

Role Reports Finance Interims in enhancing the financial statements

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Abstract

The research aims to know the interim financial reports and their impact on the annual financial statements, and to know the financial statements and how to disclose them in accordance with the accounting standards that pertain to the interim reports, as well as to identify the most important obstacles and problems that impede strengthening the financial statements through interim reports and how to disclose them, as for the most important conclusions What the researchers reached is that the interim financial reports are prepared regularly, as the economic units issue interim financial reports on the time specified for them. It is necessary to adhere to the application of the accounting standard (34) in economic units with regard to the preparation of annual financial statements and to encourage studies and research related to the disclosure of interim reports, and to make an extra effort and help Researchers get the information they need.

.An Introduction

The annual financial statements and the explanations attached to them constitute the basic part on which economic decision makers rely, as the financial statements are the ones that express the value of the financial institution and its financial position in terms of its assets, profits, obligations on the company and cash liquidity, and each of the owners cares about them And suppliers, lenders, investors, shareholders, tax administration and others for various purposes such as determining the size of the investment in it and the type and size of the loan for it, but the rapid changes and successive events experienced by the facility make the need for information that covers periods shorter than one year, and from here it derives Interim financial reports are important, which keeps the user of accounting information constantly informed of the company's business results and financial position, either on a quarterly, semi-annual, or even monthly basis. The interim period is the period for which the financial reports are prepared and covers a period of less than a full financial year. Hence, the importance of the research came through The effective role of interim financial reports in enhancing and giving a clear picture to the beneficiaries of the annual financial statements, and providing reliable information in a shorter period and periodically so that the most important investment decisions can be taken and keep abreast of the latest developments in the accounting environment, which increases the level of transparency of the outputs of the accounting system. As for the research plan, it included the following The first chapter is the methodology of research, either The second chapter came with two chapters, the first one Interim Financial Reports As for the second topic, it dealt with the financial statements, while the third chapter was devoted to the practical aspect of the stability of the hypothesis and achieving the objectives of the research. As for the fourth chapter, it came with two chapters, the first of which dealt with conclusions, while the second topic came with the recommendations of the research.

First : the research problem:-

The research starts from a main problem through the following question:

Do interim reports contribute to enhancing and transparency of the annual financial statements of economic units in accordance with accounting and financial standards?

From the main question, several questions arise, which we can summarize as follows:

- 1- What are interim financial reports, and what are the requirements for its application in the financial and accounting environment?
- 2- Do the interim financial reports meet the needs of users of financial statements to take rational economic decisions?

Second: The importance of research :-

The importance of the research in general lies in the effective role of the interim financial reports in enhancing and giving a clear picture to the beneficiaries of the annual financial statements, and providing reliable information in a shorter period and periodically in order to make the most important investment decisions and keep abreast of the latest developments in the accounting environment, which increases the level of transparency of the outputs of the accounting system .

Third: Research objectives :-

The research aims to achieve a set of goals by identifying the following:

- 1- Knowing the interim financial reports and their impact on the annual financial statements.
- 2- Knowing the financial statements and how to disclose them in accordance with the accounting standards that pertain to the interim reports.
- 3- A statement of the compatibility of the interim financial reports with the legislation and laws related to the financial statements.
- 4- The availability of the financial statements from the point of view of the beneficiaries.

Fourth: the research hypothesis :-

to achieve goalssearch has been formulateda thousand-satisfactionthe following : -

1 there areRelationshipEngagementtyatindicationStatistic betweenInterim reports and annual financial statements.

2- there isRelationshipaffected byatindicationStatistic betweenInterim reports and users of annual financial statements.

Fifth: Research sources :-

- 1- Arabic and foreign books.
- 2- University theses and theses.
- 3- Local, Arab and foreign magazines.
- 4 The web .

the theoretical side

The first topic

Interim Financial Reports

First: The concept of interim financial reports:

In this topic, the theoretical aspect of interim reports will be addressed, as it will address the concept of interim financial reports, its importance and the most important objectives of those reports. There is no doubt that there is a general agreement between accountants and users of financial reports that it is the final product of accounting, including interim financial reports, as it is a means of providing appropriate information. Which helps the beneficiaries in making economic and investment decisions that are characterized by accuracy and rationality

So, interim financial reports can be defined according to Tariq's concept as financial reports that contain either a complete set of financial statements or a short set of financial statements, and in both cases these statements are for a financial period of less than a year, for example, quarterly or semi-annual periods (Tariq, 687: 2006). , defined by the Standards Committee as a financial report that contains either a complete set of financial statements as indicated in IAS (1) "Presentation of Financial Statements", or a set of condensed financial statements as indicated in the International Accounting Standard (IAS 34) for an interim period (International Accounting Standards, 2014: 1027) As for Idris, he defined it as those reports that cover a period of time less than one fiscal year, after leaving the matter of determining the times of their submission to the requirements of the laws and regulations specific to each country (Idris, 2016:9) Concerning Bashira and others, they gave a concept about the interim reports, as they expressed it as one of the sources of obtaining appropriate economic accounting information in order to make economic decisions by shareholders and other stakeholders in economic units, especially in the stock market. The units, unlike annual reports, issue financial reports that cover a shorter period of time, usually semi-annual or quarterly. The reason for the importance of interim reports is due to the pressures exerted by shareholders and other users of financial reports to obtain a rational investment decision (Bashira et al., 2020: 9).

Second: The objectives and importance of the interim reports:

1- Objectives of the interim financial reports:

Interim financial reports are the final product of the accounting and financial system, as it is the tool through which information is communicated to the beneficiaries, and of course the interim reports as a tool for communicating information should achieve the main objective of it, which provides information that benefits current and prospective investors as well as creditors and other beneficiaries of the increase Making investment decisions rationally, the goal of the interim reports is to improve the efficiency of the accounting system as it is prepared for several periods during the fiscal year. The inclusion of the most important objectives of the interim financial reports in the following points: (Idris and Al-Mahdi, 2017: 9)

- It provides information about the unit's resources, obligations, property rights, changes in them during the interim period, and other information useful in determining the degree of liquidity and the possibilities of facing financial default during the specified period.
- Interim financial reports provide information on evaluating the performance of the economic unit and its earning ability during the period for which the interim reports are prepared and with the help of investors in estimating future expectations of the unit's performance.
- The accounting information contained in the interim reports helps the users of these reports to estimate the size and timing of the expected cash flows and the degree of certainty related to them. Profits and then the increase in the price of its shares traded in the stock market.

- Accounting information provides an appropriate feature to rationalize investment and credit decisions taken by current and prospective investors, credit providers and creditors in a timely manner and throughout the financial year on a temporary basis.

2- The importance of interim financial reports :

The importance of interim financial reports is due to several reasons, including the following: (Abu Rukba, 2014: 23)

- The urgent need for investors and creditors as decision-makers to obtain information on the financial position of the unit as a result of the activity of each short financial period that extends (3-6 months) at the appropriate time instead of waiting until the end of the financial period to obtain this information in order to make the appropriate investment decisions for the unit.
- Interim financial reports can obtain important, timely and frequent information about the performance of the unit, and then enable it to identify deviations in performance by periodically comparing actual performance with speculative performance and take the necessary decisions to modify it and identify the parties responsible for the deviations.
- Interim reports provide users of financial statements and shareholders with information about changes in the volume and direction of the unit's revenues, cash flows, use of the proposed assets, as well as its financial position.
- The information provided by the interim financial reports provides the correct basis for investing in the stock exchanges, as these reports provide information on the correct financial position of the economic unit, and then enable investors to take the appropriate decision and achieve the efficient price of the paper, as this information is available to everyone.
- The review of the financial statements by the auditors makes it possible to discover fraud, embezzlement and errors that occurred within a short period and address them, thus it becomes possible to avoid them and without affecting the unit because of these practices.

Third: Content of the interim financial reports:-

To avoid duplication or repetition in the information provided by the annual financial statements, it is a good idea to focus the interim financial statements on new activities and events that have occurred since the date of publication of the last complete set of financial statements.

International accounting standards have recognized the need to make users of financial statements aware of financial events and conditions, and thus facilitate presentation and disclosure requirements in the case of interim financial statements. The economic should choose information related to the financial position in a summary form instead of the comprehensive information that is contained in the financial statements in a complete set prepared in accordance with International Accounting Standard (1) amended in 1997, bearing in mind that these condensed statements are audited in order to acquire an official status through their presentation. An audit office shall take on its responsibility to express a neutral technical opinion on the extent to which these lists represent the actual reality in order to prevent cases of manipulation or deception.

Based on the foregoing, the interim financial reports clarify the necessary aspects regarding the interim financial statements through: (Jerboa and Helles, 664:2002).

- ◆ Flexibility or expansion on the part of the reports for the interim financial statements is not intended in any way to discourage the economic unit to present a complete set of interim financial statements. Rather, the standard obliges the unit to choose a complete set of interim financial statements instead of choosing the shortened way to present Condensed interim financial statements, as required by International Accounting Standard No. (1) “Presentation of a complete set of financial statements”.
- ◆ The interim financial reports did not prevent the economic unit, in the case of using the interim financial statements, from adding additional items or clarifications to these condensed statements above the minimum set out in the standard, which requires that the interim financial statements include, at a minimum, the headings or subtotals that were within the most recent annual financial statements. .
- ◆ Support the financial statements with explanatory notes and the specific disclosures required by this standard, but also the disclosures required by other international standards such as Standard No. (32).
- ◆ The interim financial requires the disclosure of basic and diluted earnings per share from the core of the interim income statement, provided that this disclosure is mandatory whether the financial statements are summarized or complete..
- ◆ Interim reports require the economic unit to follow the same format in its periodic financial statements to show changes in property rights as it did in its annual statements.

As for the most important minimum requirements for the interim interim financial statements and the obligation of the economic unit to show the following components of the financial statements:(Thomas.K, 1998: 8)

The summary balance sheet.

2- The income statement.

3- A short list showing either all changes in property rights or changes in property rights other than those arising from capital operations with the owner or distributions to them.

4 short statement of cash flows.

5- A brief set of disclosures.

Despite what was stated in paragraph (15) of International Accounting Standard No. (34) regarding the need to provide the same clarifications in the periodic financial report, which appeared in the most recent annual financial statements that were prepared due to the ability of users of financial statements to obtain them in any case, the reality shows the opposite It is useful, on any date of the interim financial statements, to provide clarifications of the changes in the financial position and performance of the economic unit that occurred since the last annual report and thus confirmed by paragraph (16) of Standard (34) when a list of the minimum disclosures required of the unit was specified in The interim financial statements summarized, including::

1- A statement stating that the same accounting policies and the same calculation methods used in the interim financial statements are applied compared to creating annual financial statements..

2- Explanations and notes about the periodicity or seasonality of temporary operations.

3- The nature and size of unusual items due to their size or nature and the extent of their impact on provisional results.

4- Dividends paid, whether aggregated or on the basis of common stock and other classes.

5- The impact of changes in the structure of the economic unit during the temporary period, such as merger or purchase in affiliated units.

6- Changes in potential liabilities or potential assets since the most recent annual financial statements.

7- Finally, it should also be noted that the International Accounting Standard (34) emphasized the importance of comparative statements because of their usefulness in presenting information about any period alone, and this context is consistent with the trends of the accounting profession around the world for many decades. Comparative interim income (abridged or complete) Example of comparing the numbers of the second quarter of a year with the second quarter of the year also required including boxes from the beginning of the fiscal year to date, such as the first half previous to it and from a particular year with the first half of the year preceding it, and so on, the income statement will include four Data fields, provided that for the other components of the interim financial statements, providing two data fields is sufficient in accordance with what is obligatory under International Accounting Standard (34). Example, data must be provided on the following two paragraphs:

- The balance sheet at the end of the current interim period and the comparative balance sheet at the end of the immediately preceding fiscal year
- A consolidated statement of cash flows for the current fiscal year to date with a provisional statement for the comparative period from the beginning of the year until the end of the immediately preceding fiscal year
- A list showing the changes in cumulative equity for the fiscal year to date with a comparative statement for the comparative period from the beginning of the fiscal year to date for the immediate preceding fiscal year.

The International Accounting Standards Committee encourages economic units whose business is affected by seasonality to take into account the inclusion in these lists of additional boxes for the twelve months ending on the date of the interim or interim report events, in order to exclude the impact of seasonal conditions, because the twelve-month period contains the seasons of the whole year and accordingly will appear We have a temporary income list that includes six fields of data, and so on.

Fourth: Problems Facing Interim Financial Reports :-

The main purpose of preparing interim financial reports is to provide the beneficiaries of the financial statements with recent interim reports on the performance of the unit. Despite their many advantages, these reports are not without problems, the most important of which are the following:: (Skik, 2010: 20)

- The period covered by these reports is relatively restricted, as any errors in the estimation have a clear and significant impact.
- When charging annual expenses over shorter periods, it represents a major obstacle to the preparers of these reports. Income tax is deducted at the end of the financial period, as it is usually a year. The process of charging the tax over shorter periods is often difficult.
- The difficulty of applying the principle of matching revenues with expenses, as often sums are disbursed in the first quarter, for example, but the desired benefit from these expenses may not bear fruit until the third or fourth quarter of the year, such as advertising expenses.
- The fluctuations that may occur during the year reduce the eligibility of these reports and make the comparison between the reports something without quality.
- Seasonal nature, where in some industrial companies there are large fluctuations in revenues, expenses and expensesIncome from one interim period to another interim period.

Fifth: The entrances or theories of the interim financial reports:

There are two basic inputs for the preparation and publication of interim financial reports, they are the entry for the independence of the interim period from the fiscal year, and the entry for the integration of the interim period with the fiscal year, and the difference between them is represented in their view of the relationship of the interim period to the fiscal year, and the goal of preparing interim financial reports (Dyckman & Others, 2001: 1312) 1- Independent entrance:

This approach is based on the independence of the interim period For the financial year, assuming that each interim financial period is a separate financial period in itself, as if it were like the financial year, and on this basis, the results of the interim operations are determined by following the same principles and rules followed in annual financial reports, whether with regard to the application of the accrual principle or the caution and estimation Provisions and other accounting estimates, and according to the introduction to the independence of interim periods, the main objective of preparing interim financial reports is to express the results of companies' business and financial position in light of what actually happened, and that the length of the financial period should not affect the accounting measurement and reporting of these events, and According to the independent approach, there are no estimates or allocations different from those estimates or allocations used in the annual financial reports. As for the rules for recognizing expenses, they are applied in the interim financial reports, as is the case in the annual financial reports, and the accruals and advances of the interim financial reports are not applied, and the annual operating costs are recognized in the interim period in which they occurred, regardless of the number of interim periods that you can benefit from. Although the reality of the independent approach, but it is not without some shortcomings, represented by its ignoring the principle of matching the expenses and revenues generated, especially when the activity of companies is characterized by seasonality in the sense that high revenues occur in a certain interim period of the fiscal year, which are offset by fixed costs throughout the year in relation to seasonal revenues, as well as The matter is for expenses whose benefits extend for more than one interim period, such as advertising and major maintenance expenses, and these expenses are known as seasonal expenses, in addition to the presence of another type of income and expenses that occur irregularly during the interim periods. It is necessary to disclose them in the interim financial reports prepared in accordance with this entry

The integrated entrance:

The integrated approach looks at the interim financial period according to this approach as being part of the fiscal year, meaning that the interim periods integrate with each other to eventually be the annual period or the full fiscal year, and this approach takes into account when preparing interim financial reports the expected relationship between the revenue elements and accrued and deferred expenses at the end of the year, and then the measurement bases for some income and expenses for the purpose of preparing interim financial reports may differ from the known bases when preparing annual financial reports. And the ease of making a proper comparison between the results of the interim periods for the current year and similar periods in previous years. However, what is taken on this approach is the large number of adjustments related to the interim income account, and the large number of estimates. And the consequent increase in the possibility of making mistakes in the interim financial reports, and the integrated approach is taken for a large proportion of the estimates that permeate the process of preparing the interim financial reports, as there may be estimates in which a percentage of error or exaggeration works to distort the results of operations in a later interim period, Revenues from advertising campaigns that were carried out during the previous interim period, may in fact

be less than the original estimate, as well as deferred advertising costs for the current interim period may weaken the revenues of the current interim period and accumulated for an early interim period that did not materialize like the maintenance campaign that was postponed for a later period. If the estimate has a percentage of error, this could lead to the emergence of high profits that are reflected in the current interim financial reports, and for the supporters of the integrated approach, they mention that the procedures for recognizing the costs realized under this approach are necessary and important in order to avoid misleading fluctuations in the results that occur. From one period to another, the temporary gains that are recognized in the interim financial reports are an indicator of the annual gains, and therefore they are useful for predictive purposes, while the supporters of the independent approach believe that mitigating income fluctuations for the interim results (quarterly) for the purposes of forecasting annual earnings had undesirable effects. For example, the turning point that occurs during the year in the direction of profits will be unclear, and the use of any of the above two inputs when preparing interim financial reports leads to contradictory situations. The interim financial reports prepared according to the independent approach may show material profits compared to the profits that can be shown by the interim financial reports prepared under the application of the integrated approach or vice versa, and based on the foregoing, an alternative approach can be used when preparing interim financial reports, is based on the use of the concept of independence to treat some paragraphs of expenses and revenues and the concept of complementarity to treat other paragraphs, and the alternative entrance is called the harmonic entrance ((Mottola, 1981: 4 .

The harmonic input:

The practice is currently moving towards the harmonic approach when preparing the interim financial reports based on the compatibility between the independent approach and the integrated approach, as some items of income and expenses are recognized in the interim periods during which they were achieved without any attempt to link them to the expected events during the remaining period of the fiscal year. Even if the activity of the companies concerned is characterized by seasonality, while the other paragraphs of revenues and expenses are linked to one. It is expected to be realized during the remaining period of the fiscal year for the purpose of recognizing, measuring and disclosing it in the interim periods, such as the income tax, from which the due amount is determined for each interim period using the estimated annual tax rate, while the advertising expenses are postponed. And the preparation that is realized in an early period of the financial year, but it belongs to the entire financial year (that is, its benefits extend throughout the financial year), and accordingly, this type of expenses is postponed and amortized over some interim periods, and the same applies to maintenance expenses that are expected to occur in a late period of the year. The fiscal year, as the estimated part of it for subsequent interim periods is considered as prepaid expenses, and the application of the harmonic approach when preparing the interim financial reports requires defining a set of criteria in light of which to choose which of the expenses and revenues will be treated according to the independent approach and which of them will be treated according to the integrated approach. The researcher believes that the harmonic approach is more appropriate to be used in the proposed framework for preparing and reviewing interim financial reports in joint stock companies listed on the Iraq Stock Exchange. (ISX) because it combines the advantages of each of the previous two inputs, as well as its ease of use by the concerned companies in the early stages of implementing the standards that will be included in the proposed framework.

Sixth: Procedures for reviewing the approved interim reports in presenting the results:

The auditor sends a letter or contract to the company subject to the audit documenting all the basic conditions for the task of reviewing reports. The interim financials of the concerned company, and after that company agrees to the terms of the mission, he implements the following procedures: (Lotfi, 2005: 635)

1- Understand the company and its environment, as the auditor must plan the audit work in order to be able to carry out his task effectively, and the auditor must obtain information related to the company's activities subject to This information includes the organizational structure, the accounting system, the characteristics of the company's activities, the nature of assets, liabilities, revenues, and expenses. related matters, in order to be able to identify appropriate inquiries, evaluate their answers, and design appropriate analytical procedures to complete the review process.

2- Inquiries and analytical procedures. The inquiries (which are usually directed to members of the board of directors, executive managers, and those responsible for financial and accounting matters) aim to identify the nature of the internal control system, including identifying the nature of the accounting system in terms of methods of recording, classifying and summarizing accounting transactions. The preparation of the interim financial information and the standards adopted in this regard, in addition to identifying the internal control environment and its procedures related to the preparation of annual financial reports and interim financial reports, and any material changes taken by the company subject to review after the most recent audit mission of annual financial reports or the most recent audit mission of financial reports. Interim financial reports so that the auditor can determine their potential effects on the internal control system, and then determine their effects on the process of preparing the interim financial reports.

Analytical procedures include making comparisons, such as comparing interim financial reports for the current year with interim financial reports for previous periods (such as comparing the sales of the first quarter of 2007 with sales of the first quarter of 2006) or the expected and predetermined interim results, as well as studying the relationship between the interim financial reports that are expected to be subject to predictable behavior, based on the company's experience Or what is customary in the activity in which the company operates, as well as calculating and studying the financial ratios of the interim financial reports to find out any unusual ratios compared to previous periods and inquire of the company's officials about the reason for that.

3- The auditor's report on the review of the interim financial reports, which is considered as a communication tool through which the results of the review are communicated to the users of the financial statements. The report of the review of the interim financial reports must include the basic elements in the following order:

A - A title that includes the auditor's report on the review of the interim financial reports.

b- The party or parties concerned with the auditor's report, such as the company's management, its board of directors, or its shareholders, as well as other stakeholders.

c- The opening paragraph (or the introductory paragraph), as well as the two paragraphs on the scope and outcome of the review.

D- The date of the report, which must be dated on the day on which the review was completed.

E - The auditor's name, office address, signature and license number to practice the profession.

The interim financial reports review report must also be characterized by clarity and explicit reporting of the results of the review, meaning that the report should be understood by those interested in preparing it and those who use it, especially those who rely on it. The auditor should not expect the aware users of the interim financial reports to be familiar with the basic characteristics of the auditor's report, which entails the necessity not to follow the implicit reporting method in preparing the report so that it is limited to informing the reader of the basic characteristics that have not been adhered to or fulfilled. Rather, the auditor must include in the audit report all the elements that ensure the achievement of explicit reporting, and accordingly the regular audit report consists of two basic paragraphs: (Mohammed et al., 2006, 150).

1 - The scope paragraph, which includes a description of the interim financial reports that are being reviewed, and the interim period for which they were prepared, in addition to stating that the responsibility for preparing the interim financial reports rests with the company's management, while the responsibility of the company's management is limited to The auditor shall control the audit

process, determine the results, and finally state the audit procedures, which are mainly represented in the application of inquiries and analytical procedures on financial and accounting matters, and confirm that the audit performed by the auditor is less in scope than the audit of annual financial reports, and that its review will not end with expressing an opinion on it.

2- The review results paragraph, which aims to show the auditor's assertion that, based on the review he performed, it did not appear to him that there are any important amendments to be made to the interim financial reports under review in order to comply with the standards issued in this regard *, and if the financial reports are presented The interim period for the current period is based on a comparison with an interim period previously reviewed by the auditor, then the auditor can associate his name with that information when preparing the audit report for the current period, but if the auditor has not reviewed the comparative interim information for the previous period, he must ignore that information when preparing his report on the Interim financial information for the current period.

Chapter two

The second topic

Financial Statements

First: the concept of financial statements:

The financial statements are defined as those main outputs of the financial accounting system, which depends on determining the events of interest to the accountant, which he is subjected to, then to the accounting measurement procedures.sAccounting and data that must be disclosed in the financial statements (Al-Kaabi, 2003: 43), and Meggs defined it as an advertisement believed to be true and communicated using monetary values that describe the company's characteristics according to the financial aspects that are believed to reflect fairly the company's financial activities (Meggs et al., 2006: 61). The financial statements provide a summary of the accounts of the established unit, the balance sheet that reflects the assets, liabilities and capital as on certain data and the income statements show the results of operations during a certain period (Meijs, 2009: 13) and it can be defined as the final product of financial accounting is a set of financial statements, It was prepared by an accountant of a commercial institution who claims to reveal the financial position of the economic unit as a result of its recent activities, and an analysis of what has been achieved with profits (Smith Washburn, 2017: 23).

The financial statements for different users are considered by many companies around the world, and although the financial statements may seem similar from one country to another, there are differences between them, perhaps caused by social, economic and legal conditions and because of what different countries perceive the needs of different users of financial statements when they are subject to national requirements .

Second: The objectives of the financial statements:

Financial statements of general use aim to provide information about the financial position, financial performance, cash flows and changes in property rights related to a specific company to users of these statements in order to make rational economic decisions.

The Financial Accounting Standards Board defined the objectives of the financial statements in the list of financial accounting concepts, which are: (Schroeder et al., 2010: 73).

- 1 The main objective of the financial statements is to provide useful information for making economic decisions.
- 2- Providing factual and explanatory information about operations and other events that is useful in predicting, comparing and evaluating the company's ability to achieve profits.
- 3- Providing useful information in judging the management's ability to use the company's resources effectively to achieve the company's basic objective.
- 4- Financial statements provide useful information for investors and creditors to predict, evaluate and compare cash flows in terms of amount, timing and associated uncertainty.
- 5- The report on the activities of the unit affecting the community, which can be identified, described, measured and important to the role of the company in its social environment.
- 6- One of the objectives of the financial statements of government organizations and regulatorsTNon-profit making is to provide useful information for evaluating the effectiveness of resource management in achieving organizational goals.
- 7- Provides a service for those users whose ability, authority or resources to obtain information are limited and who rely on financial statements as a primary source of information on the unit's economic activities.

Third: Components of the financial statements:

The International Accounting Standard No. (1), "Presentation of Financial Statements" related to the presentation of financial statements, defines the complete set of financial statements and according to the relative importance of those statements, and they can be presented as follows: (Abu Nassar and Hemeidat, 2009: 6)

- 1- The statement of financial position (balance sheet).
- 2- Income statement (profits and losses).
- 3- statement of cash flows.
- 4- List of changes in equity.
- 5- Accounting policies and explanatory notes

Fourth: The qualitative characteristics of the financial statements:

In order for the financial information contained in the financial statements to achieve the desired benefit for the users of these statements when making decisions, it must be characterized by a number of qualities, and they are called qualitative characteristics of accounting information, which are divided into the following:

Section one: basic characteristics: -

As indicated by the International Accounting Standards Board that relevance and credibility are the two main characteristics that make accounting information useful for decision-making:(Schroeder, et al, 2009 : 50)

1- Compatibility:In order for the accounting information to be appropriate, it must affect the decision. If certain information does not affect the decision, it is inappropriate for this decision.

In order for the accounting information to be appropriate, it must have the following sub-characteristics:

1 a- Predictive value:In order for the accounting information to be appropriate, it must have a predictive value, that is, it helps users to make predictions about the outcome of past, present and future events.

1 b - Return value:In order for accounting information to be relevant, it must have a return value, that is, it helps users to correct or confirm previous expectations.

1 c - The appropriate timing: It means that information is provided in a timely manner before it loses its ability to influence the decision-making process.

2- Reliability:Reliability is the second basic property of accounting information, and information can be reliable when it is free from bias and material errors.

In order for the accounting information to be credible, it must have the following sub-characteristics: (Loutfy, 2005: 194)

2- A- Honesty in the offer:The term honesty in the presentation refers to the agreement or compatibility between the events or accounting figures or the resources that these figures seek to display, but the high degree of compatibility does not guarantee that the accounting measurement should be appropriate to the user's needs if these events or resources represented by these measurements are not appropriate for the specified purpose.

2b Verifiability:This concept is achieved when a high degree of agreement occurs between a number of measuring individuals who use the same method of measurement, as a number of independent auditors reach the same conclusion regarding a number of financial statements. If third parties using the same measurement methods reach different results, the statements The financial statements are not verifiable and the auditors cannot express their opinion on them.

2c Neutrality:This term means that the accounting information is free of bias for a certain group of users over another, that is, the interests of a certain group of users do not prevail over other groups.

Section Two: Secondary Characteristics: -

This section clarifies the characteristics whose availability provides greater benefit to the information and perhaps its availability enhances the usefulness of the main characteristics, and these characteristics are summarized in comparability and reliability: (Al-Jaarat, 2008: 55).

1- Comparability: The usefulness of information related to any company increases significantly if it can be compared with the same information of other companies, and information of the same company for a previous period or at a previous point in time and increases comparability between companies, and this is done by users of financial statements for the purposes of making decisions related to investment, financing or position identification The company's financial performance, and so on, and the financial statements cannot be comparable unless they are prepared using the same accounting principles and principles in accordance with the concept of consistency or consistency..

2- Stability:The stability characteristic means when an accounting unit applies the same accounting treatment for the same event from one period to another, it is considered constant in its use of accounting standards. You use it in cases where it is proven that

the new method is better than the old one, and in this case, the nature and impact of this accounting change and the justification for making it must be disclosed in the financial statements for the period in which the change occurred (Kiso and Wigant, 2009: 72).

Chapter three

practical side

First: The study population and its sample:

The study population consists of some banks and government universities, and the study sample was taken from some bank employees and account employees, and the following table represents the strata of the statistical community under study and the questionnaires that were retrieved and capable of analysis.

Table (1) shows the number of questionnaires distributed and recovered

study commun	number of for Distribu	number of for recover	Payback Ra
audit			71

Through the above percentage, which is (71%), which is considered acceptable for analyzing the sample data.

Table (2) shows the academic qualifications of the sample members

alification	petition
ster's	
loma	
ner	

The data collected through the questionnaire form that was prepared by the researchers using the program was analyzed.SPSS, which was distributed to a sample of (50) people working in the field of financial reporting, and the Likert Scale, which consists of five degrees, was adopted, in order to determine the importance of each item of the questionnaire, as shown in the following table :

Table (3) shows the academic qualifications of the sample members

answer	ortance
lly agree	
ee	
al	
not agree	
n't totally agree	

The average was also calculatedArithmetic (weighted average), by first calculating the length of the period (1 to 2 first distance, 2 to 3 second distance, 3 to 4 third distance, and 4 to 5 fourth distance), 5 represents the number of choices. When dividing 4 by 5, the length of the period is equal to (0.80), and the distribution becomes according to the following table:

Table (4) shows the academic qualifications of the sample members

level	ngelikely
Absolutely agree	n1 to 1.79
gree	n1.80 to 2.59
ral	n2.60 to 3.39
ee	n3.40 to 4.19
ee severely	n4.20 to 5

Second: Presentation of the results of the questionnaire: -

Through the following: the interim financial reports and their role in enhancing the annual financial statements, a set of questions were formulated and the answer was categorized from strongly agree to strongly disagree.

Third: Stability test:

The coefficient (Cronbach's alpha) was used to ascertain the extent of the correlation between the questions of the questionnaire form with each other for the purpose of determining the possibility of relying on the results of the statistical analysis, that is, the closer the coefficient is to one, the stability of the correlation and its lowest value of 0.60, which is considered the lowest value.

Case Processing Summary Table (5)

Condition		
ptable		0
ption		
ptal		0

Reliability Statistics Table (6)

count	Cronbach Alpha
	0.824

Through the previous table, the extracted value of Cronbach's coefficient (0.824) and this value is close to the correct one, meaning that there is confirmation of the coherence of the questionnaire.

Fourth: Frequencies and Percentages:

Table (7) Frequencies and Percentages

standard deviation	the mean	I do not agree	I do not agree	neutral	I agree	I agree completely	the statement	vertical
0.4	4						Repetitive	The progress reports for the financial statements
							The relationship	
0.4	4						Repetitive	Financial statements can be dispersed
							The relationship	annual progress reports
0.3	3						Repetitive	The relationship between financial reports and the financial statements have a tight relationship
							The relationship	
0.4	4						Repetitive	Interim reports are more common in terms of application
							The relationship	
0.3	3						Repetitive	Progress reports suffice alone in making decisions

								The r		
0	3							Repet	The advantages of annual financial statements are reliability, accuracy and availability in a timely manner	
		%	%	%	%	%	e ratio			
40	00							petition	Interim financial reports are delayed. Because of the lack of oversight by the regulatory body	
		%	%	%	%	%	e ratio			
80	00							petition	It includes interim financial reports for the current period compared to the previous period	
		%	%	%	%	%	e ratio			
72	80							petition	Progress reports are directed at especially to existing investors and the prospects	
		%	%	%	%	%	e ratio			
82	80							petition	Interim financial reports are not helpful in determining the appropriateness of accounting information	
		%	%	%	%	%	e ratio			
22	80	e total								

Fifthly, presentation and analysis of the results:

The questions are measured from (1-10), and Table No. (5) shows the values of frequencies, percentages, arithmetic mean and standard deviation of the questions set. The following results are evident from this table:

Paragraph No. -1- Interim reports are considered complementary notes to the financial statements.

The research sample agreed with a percentage of (14%), between agreement and complete agreement, and the percentage of no agreement was (48%), and the percentage did not completely agree (36%), and the arithmetic mean of the paragraph was (4.000), and the standard deviation was (0.600).).

Paragraph No. 2- The annual financial statements can be dispensed with by the presence of interim reports.

The research sample agreed by (8%) between agreement and complete agreement on this paragraph, and the percentage of disagreement reached (50%), and the percentage did not completely agree (40%), while the arithmetic mean was (4.180), and the standard deviation was (0.582).).

Paragraph No. 3 - The relationship between the financial reports and the annual financial statements is considered a tense one.

The sample of the study got between complete agreement and agreement by (16%), the percentage of disagreement was (40%), and the percentage did not completely agree (40%), and the arithmetic mean of the paragraph was (3.960), and the standard deviation was (0.604).

Paragraph No. 4 - Interim reports are more committed in terms of implementation.

The research sample agreed by (6%) between agreement and complete agreement, and the percentage of no agreement was (40%), and the percentage did not completely agree (50%), and the arithmetic mean of the paragraph was (4.320), and the standard deviation was (0.568).

Paragraph No. 5 - Do the interim reports alone suffice the need for decision-making?

The sample of the study got between complete agreement and agreement by (28%), and the percentage of disagreement was (52%), and the percentage of completely disagreed (4%), and the arithmetic mean of the paragraph was (3.180), and the standard deviation was (0.682).

Paragraph No. 6 - One of the advantages of annual financial statements is reliability, accuracy, and availability in a timely manner.

The percentage of complete agreement and agreement from the research sample reached (18%) about that the taxes imposed on the income of the income taxpayers are high and do not suit their inputs, and the percentage of disagreement reached (38%), and the percentage did not fully agree (40%), and the arithmetic mean of the paragraph was (3,900).), the standard deviation was (0.610).

Paragraph No. 7 - The interim reports are delayed due to the lack of oversight by the supervisory body.

The research sample agreed with a percentage of (30%) between agreement and complete agreement, and the percentage of no agreement was (24%), and the percentage did not completely agree (40%), and the arithmetic mean of the paragraph was (3.600), and the standard deviation was (0.640).

Paragraph No. 8 - The interim financial reports include data for the current period compared to the previous period.

The percentage of complete agreement and agreement of the research sample reached (44%) about whether governmental institutions have a role in spreading tax awareness, and the percentage of no agreement reached (4%), and the percentage did not fully agree (50%), and the arithmetic mean of the paragraph was (3,200), The standard deviation was (0.680).

Paragraph No. 9 - The interim reports are directed specifically to current and prospective investors.

The sample of the research got between complete agreement and agreement by (26%), the percentage of disagreement was (4%), and the percentage did not agree completely (28%), and the arithmetic mean of the paragraph was (3.280), and the standard deviation was (0.672).

Paragraph No. 10 - Interim financial reports do not help in reconciling the accounting information.

The research sample agreed at a rate of (14%) between agreement and complete agreement, and the percentage of no agreement was (16%), and the percentage did not fully agree (60%), and the arithmetic mean of the paragraph was (4.180), while the standard deviation was at a rate of (0.582).

By noting the results extracted in Table No. (5) regarding the presentation of frequencies and percentages, it becomes clear to us that the fourth paragraph of the questionnaire has an arithmetic mean (4,320) and a standard deviation of (0.568) As for the fifth paragraph, it was the lowest arithmetic mean (3.180) and with a power standard deviation of (0.682), and this indicates the absence of a large dispersion of the answers from its arithmetic mean.

Sixth: Research hypotheses: -

A- The null hypothesis: There is no significant influence relationship between the interim financial reports and the annual statements.

The alternative hypothesis: There is a significant influence relationship between the annual financial statements and the interim reports.

B - The null hypothesis: There is no significant correlation between the interim reports and the annual lists.

The alternative hypothesis: There is a significant correlation between the interim financial reports and the annual financial statements.

To confirm the analysis, a test was carried out. "One Sample T-test" to test the research hypothesis, the calculated T value was 2.3651, which is higher than the tabular value 1.96 at a confidence level of 95% and a significance level of 0.05.

the fourth chapter

The first topic

Conclusions:

The researchers reached several conclusions, the most important of which are:

- 1- The interim financial reports are prepared regularly, as the economic units issue interim financial reports on the time specified for them.
- 2- Interim reports contribute to increasing the confidence of the beneficiaries by publishing the financial statements in a timely manner.
- 3- The interim financial reports meet the needs of those interested in the financial statements, and thus contribute to making rational investment decisions.
- 4- There are problems with the commitment to apply the international accounting standards that pertain to the interim reports in terms of preparation and the importance of these reports for users of the financial statements.
- 5- There are no statistical differences in the reality of the interim financial reports and the annual financial statements at the level of educational qualification and experience.

the fourth chapter

The second topic

Recommendations:

After reviewing the most important conclusions of the study, the researchers recommend the following:

- 1- It is necessary to adhere to the application of the accounting standard (34) in economic units with regard to the preparation of the annual financial statements.
- 2- The necessity for the interim financial reports to indicate the date of the financial position and the date of the start and end of the financial period.
- 3- It is important that the financial reports be published according to the custom and that it be accessible to all users of the financial reports.
- 4- Interim financial reports should be prepared by accountants specialized in this type of reports.
- 5- Existence of a supervisory body on the process of issuing and publishing interim reports, because that would lead to accuracy and efficiency in these reports.
- 6- Requiring economic units to issue interim financial reports in accordance with international accounting standards.
- 7- The necessity for the interim financial reports to contain administrative information that helps in selecting appropriate decision models.

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