The role of financial and non- Malaysian financial information

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ABSTRACT

The management of the company acts as an agent on behalf of its stakeholders, especially the shareholders, and thus it is responsible for performing its known functions and achieving the efficient and effective use of the company's resources to ensure the achievement of its objectives. It is agreed that planning is one of the most important functions of management, and that it necessarily involves forecasting the future, as there is no planning without a prior prediction of events and variables that have a potentially substantial impact on the project activity.

Globalization and the tremendous rapid development in communication and information technology, as well as the sequence of events in their political, economic and social types, which enter as variables that affect the current and future performance of the company, affect its competitive position and the size and structure of its financing, and thus strongly affect the existence of this company as a whole, all this highlights the importance of studying The future performance of the company, investigating current indicators and data, developing assumptions and perceptions of what the company's future conditions may be, and thus obtaining future financial information about the company's performance contributes to the position of management, shareholders and all those interested in the company in the form of what the conditions will lead to in the future.

Introduction

The management of the company acts as an agent on behalf of its stakeholders, especially the shareholders, and thus it is responsible for performing its known functions and achieving the efficient and effective use of the company's resources to ensure the achievement of its objectives. It is agreed that planning is one of the most important functions of management, and that it necessarily involves forecasting the future, as there is no planning without a prior prediction of events and variables that have a potentially substantial impact on the project activity.

Globalization and the tremendous rapid development in communication and information technology, as well as From this standpoint, the usefulness of future financial information has become widely recognized at the present time, and the demand for this information is increasing by a large sector of the financial community, and this sector includes management, current and prospective capital owners, credit donors, some government agencies and the public as a whole. General.

Future financial information is used in many different fields, starting with establishments that offer their the sequence of events in their political, economic and social types, which enter as variables that affect the current and future performance of the company, affect its competitive position and the size and structure of its financing, and thus strongly affect the existence of this company as a whole, all this highlights the importance of studying The future performance of the company, investigating current indicators and data, developing assumptions and perceptions of what the company's future conditions may be, and thus obtaining future financial information about the company's performance contributes to the position of management, shareholders and all those interested in the company in the form of what the conditions will lead to in the future.

securities from stocks and bonds to the public for public subscription to establishments seeking to obtain loans from banks and financing agencies, and ending with future uses of this information in short-term internal project plans (budgets), and in Long-term plans, cash flow studies, capital expansion decisions, and other plans.

Research importance:

: The importance of research stems from the following points

1-Future financial information has become an urgent necessity for the project management, shareholders, investors, lenders and the State Planning Commission, in order to extrapolate the future status of the company in terms of its viability, profitability, ability to fulfill its debts, and to identify its future expansion plans and the expected economic feasibility as a result of this expansion

2-The importance of future financial information in eliminating the principle of confidentiality of information or obtaining it illegally, as well as eliminating rumors as a source of information.

3-The importance of carrying out the financial forecasting process in light of generally accepted accounting principles.

4-The importance of the role that future financial information plays through publishing financial statements

Futuristic in increasing the efficiency and effectiveness of the company's economic decisions and rationalizing the decisions made by the stakeholders in the economic unit.

5-The increasing need for investors to disclose future financial information by companies and to demand that companies be required to do so, in order to provide an appropriate information base that helps the investor to form a profitable investment portfolio in the financial market

Research aims:

This study aims to achieve the following:

1-Explain the importance of future financial information and the techniques used in generating future financial information that are sufficiently accurate and objective.

2-A statement of the requirements for preparing future financial statements, the responsibility of who prepares them, and how to disclose them.

3-Clarify the nature of decision-making, its patterns, and the types of decisions related to the economic unit that depend on future financial information.

4-Working to rationalize the decisions of users of future financial reports through the relevance, efficiency and speed of these reports in presenting the information they need

5-Explaining the role of disclosure of future financial information, whether in terms of its content, nature, or the period it covers in making decisions in the financial market

6-Identify the extent of awareness of the investment community in the financial market of the importance of financial information

Futurism and its role in making decisions.

Research problem:

The research problem can be formulated in the form of questions as follows:

1-What is the role of disclosure of future financial information in making decisions in the stock market?

This problem is divided into the following questions:

A- Does the content of future financial information disclosure affect investment decision-making?

In the financial market?

B - Does the nature of disclosure of future financial information differ in terms of being quantitative or qualitative on decision-making in the financial market?

C - Does the period covered by the disclosure of future financial information affect decision-making in the financial market?

2-Is there a realization by the investment community of the importance of future financial information and the need to disclose it?

3-Are there fundamental differences between the opinions of the study sample regarding the mandatory disclosure of future financial information and their role in decision-making due to the business variable?

Previous studies:

Studies in Arabic:

1 - Osama bin Fahd Al-Hizan’s study, entitled (The Impact of Disclosure of Financial Forecasts on

Investment Decisions in Securities with an Empirical Study):

This study aimed to identify the impact of disclosure of financial forecasts on investment decisions in securities in the Saudi Stock Exchange, where the impact of the quality of disclosed financial forecasts, the nature, level and timing of this disclosure on investment decisions in securities within the framework of the Saudi investment environment were tested. The results of the study showed that most companies listed on the Saudi market do not disclose financial forecasts, but are limited to very brief descriptive disclosures about the possibility of increasing services in the future, increasing profits or increasing investments in the future. The results of the study also showed that the disclosure of financial forecasts in general is of importance for decision makers to invest in securities.

2 - Abdullah Saeed Al-Mazraqi and Saleh Abdul-Rahman Al-Saad's study entitled (The Impact of Accounting and Non-Accounting Information on the Decision Circulated in the Saudi Stock Market):

This study aimed to clarify the effect of accounting and non-accounting information on the market value of stocks. A field study was conducted on a simple random sample of traders and financial analysts. It reached several results, the most important of which are: That the accounting and non-accounting information affects the market value of shares in the Saudi financial market as a whole. That the general non-accounting information and factors of the market as a whole have more influence on the market value of shares, followed by the non-accounting information of companies, then the accounting information comes less influential. That speculative style dominates the transactions of traders in the Saudi financial market. The dependence of traders in the Saudi Stock Exchange on rumor in trading more than any other information or factors. Decreased awareness and awareness of traders of the mechanisms of dealing in the Saudi financial market.

Studies in English:

1-(Management Disclosures in the Face Of an Earnings Surprise To Warn or Not to Warn)

This study aimed to study the possibility of issuing the company's management and disclosing the profit expectations in the event that there is an expectation gap by the public in the size of profits, and this study reached the following results:

The likelihood that companies will issue warnings of big profit surprises increases as the size of the unexpected portion of profits increases. As well as the existence of previous disclosures about the future of the company by management, and the company's membership in a high-tech industry, as well as companies that are not organized by the government Firms Unregulated. The form and content of the warning is based on the importance of the expectations gap. The greater the unexpected profits, the more the disclosure will be in quantitative form, that is, in a more accurate form. Most of the forecasts were related to an unexpected drop in profits, meaning bad news, compared to good news. It is found that a warning usually accompanies a permanent decrease in profits, while a temporary decline is more likely to occur without prior warning. It was found that the negative impact on stock prices upon disclosure of bad news was greater in the companies that listened with a warning compared to the companies that did not.

2- A study by Williams entitled: The Relation Between a Prior Earnings Forecast by Management and Analyst Response to Current Management Forecast :

This study aimed to determine whether the accuracy of prior earnings forecasts could be used as an indicator for financial analysts on the reliability of management's current forecasts. The results indicated the following: There is a significant relationship between the utility of previous management's forecasts of profits, and subsequent adjustments to the forecast by financial analysts. Low credibility of good news compared to bad news.

Research Methodology:

In order to achieve the objectives of his research, the researcher relied on the descriptive and analytical approach, as the following steps were taken to achieve this study:

A- In defining the theoretical framework for this study, the researcher relied on similar studies in Arab and foreign books, periodicals and specialized articles in order to form a theoretical framework for the research from which the researcher would proceed to define the concepts related to the topic.

B - As for the practical aspect, it was carried out through a field study on the Bank of Baghdad.

search limits:

The research community is represented in all commercial banks in general in the province of Baghdad and listed on the Iraq Stock Exchange. As for the research sample, it is the Bank of Baghdad.

The first topic: What is financial and non-financial information and its qualitative characteristics?:

Financial information is considered in our present time an important and valuable resource, no less important than any other resource in the economic organization, as it is a governing element that affects all joints of the organization, and it mainly contributes to the decision-making process in the economic organization in particular, regarding how to invest its resources And allocating them optimally and achieving an added economic value, thus achieving the profit sought by economic organizations in general.

Financial information today in light of the era of tremendous technological and knowledge development as well as the tremendous revolution in means of communication constitute the cornerstone of achieving the competitive merit of the economic organization and thus the possibility of its survival in competition.

As a result of the vast amount of data and the possibility of not being used or misleading and the information that can be obtained by the decision-maker, the need to define qualitative characteristics of financial information, especially financial ones, has arisen as a result of its effective impact in facilitating the decision-making process and reducing the uncertainty associated with it. In this context, we will address the most important points that explain what financial information is and its qualitative characteristics. First: What are the data and information: The concept of data differs from information despite the close relationship between them.

Some confuse the concept of these two terms, and others use them on the basis that they are synonymous with one meaning. Therefore, the meaning of these two concepts must be clarified:

- Financial data.

Data is a term commonly used in the plural form, singular (datum), which is the raw material from which information is derived, and it represents things, facts, ideas, opinions, events and processes that express attitudes and actions or describe a specific goal, phenomenon or reality (past, or present). , Or in the future) without any modification, interpretation or comparison to be expressed (represented by) words, numbers, symbols, or shapes (Al-Hassania, 2006: 24).

Data are defined as symbols abstracted from apparent meaning and are considered the raw material that can be quantitative (quantitative) that can be measured and calculated mathematically or be non-quantitative (descriptive) such as customs and traditions ... etc. and require certain treatments to be performed in order to convert them into results (information) that can be used. Better (Al Kilani, 2000: 15).

Also, data are defined as facts that, if left unchanged, will not add anything to the knowledge of their users in a way that does not affect their decision-making behavior (Al-Fayoumi, 1999: 19).

As for the accounting data, it is defined as the raw material that is collected and reviewed in order to produce the information. It represents the basic input for the accounting information system, and expresses the events And physical flows of the economic processes practiced by the economic unit, and they may be expressed either in the form of figures, facts, weights, or forms (Muti`, 2007: 16.

From the previous definitions, characteristics of financial statements can be deduced:

1- It is the raw material for obtaining financial information.

2- They represent basic inputs to the accounting system.

3 - It is not self-evident in the decision-making process.

4- They are nothing but numbers or symbols expressing events, facts, or matters that happened or will happen in the future.

- Non-financial information:

Information is the basic element in the various activities that the administration practices, whether it is planning, organizing, directing, or controlling. It is also of vital importance in the communication process and the decision-making process.

The term information, despite its prevalence, is characterized by ambiguity and variation, and this seems to some extent natural due to the modernity of the framework, as the difference in opinion about the scientific concept of this term and its relationship to the inputs of the information system still exists, and accordingly the definitions of information have multiplied. In the Encyclopedic Dictionary of Library and Information Terms it was stated that non-financial information is: "The data that has been processed to achieve a specific goal or for a specific use for the purposes of making decisions, that is, data that has become valuable after its analysis, interpretation, or compilation in a meaningful form, and which can be circulated, recorded, published and distributed in an official or unofficial form or in any form." (The Interview, 2004: 9). Non-financial information is defined as data that has been processed in such a way that it becomes meaningful, clear, and meaningful (Al-Kilani, 2000: 15).

By reviewing the various definitions of non-financial financial information, it becomes clear that most of them agree that the information is originally data that has been processed to be in its current form, has high value, increases the knowledge of the decision-maker and affects it, and reduces the uncertainty associated with the decision-making process and predicting the future. This reflects positively on the accuracy and validity of the decisions taken, and thus on the competitiveness of the organization. Second: Classification of financial information. **The classification and classification of financial information varies according to many considerations. Financial information can be classified as follows:**

1- In terms of its significance (Hussein, 1999, 25):

A- Historical financial information.

It is information related to measuring events and operations that took place in the past time such as financial statements (balance sheet, income statement ... etc), and these reports are used to assess the efficiency of the organization in achieving its goals, and to show the reality of the financial position of the organization, as well as for tax purposes. Its importance in knowing and measuring performance, as it is not suitable as a tool for monitoring current performance and taking financial decisions.

B - Current financial information:

It is information prepared for the purposes of internal control, and related to the operating systems of the organization, and it has the following features:

1- Relates to current activity only.

2 - It is presented regularly.

3- It is provided promptly and in a timely manner.

4 - Analytical in nature, so that the actual performance is compared with the drawn plans.

C- Future Financial Information:

It is estimated information that is prepared for the purposes of planning and predicting the future and assisting the management in making the right decisions and choosing the available alternatives, so that this information becomes a standard and basis for judging the performance in the future, and this information is represented in the planning budgets, standard costs and others (Hussein, 1999, 25).

2- In terms of the degree of recurrence:

A- Periodic information: It is information that is prepared and provided to those in need at regular periodic intervals (annually, monthly, weekly ...).

B - Non-periodic information: It is the information that is used for special purposes and the need for it is defined as indicators of economic feasibility.

3- In terms of its source (Al-Sabban, 1997: 7,8):

A- Inside Financial Information: It is information that reflects events and facts that took place within the organization, and is obtained from individuals and internal departments, and this information is represented in reports, daily statements, planning budgets, performance reports and everything related to the normal operations of the organization.

B - External Financial Information: It is information obtained from external sources such as customers, financiers, government agencies, professional organizations, etc., and includes information about the surrounding environment and market conditions, and contains predictive indicators that enable its users to take the necessary precautions and plan to face events before they happen, and this information is often in the form of statistical bulletins that explain Socio-economic aspects of the surrounding environment.

Qualitative characteristics of financial information: The most important objective of financial reports is to provide useful information that meets the various needs of the users of those reports, whether inside or outside the establishment, and in order for the financial information to be efficient and effective in achieving its objectives, it is imperative that the qualitative characteristics of the financial information be met, which constitute basic criteria for guidance.

By judging the efficiency, effectiveness and quality of that information in achieving the desired objectives in performing its role in making decisions. In order for the method, method and accounting standard accepted to be generally accepted for processing and displaying the accounting information, and to determine the type of information that is disclosed and the formula by which the information is presented, it is always necessary to identify and choose the accounting alternatives that provide the most useful information for decision-making purposes (Kiso, Donald, and Wegant) Jerry, 2005: 68).

Whereas the choices between the accounting alternatives for the methods that are followed and the treatment method are made at two levels: The first level: the body or entity entrusted with setting accounting standards, whereby it can oblige business organizations to prepare their financial reports in a specific manner, or prevent the use of a method that may be considered undesirable. The second level: business organizations that prepare financial reports. It was necessary to have the qualitative characteristics of the financial information, which is concerned with identifying and defining the characteristics that make the financial information useful, by describing a number of generalizations and guidelines for making the choice between accounting alternatives at the two levels, the level of the body responsible for setting accounting standards, and the level of the business organization that prepares Financial Reports (Hegazy, 2000: 31).

Based on that, we can say that the qualitative characteristics of financial information are what distinguish the best, most useful and useful information from that information that is less useful for the purpose of making decisions, and to confirm this concept, the Financial Accounting Standards Board (FASB) issued Statement No. (2) for the concepts of information quality standards. Financial determines the qualitative characteristics of financial information.

Moreover, the council has set several determinants for the qualitative characteristics of financial information, represented in the cost, benefit, and materiality as part of the theoretical framework. The following is a presentation of these characteristics:

- Basic characteristics of financial information.

The feature of interest in making decisions comes on the list of the qualitative characteristics of financial information, as it is the general rule, and to achieve this requires the availability of two basic characteristics, namely the property of suitability and the property of reliability in order for the decision-maker to rely on the information. If the financial information loses any of the two main characteristics, it is not useful for For its main users (Shirazi 1990: 196.

The Financial Accounting Standards Board (FASB) indicates that relevance and reliability are the two basic characteristics that make information useful for decision-making (), as it was mentioned in the list of concepts No. (2) that “the properties that differentiate the best (most useful) information from the lowest information (least useful). They are convenience and reliability, in addition to some other subtleties of them ”(Keso, Donald, Wegant, and Jerry, 2005: 69).

1- fit property:

Appropriateness is defined as the ability to make a difference in decision whether by helping to form a prediction or confirming correct expectations (Al-Naghi, 2007: 89).

2- Reliability property:

The reliability property is considered one of the main qualitative characteristics of the information, and this property is present in the information when it is free from errors, impartiality and is characterized by the integrity of expression, that is, it is a property related to the reliability of accounting information and its reliability (Al-Shirazi 1990: 196). Reliability according to Concept List No. (2) issued by the Financial Accounting Standards Board (FASB) is "the property of information in asserting that the information is free of errors and bias to a reasonable degree, and that it faithfully represents what it claims to represent." Secondary characteristics of financial information: In addition to the main qualitative characteristics, there are other characteristics of great importance not less than the previous one. The Financial Accounting Standards Board (FASB) recommended that they be present in the financial information in addition to the main qualitative characteristics, which are the secondary qualitative characteristics such as comparability and stability, which contribute in parallel with the characteristics The basic quality in the quality of the information financial reports.

1- comparability property: Information that is measured and reported uniformly in different economic organizations is comparable. The feature of comparability enables users to identify the basic aspects of agreement and differences in economic phenomena, as long as these aspects are not concealed by using similar accounting methods ”(Kiso, Donald, and Wegant, Jerry, 2005: 72).

The feature of comparability means using the same measurement methods prevailing in the other institution that practices the same economic activity in order to allow its users to make decisions after making comparisons with similar institutions, which increases the effectiveness of decision-making. It is self-evident to say that the use of different accounting methods makes the financial statements issued by economic organizations not comparable. The financial information of a particular economic organization is useful if it can be compared with the information of other organizations.

Therefore, the characteristic of comparability means that the financial information becomes more useful to its users. , When it is presented in a way that will make it comparable to similar economic organizations, or between different fiscal periods of the same organization (Al-Tamimi, Mahfouz et al., 2004: 119) The researcher believes that the effectiveness of financial information and the possibility of using it in conducting comparisons and comparisons is a vital matter, due to the lack of an absolute measure of performance evaluation, and therefore it is considered the basic input and practical approach for conducting financial analysis.

The goal of making comparisons is to identify and explain the similarities and differences in financial information, by finding a relationship between two or more types of information or numbers.

2- Stability property: The stability characteristic requires that the organization apply the same methods and methods for the same accounting events from one accounting period to another. The stability characteristic does not mean absolutely that the accounting unit cannot switch from one particular accounting method to another, but rather it can change the accounting methods that it uses in cases where it is proved that the new method is better than the old one. In this case, it is necessary to disclose the nature and effect of this accounting change and the justification for making it in the financial statements of the period in which the change occurred. If there is a change in the accounting conditions or principles used, the nature and impact of this accounting change and the justification for making it must be disclosed in the financial statements of the period in which the change occurred. Also, a change in the accounting principles used must be referred to by the auditor in an explanatory paragraph for the auditor's report. Where this paragraph defines the nature of the change and guides the reader to the note contained in the financial reports in which this change occurred (Lotfi, Amin: 197).

In general, the financial reports for any year are useful in and of themselves, but they are more useful if they can be compared with reports of other companies or with previous reports of the same company

The second topic: risk prediction.

The ability to forecast risk of financial and non-financial information is one of the important tools used in the field of differentiation between alternatives, especially when making investment decisions. The widespread interest by the accounting thought in evaluating alternative information, on the basis of its ability to predict events. The traditional accounting writers rejected the idea that accounting provides forecasts on the grounds that accounting is concerned with the past only. However, it has recently been proven the importance of forecasting when trying to set the intellectual framework for accounting. As forecasting is one of the stages of the development of science and its independence, even though accounting records events that actually occurred, accounting information is mainly used for making decisions that will affect the future (Al-Qadi, 1994: 90).

The content of positive accounting theory revolves around predicting accounting methods and policies and their results, and that accounting standards have the characteristics and features of competing assumptions, and accordingly, they can be evaluated in the light of their ability to predict events important to decision-makers, so that the measure that includes the ability to predict higher is the best measure for specific purposes.

In the field of seeking to develop an intellectual framework for positive accounting theory, this was done by examining the extent to which the scientific verification standards were achieved, consisting of the criterion of predictive ability, the criterion of testability, the criterion of falsification and the criterion of the ability to make valuable judgments. They are the criteria on the basis of which the theory is accepted or rejected ... It has been concluded that the criterion of the ability to predict risks is appropriate as a basis for evaluating alternative accounting methods and policies, as it is considered a direct test of the usefulness of financial information to its users.

First: Concept of Financial Risk Forecasting:

The future is an obsession for all stakeholders in the economic organization, as their access to information that predicts risks based on systematic and comprehensive scientific methods, mathematical and statistical methods, or reliance on personal assessment based on experience and knowledge accumulation effectively contributes to reducing the uncertainty of the decision maker and helps in Identify and evaluate potential financial risks in order to avoid them.

Financial forecasting is referred to as the attempt to find a perception of the entity’s financial position in the future, based on past and current information, with the aim of relying on it in planning and control processes and to face the financial obligations that are expected to face the facility (Al-Nouri, 2006: 31).

Financial forecasting is defined as the set of measurements and estimates that an individual (or organization) makes, related to financial events and conditions, with the aim of preparing to face these conditions that were anticipated by developing plans and policies necessary to deal with these circumstances (Al-Junaidi, 2007: 19).

The Institute of Certified Public Accountants in the United States of America (AICPA) indicates that a financial forecast is a more probable estimate of the financial position and the outcome of operations and changes in the financial position for a future financial period (2000: 25: Richardson M. F., And Kane D.G) The Institute of Accountants in England and Wales (ICAWE) also defined the prediction that the process of estimating financial results from previous financial statements for a subsequent accounting period (Turki, 1995: 357).

Accordingly, prediction targets the future, and aims to explore the results of past and current events In the future, anticipating what will happen in terms of events and their results, and studying what options are possible To be available in the future.

Second: Importance of risk forecasting and financial information.

The importance of forecasts stems from being an important tool to help decision-makers from among investors in particular, due to their ability to reduce risks and reduce uncertainty (Al-Rashed, 1999: 32).

Some of the uses of financial information can be shown as follows (Turki, 1995: 358):

1- Long-term investment decisions need to know the investor in advance of the incoming and outgoing cash flows, the return from the investment, and the impact of economic factors on achieving future returns. Short-term investment decisions also need to know project management in advance of working capital and the ratio of liquidity and profitability under a certain level of activity.

2- Project management needs to forecast the amount of taxes expected to be paid, and its effect on the incoming cash flow, and on studying the economic feasibility of the project compared to other projects, and the tax and planning agencies need to estimate the taxes expected to be collected when preparing the state's general budgets and carrying out the long-term planning process.

3- Investment diversification decisions require a future study of the expected return from each type of investment, and the risk behind this return, under conditions of uncertainty.

4- Investing in working capital requires forecasting the amount of commodity stock, forward sales, debtors, expected collections from clients, and forecasting available cash to pay urgent liabilities.

5- Financing decisions need future information about the expected impact of each funding source on profitability and liquidity in the long term, as well as the extent of the project's ability to pay the obligations arising from loans or bonds. Hence, it becomes clear that the importance of financial and non-financial information is related to the benefit that interested parties derive from that information in making their various decisions.

Third: the assumptions underlying the risk forecasting process:

The risk prediction process is based on a set of scientific assumptions, the most important of which are:

1- Assuming that there is some kind of correlation or elements of continuity extending from the past to the present and then the future, and this continuity may be represented in the link between administrative decisions in the past and the present, and between the impact of these decisions on the future of the enterprise, in other words assuming some kind of continuity in economic behavior, and not There is no doubt that this assumption is stronger in the case if there is economic stability, where there is a clear and strong relationship between the set of economic indicators (Hasnain, 1985: 452).

2- Causation: The theory of causation is known as the psychological theory of human judgment, as it is a descriptive theory of the method by which a person reaches judgment on the causes of a specific outcome while determining responsibility for that result. Judgments are due to that event, and therefore this assumption allows us to predict the future state of any group based on its previous state (Al-Washli, 2002: 35).

Fourth: approaches to forecasting financial risks.

Among the approaches that accounting thought relied on in financial forecasting are news content and resource allocation approaches.

A- News content portal:

And it means the value of the economic information contained in the financial report or the financial statement from the viewpoint of its users that is useful in making economic decisions related to the project. Information is considered informational content if it leads to tangible changes in the decisions of its users, especially when publishing that information (Al-Rashed, 1999: 35).

There are two basic principles that constitute a general rule governing the uses of news content for the financial statements, namely (Matar, 2000: 417):

1- The benefit that accrues to the user of the information contained in the report increases as the value of the information contained in the report increases.

2- The news content of the report - represented by the information it contains - increases from the viewpoint of the report user, the greater the rate of change in the values of the items composing this report, over the period of time covered by the report.S

B- Entrance to resource allocation:

It is for the management to make and publish financial forecasts on the basis of cost-benefit analysis in the market, where the cost analysis represents all the direct costs associated with preparing the forecasts themselves, such as obtaining the information necessary to prepare the forecasts. As for the returns, it is reflected in the good allocation of resources, if the allocation is made based on good forecasts that prevail in the market

The third topic: the applied side.

Brief summary and measure the level of disclosure and transparency according to (S&P) indicators at Bank of Baghdad.

In this axis, the research sample represented by the Bank of Baghdad will be identified and a brief summary of it will be given, after which the role of financial and non-financial information in forecasting financial risks will be measured. Bank of Baghdad sample according to Standard and Poor's (S&P) indicators by giving one score in the case of disclosure and a zero degree in the case of non-disclosure, extracting risk prediction ratios, and then measuring the role of financial and non-financial information in forecasting financial risks using the (Francis) model. Francis, J., 1999 on the appropriate property of the accounting information of Bank of Baghdad.

Brief summary (Bank of Baghdad):

The bank was established as a private joint stock company with a nominal capital of (100) million dinars. According to the certificate of incorporation issued with the number M / 4512 on 2/18/1992 AD, by the Companies Registration Department under the Companies Law in force at that time No. 36 of 1983 as amended, and it is the first private Iraqi bank that allowed the amendment of the Central Bank of Iraq Law No. 12 of 1991 to authorize it and the bank started its activities in licensed banking business As of 12/1992, the bank's capital when it was established in 1992 was 100 million dinars, and the paid-up was 25 million dinars, and it continued to expand. Table No. 1 shows the capital increase for the research years.

Table (1) Developments of the bank's capital / billion dinars

Years	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
capital	85	100	112.9	175	250	250	250	250	250	250

1-1: Measuring the role of financial and non-financial information in forecasting financial risks according to (S&P) indicators at Bank of Baghdad:

Through examining the annual reports that include the Board of Directors report, financial statements, analytical statements, the audit committee report and the auditor's report for Bank of Baghdad for the period from 2009 to 2018 according to the S&P indicators, where a score of one was given in the case of availability of financial and non-financial information, and a grade of zero in the absence of information Financial and non-financial.

Table (2) Summary of measuring and evaluating the level of disclosure and transparency according to P&S indicators

Years	Ownership structure and investor rights	Financial and non-financial information	Management structure and operations	Transparency ratio in the bank
2009	36 %	71%	17%	42%
2010	32%	69%	23%	42%
2011	36 %	71%	26%	45%
2012	36 %	71%	26%	45%
2013	25%	74%	26%	43%
2014	25%	74%	31%	45%
2015	25%	74%	37%	47%
2016	25%	74%	37%	47%
2017	25%	74%	37%	47%
2018	25%	77%	57%	55%

1- The ownership structure and investor rights axis:

in 2009 the percentage was 36%, and it decreased in 2010 to 32% and increased in 2011 and 2012 to 36%, while for the years from 2013 to 2018 it decreased to 25%, as we note that the percentages for all years are low for this axis and are below 50%.

2- Financial and non-financial information axis:

In 2009 the disclosure rate reached 71% and decreased in 2010 to 69% and increased in 2011 and 2012 to 71% and continued to rise for the years from 2013 to 2017, where it stabilized at 74% and increased in 2018 to 77%, where we note that the disclosure rate for all The years for this axis are high and the level is above .50%

3- The axis of the board of directors, management structure and operations:

in 2009 the percentage was 17%, and it increased in 2010 to 23%, and for the years 2011 to 2013 to 26%, and increased in 2014 to 31%, and for the years from 2015 to 2017, it increased to 37%, and in 2018 it increased to 57%, where we note that all ratios For the low years, except for the year 2018, it is higher than 50%.

4- Total axes for the research sample years:

In 2009 and 2010, the disclosure rate was 42%, and it increased in 2011 and 2012 to 45%, decreased in 2013 to 43%, rose in 2014 to 45%, and increased for the years from 2015 to 2017 to 47% and continued to rise, reaching in 2018 to The percentage is 55%, where we note that the total percentage for all years is below 50% except for the year 2018, which is higher than 50%.

1-2: Measuring the role of financial and non-financial information in forecasting financial risks according to S&P indicators in an appropriate characteristic of the accounting information:

The researcher examined the impact of the levels of disclosure and transparency ratios according to the S&P indicators represented by (ownership structure, investor rights, financial and non-financial information - management structure and operations) (independent variables) on the qualitative characteristics of the accounting information represented by relevance (dependent variable) for the period from () 2018 - 2009 for the research sample After defining the research problem and the research hypotheses that stipulate:

$H0$: There is no effect of auditing the disclosure and transparency according to the S&P indicators on the suitability characteristic at the level of significance less than 0.05.

$H1$: There is no effect of auditing the disclosure and transparency according to the S&P indicators on the suitability characteristic at a significance level less than 0.05. The researcher used the program (SPSS ver.22) to find out and analyze the results, as the percentage of the impact of independent variables (ownership structure, investor rights - financial and non-financial information - and management and operations structure) on the dependent variable was measured (appropriate).

After measuring the effect of the independent variables and testing the best data model, it was found that the value of (($R2$ = 0.807), which means the coefficient of determining the best model (the square of the value of the correlation coefficient), that is, the independent variables explain that (80%) affect the dependent variable, while the remainder is attributed to errors Unknown random value of (20%), as shown in the table below:

Table (3) Factor for determining the best model

Model Summary b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	- 898a	- 807	-710	59423

Board, ownership structure, financial information, (Constant) a. Predictors Share price b. Dependent Variable

The table below studies the suitability of the data regression line and the null hypothesis (hypothesis research) which states (there is an effect of the level of disclosure and transparency according to the S&P

indicators on the suitability characteristic at a significance level less than 0.05) as its statistic value reached (= F8.343) at the level of significance (0.015) It is less than the level of significance (0.05), which indicates that there are no significant differences and that the model represents the studied phenomenon accurately and that the regression line fits the data given in the sense of accepting the null hypothesis, as for the sum of the squares of the regression it reached (8.838) at the degree of freedom (3) The sum of squares of error amounted to (2.119) at a degree of freedom (6), while the total sum of squares (10.956) at a degree of freedom (9). As for the rate of the squares of the regression and the rate of squares of the remainders, they reached respectively (2.946) (0.353), and as shown

in the table below:

Table (4) An analysis of variance table for data

ANOVA a

Model	Sum of Squares	Df	Mean Square	F	Sig
Regression	8.838	3	2.946	8.343	.015b
Residual	2.119	6	.3		
Total	10.956	9	53		

The fixed limit value reached (42,225). As for the ownership structure variable, the margin slope reached (-4.022), meaning that the inverse relationship between the ownership structure and the share price for the market as it indicates that the bank does not disclose the ownership structure and the rights of investors.

As for the financial information variable, it reached a value The marginal slope (-54.792) if the relationship is inverse between the financial information and the stock price of the market, as it indicates the bank’s non-disclosure of the financial information. As for the variable of the board and management of the board, the value of the marginal slope reached (1.312) as the relationship is positive, which is explained by the disclosures of the board and the board management As shown in the table below, as the equation for linear regression becomes the following formula:

$\mathbf{y} = \mathbf{42.\ 255} + (-\mathbf{4.\ 022})\ \mathbf{x1} + (-\mathbf{54.\ 792})\ \mathbf{x2} + \mathbf{1.\ 312x3}\ldots(\mathbf{1})$:

y: represents the market share price. :

1x: ownership structure and investor rights.

: Financial and non-financial information.

3x: Administration and Operations.

Conclusions and recommendations:

First: the conclusions.

1- Despite the large number of studies that dealt with the qualitative characteristics of financial and non financial information from multiple angles, most of them did not address their impact on predicting financial risks.

2- The level of financial and non-financial information in forecasting the financial risks of the research sample is weak and there was a marked discrepancy in the information between the axes of the S&P indicators.

3- The weakness of financial and third-party information according to S&P indicators is due to the fact that they include paragraphs and axes that Iraqi companies do not disclose because they are obligated to disclose information stipulated by the laws and a large part of these paragraphs and axes are not stipulated in Iraqi law.

4- Investors rely on quarterly financial information more than they rely on annual financial information in making their decisions, as investors prefer to be provided with this information immediately and continuously. The reason for this is that the interval forecast is more accurate than the annual forecast.

Second: Recommendations.

1- The necessity to issue standards and guidelines related to the preparation and examination of financial information And its review by the bodies charged with regulating the profession of accounting and auditing in Iraq.

2- The necessity to update the disclosure instructions issued by the Baghdad Bank of Securities in order to comply with the requirements of disclosure of financial information.

3- Educating investors about the importance of financial information disclosed by companies and how Issuing awareness leaflets to avoid risks.

4- Reliance on financial and accounting departments that have the scientific and professional competence that allow them to prepare appropriate and objective future financial statements and whose information is verifiable, with an emphasis on the availability of all means for those charged with preparing them to obtain all information and contact all parties inside and outside the company that investigate and facilitate their mission.

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