

2. It will lead to reduced costs related to preparation of financial information according to several sets of standards.

3. It will lead to greater incentives or international investment.

4. It will allow. more effective allocation of financial resources worldwide.

2.4 :**Objectives of IFRSs** :

The objective of IFRSs is to ensure that an entity's first IFRSs financial statements, and its interim financial reports for part of the period covered by those financial statements, contain high quality information that:

1- is transparent for users and comparable over all periods presented;

2- provides. suitable starting point for accounting in accordance with International Financial Reporting Standards (IFRSSs); and

3- can be generated at. cost that does not exceed the benefits.

2.5:- The Scope

1. An entity shall apply IFRSs in:

(a) its first IFRSs financial statements; and

(b) each interim financial report, if any, that it presents in accordance with IAS 34- Interim Financial Reporting, for part of the period covered by its first IFRSs financial statements.

2. An entity's first IFRSs financial statements are the first annual financial statements in which the entity adopts IFRSs, by an explicit and unreserved statement in those financial statements of compliance with IFRSs. Financial statements in accordance with IFRSs are an entity's first IFRSs financial statements if, for example, the entity:

(a) presented its most recent previous financial statements:

1.in accordance with national requirements that are not consistent with IF-RSs in all respects.

2. in conformity with IFRSs in all respects, except that the financial state-ments did not contain an explicit and unreserved statement that they com-plied with IFRSs.

3. containing an explicit statement of compliance with some, but not all, IFRSs;

4. in accordance with national requirements inconsistent with IFRSSs, using some

individual IFRSs to account for items for which national requirements did not exist; or

5.in accordance with national requirements, with. reconciliation of some amounts to the amounts determined in accordance with IFRSs;

(b). prepared financial statements in accordance with IFRSs for internal use only, without making them available to the entity's owners or any other external users;

(c). prepared. reporting package in accordance with IFRSs for consolidation purposes without preparing. complete set of financial statements as defined in IAS 1- Presentation of Financial Statements, (revised in 2007); or

(d). did not present financial statements for previous periods.

4. These IFRSs apply when an entity first adopts IFRSs. It does not apply when, for example, an entity:

(a) stops presenting financial statements in accordance with national requirements, having previously presented them as well as another set of financial statements that contained an explicit and unreserved statement of compliance with IFRSs.

(b) presented financial statements in the previous year in accordance with national requirements and those financial statements contained an explicit and unreserved statement of compliance with IFRSs; or

(c) presented financial statements in the previous year that contained an explicit and unreserved statement of compliance with IFRSSs, even if the auditors qualified their audit report on those financial statements.

5. These IFRSs do not apply to changes in accounting policies made by an entity that already applies IFRSs. Such changes are the subject of:

(a) requirements on changes in accounting policies in IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors; and

(b) specific transitional requirements in other IFRSs.

2.3: Influence of IFRS adoption on earnings management. . . . .

. . A lot of studies on this subject have been done since the mandatory implementation of IFRS for listed firms in 2005. The main research is the comparison between effects on earning management of listed firms under IFRS and national original accounting standards. Proponents argue that IFRS with. high-quality set of standards would increase the quality of financial reporting and could mitigate levels of earnings management (Armstrong 2009). While others point out that IFRS adoption, only representing pure accounting changes, could not provide the expected benefits (Martijn,2011). The new accounting standards may even increase the extents of earnings management and deteriorate financial reporting quality (Watts 2006)..

Healy and Wahlen (1999) point out the incentives for earnings management of publicly held firms. The main incentives come from capital market expectation, contracts based on terms of reported accounting numbers and governmental regulation. However, differences exist between public and private firms in the incentives of earnings management. And the opinions are mixed among scholars. Some argue that private firms involve in more earnings manipulation than public firms. First, privately held firms have more concentrated ownership than public firms (Burgstahler et al.,2006). Related parties like stakeholders or capital providers can get access to corporate information through private channels other than the public information. Moreover, financial reports of private firms are not widely distributed to the public as listed firms. Therefore, private firms have fewer incentives to provide high quality financial information. Second, the major capital providers for private firms are usually banks. The agency problems between banks and owners/ management would encourage private firms to manipulate earnings (Vander Bauwhede and Willekens,2004).

According to Degeorge et al. (1999), 'Executives have both the incentive and ability to manage earnings. It is hardly surprising that the popular press frequently describes companies as engaged in earnings management—sometimes referred to as manipulation.' The intentional manipulation of accounting information occurs when managers look to trick investors (Watts and Zimmerman, 1986). According to Christie and Zimmerman (1994), managers' choices can be done in an efficient way, where the firm's value is maximized, or intentionally privilege their own interests

over those of the investor. Matsumoto and Parreira (2007) identified that the factors that lead managers to manage earnings is the lack of. range of standards for all possible situations and the existence of economic and financial incentives that they can obtain. The earnings management by accounting accruals is directly linked to the difference between cash and accrual methods. According to Healy (1985), non-discretionary accruals refer to those accruals required by the accounting standards in relation to the application of the accrual basis, like accounting for fixed assets and its systematic depreciation basis. Discretionary accruals, on the other hand, refer to the adjustments made intentionally by managers. Cupertino and Martinez (2008) showed that the level of accruals can be used as. measurement of earnings manipulation and consequently as. sign of the potential auditing orientation. Additionally, Almeida et al. (2009) showed the possible existence of heterogeneous practices of earnings management among firms in the same sector, suggesting the analysis by strategic groups..

3: Data and methodology

The researcher established the research hypotheses as follows:

Hypothesis (1): The application of. unified accounting system for Iraqi banks does not affect the reduction of earning management practices.

Hypothesis (2): The application of IFRSs does not affect the reduction of

earnings management practices of the banks in the research sample.
To test the above two hypotheses, Johns modified model was applied to. group of private banks listed in the Iraq Stock Exchange for the period 2012-2016 to identify the practice of earnings management of these banks during the first period (prior to the application of IFRSs) which extended from (2012-2015), and then identify the practice of earnings management for the year 2016, the period in which the IFRSs were applied. The research sample consists of the following private banks:

1. Investment Bank Of Iraq.
2. Bank Of Baghdad.
3. Middle East Bank.
4. Ashur International Bank.

The hypotheses were tested by applying Jones modified model by the following equations:

TACC I,t = ONI I,t – OCF i,t

To estimate the value of a1, a2, a3 the equations were used below: -

NDACC I,t = a 1 (A I,t -1) + a2 ((∆REV I,t –(∆REC I,t) / Ai,t-1 + a3 ((ppEI,t/ A I,t -1

DACC I,t = TACC I,t – NDACC I,t

TACC	**Total Accruals**
ONI	**Operating Net Income**
OCF	**Operating Cash Flow**
A I,t-1	**Total assets**
REV∆	**Change in revenues**
REC ∆	**Change in accounts receivable**
PPE	**Property, Plant, and Equipment)**
I .+	**Random error**
DACC	**Discretionary Accruals**
NDACC	**Nondiscretionary Accrual**
∆	**change operator**

3: Results

. To test the hypotheses, Jones modified model was used to determine the discretionary accruals by applying the following equations to the data of the sample banks for the five years (2012, 2013, 2014, 2015 and 2016)

3.1: Calculating the total accruals of the research sample banks for the period from 2012 to 2016:

Table (1)

Calculating the total accruals of the research sample banks for each year

Banks and periods	Operating Net Income	Operating Cash Flow	TACC
Investment Bank Of Iraq			
2012	3416950	6920434	3503484
2013	31539943	33534149	-1994206
2014	34841656	9546207	25295449
2015	20864192	58712888	-37848696
2016	12055940	44619348	-32563408
Bank Of Baghdad			
2012	29637502	350409225	-320771723
2013	38797071	374912754	-336115683
2014	32847000	36067159	-3220159
2015	13260673	316900783	-303640110
2016	26801406	250900641	-224099235
Middle East Bank			
2012	28588411577	26587222770	2001188807
2013	24467634443	2275490032	26312921545
2014	4291058636	3990684531	300374105
2015	6620726619	6157275755	463450864
2016	11750404	10927875	822529
Ashur International Bank			
2012	19796035	7900295	11895740
2013	19186239	25793699	-6607460
2014	13366584	13809127	-442543

2015	17788439	63239695	−45451256
2016	14741576	(11423084)	3318492

3.2: step (2) identify Equations of the regression line and the level of significance for each bank.

Table (2)

Equations of the regression line and the level of significance for each bank

No	Name of bank	A1	A2	A3	T	P Value	A/1	PPE/A	Significant 0.05
1	Baghdad Bank	746322257.065476	15.9264708300728 2012 2013 2014 2015 2016		−23,6441611586829	−2.45182405086213	5.02282240509 7.68843399990350 5.66602876890525 5.47194028011929 6.76113050924153 8.33038911696573	0.0332502850732935 0.0321891814163472 0.0314185771250762 0.0380950631622547 0.0265058320217004	Not significant
2	**Middle East Bank**								
	2012	−3.40531938047716	6.30906043245865	4,6907032165107 2013 2014 2015 2016	−1.00244572721428	3.57344457272	1.41460239174306 1.29168923963493 1,46396511361923 1.4812024090165 1.57770243498366	1 0.110855296332693 0.133864272975056 1.4321986509268 0.146958512187729	Not significant
3	**Ashur Bank**								
	2012	−63323260.3825998	0.00436374681807926 2013 2014 2015 2016		2.32599390297387	−1.11766762352485	3.68866762352485	3.73283693370993 2.81033470122347 2,30840296907898 2.45260285506959 2.6687254424552	0.0652981730603898 0.0685122307016796 0.0624555851726734 0.035632007496126 0.0361984504590138	Not significant

4	Investment bank of iraq								
	2012	−235846262.285319	0.487308835585381	14.9734211424929	1.18091710441193	1.39008289558807	2.64356656169363	0.0412905243751667	Not signif-icant
	2013						1.9208735628968	0.0290111013276325	
	2014						1.79001185805885	0.0310602714409424	
	2015						1.81809679405884	0.0301448302633105	
	2016						1.73049173876482	0.0267682499004227	

3.3: Step 3: For the purpose of identifying the banks that are practicing earnings management and those are not practicing, earnings management, in this step the average of the discretionary accruals were calculated for each bank and each year separately. The bank is considered earnings management practitioner if the absolute value of the discretionary accruals in the year is equal to or more than the average value of its discretionary accruals.

Table (3)

Classification of banks according to their earnings management practice

Name of bank	Years	(ONI)	(OCF)	(D REV)	(DREC)	Ai ,t. total assists)	PPE. ,t	DACC	Mean	Classification
Investment Bank Of Iraq	2012	3416950	6920434	4704689	7846054	378276838	15619249	3503484−	10122869	Un-practitioner
	2013	31539943	33534149	21579518	(5763421)	520596472	15103077	−1994206		Un-Practitioner
	2014	34841656	9546207	9546207	6831240	558655517	17351993	25295449		Practitioner
	2015	20864192	58712888	(18797025)	4946037	550025721	16580432	37848696		Practitioner
	2016	12055940	44619348	(12197792)	(4793425)	577870427	15468580	32563408		Practitioner

Bank Of Baghdad	2012	29637502	350409225	7069759	9867078	1300654984	43247149	−320771722	**237569382**	Un−practi− tioner
	2013	38797071	374912754	21937036	5561371	1764904558	56810833	−336115682		Un−Practi− tioner
	2014	32847000	36067159	(8473692)	(29704821)	1827505325	57417617	3220158−		Un−practi− tioner
	2015	13260673	4026053	3416226	(31798769)	1479042593	56344221	303640109−		Un−practi− tioner
	2016	26801406	(250900641)	6292359	71490819	1200424117	31818240	224099234−		Un−practi− tioner
Middle East Bank	2012	28588411577	26587222770	1734250412	0	70691241994	70691241994	720011888	**4991596306**	**Un Practi− tioner**
	2013	24467634443	2275490032	(2092817294)	4222107135	774180018936	85821955414	12219214441		**Un−Practi− tioner**
	2014	4291058636	3990684531	(1987196873)	11974209520	683076386655	91439523886	300374104		**Un−Practi− tioner**
	2015	6620726619	6157275755	27872830	35523113063	67512360662	96691111861	463450865		**Un−Practi− tioner**
	2016	11750404	10927875	35601024	27517420315	633833084	93147167	823339		**Un−Practi− tioner**
Ashur International Bank	2012	19796035	7900295	7913716295	653400	267892763	17492908	11895740	**7457405**	Practitioner
	2013	19186239	25793699	2878565	(322133)	355829503	24378673	−6607460		Un− practi− tioner
	2014	13366584	13809127	2348008	(13990248)	433199928	27055755	−442543		Un−Practi− tioner
	2015	17788439	63239695	543867	13992994	407730097	14536883	−45451256		Un−Practi− tioner
	2016	14741576	(11423084)	1152160	(20668697)	374710708	13563947	3318492		Un−Practi− tioner

Table (4)

Frequencies and percentages of earnings management practice

	Years	Practioner		Un-practioner		Total	
Before IFRSS		Refre-quency	%	Refrequency	%	Refre-quency	%
	2012	1	٪25	3	%75	4	100%
	2013	0	%0	4	100%	4	100%
	2014	1	25%	3	75%	4	100%
	2015	1	25%	3	75%	4	100%
After IFRSS	2016	1	25%	3	75%	4	100%

3.4: from Table (4): The percentages of earnings management practice for the two periods:

1. The first period prior to the application of the (IFRSs), in which the unified accounting system was used (2012-2015). The researcher noted that the percentage of earnings management practice for the four years was 25%, i-e there were (4) observations of earnings management belonged to the international investment bank against (12) observations showed that earnings management were not practiced by three banks, i.e., by 75%. This means that the number of observations for the years prior to the application of IFRSs was (16) observations (number of the banks number of the years). This implies that we reject the hypothesis "the application of the unified accounting system for the Iraqi banks does not effect in reducing the practices of earnings management" and accept the alternative hypothesis. That is, the unified accounting system has effect on the reduction of earnings management practices.

2. In the second period in which the banks applied the International Financial Reporting Standards (IFRSs), which is the financial year ended on 31/12/2016. The researcher noted that the number of observations was (4) only one observation (25%) showed the practice of earnings management, and three observations (75%) showed that earnings management was not practiced, However, the earnings management in the International Investment Bank is continued and therefore control measures must exist in this bank to limit these practices.

Table. 5 . The book and market value of stocks

No	Name of bank	Years				
		2012	2013	2014	2015	2016
1	Investment Bank Of Iraq					
	The the book value of stocks	1.186	1.202	1.135	1.125	1.159
	The market value of stocks	1.010	0.970	1.00	0.880	0.800
2	Bank Of Baghdad					
	The the book value of stocks	1184	1165	1170	1074	1131
	The market value of stocks	3.500	2.220	2160	1590	1130
3	Middle East Bank					
	The the book value of stocks	1..252	1.352	1.228	1.108	1.00
	The market value of stocks	1.460	1.600	0.600	0.510	0.430
4	Ashur International Bank					
	The the book value of stocks	1.137	1.100	1.077	1.081	1.00
	The market value of stocks	0.930	0.740	0.930	0.430	0.340

. Under table (5), The researcher notes that the market values of all banks has decrease about their book value, despite the fact that they are not practicing earnings management, except for the market value of Bank of Baghdad stocks. they have risen above their book value. it is appear that the earnings management practices do not affect the market value of the shares of the sample banks.

The Conclusions: The aim of the research is to test the practice of earnings management in the research sample of the banks listed in the Iraqi Stock Exchange for the years 2012, 2013, 2014, 2015 and 2016. And their effect on market value of stocks. The reason for choosing this time period is that in the period (2012-2015) the unified accounting system for Iraqi banks was applied. While, in the year 2016, the (IFRSs) were applied. The research concluded that the application of IFRSs does not affect the practice of earnings management by banks. Where the number of observations amounted to (25) observations (number of the banks. number of the year). Also, the number of observations concerning the period in which the unified accounting system was applied was (16) observations. Where the percentage of earnings management for the year 2012 was 25%, i.e., only one bank of the total banks practiced earnings management. In the year 2013, all of the banks (0%) did not practice earnings management. While in 2014 the percentage was 25%, i.e., the International Investment Bank practiced earnings management and the rest of the banks did not practice earnings management. In the year 2015 the International Investment Bank (25%) practiced earnings management too while the rest of the banks did not practice earnings management. Whereas in the year 2016, in which the IFRSs were applied also, the Investment bank was not affected by the application of IFRSs, where the percentage of earnings management practice was 25%, i.e., the International Investment Bank practiced earnings management and the three other banks did not practice earnings management..

In other words, the international investment bank had been practicing earnings management before and after the application of IFRSs. And during the application of IFRSs, the percentage of earnings management did not change in this bank. While the rest of the banks have not practiced earnings management both before and after the application of IFRSs. it is appear that the earnings management practices do not affect the market value of the shares of the sample banks..

5. Recommendations: As the Investment Bank of Iraq has practiced earnings management before and after the application of IFRSs and the percentage of earnings management practice has not changed when applying IFRSs For the purpose of achieving relevance, objectivity and confidence in the financial data produced by the financial reports, the practices of earnings management must be reduced because they result misleading the financial statement and they do not show the financial position in. realistic and objective manner.

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