



## Predictive Analysis of Financial Statements and Its Role in Achieving Sustainability and Rationalizing Administrative Decisions: An Applied Study

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**Abstract.** *The aim of the study is to delve into the disclosure of future financial statements and its reflection on the sustainability of the banking sector by extrapolating and reporting the pillars of banking sustainability. It adopting a mechanism at a high level in the country to promote data technology and increase support for its resources in order to provide an appropriate structure for the development of the banking and financial sector by providing appropriate information at the right time and expanding the preparation of future studies and research and linking them to many variables that are considered influences faced by the Iraqi financial market in the contemporary business environment for providing a suitable environment in the capital market by supporting the banking and financial sector by means of modern technology and obliging companies within the sectors. The study's goal was accomplished by using the content analysis method for the annual reports of banking units listed in the Iraqi financial market for the years 2020–2023. This was done after developing an indicator to gauge future financial statements' level of disclosure in compliance with the Iraqi Financial Market Law and the disclosure guidelines issued in accordance with it, as well as the fact that the index is being used in the country for the first time. The study draws several conclusions, the most important of which being that , One of the most notable recommendations reached by the study is to require the banking units listed in the Iraqi financial market to display future financial statements in order to ensure the achievement of sustainability supporting the banking sector within the annual reports. The level of disclosure of future financial statements varied in the financial reports of the banking units listed in the Iraqi financial market, where the average disclosure was high with a positive moral relationship to the market financial value.*

**Keywords:** *Financial Statements, Predictive Analysis, Sustainability, Decisions, Rationalizing Administrative Decisions.*

### 1. INTRODUCTION

A suitable environment in the capital market is provided by supporting the banking and financial sector through the use of modern technology and enabling companies within the sectors. In light of the changes that have occurred in the business environment, the information disclosed in the financial reports has become clear as the means adopted in reducing uncertainty conditions. It links them to many variables that are considered influences faced by the Iraqi financial market in the modern business environment. since the external auditor's assessment of upcoming reports which is an output of the audit process has raised the need for greater confidence in data that economic units release in the future, because it is a written document written by a qualified individual Lamia and Practical, in which he shares his objective technical opinion regarding the importance of economic unit financial reports. Future financial statements are highly subjective in nature and require a great deal of personal judgment to prepare. They are based on assumptions about future events and an entity's potential response

to them. According to the U.S. Future Financial Statement Auditing Standard, future financial statements may take the form of forecasts, estimates, or a combination of the two. They may be presented as full financial statements or as a condensed version of one or more elements to help achieve sustainability and justify management decisions in light of the situation as it stands.

## **2. THE THEORETICAL FRAMEWORK OF THE STUDY**

### **The concept of future data and its trends:**

This means that financial statements that rely on estimates of future events and the entity's anticipated response to them are inherently highly subjective, and a significant amount of personal judgment must be used in their preparation. Depending on the data audit standard, future financial statements may take the shape of forecasts, estimates, or a combination of the two. U.S. Any financial information pertaining to the future is included in the future financial statements, which has expanded literature and multiple definitions of the concept of future financial statements from professional bodies, institutes, and groups; it can be presented as full financial lists, limited to one or more elements, or parts; researchers believe, that it can be divided definition provided for future financial information and from several directions as follows :

- 1- The movement toward granting trust under international auditing bodies, associations, committees, and professional associations: The "The Examination of Prospective Financial" Auditing Standard (ISA 3400-) was released by the International Federation of Accountants (IFAC). As of May 5, 2017, the AICPA Section 305 Comprehensive Guide on Procedures for Testing Future Financial Statements defines it as information about future actions and events that have not yet happened but that are supported by evidence (IASAE 3400,2010:1-33) (AICPA, 2017:557), It was defined by the Egyptian Standard for Assurance Tasks No. (3400) entitled - (Testing of Future Financial Statements) and in paragraph (3) of the standard as data based on assumptions about events that may occur in the future and the reaction of the economic unit likely towards them, which is a combination of future forecasts and estimates (Egyptian Standard 2400, 1-20) issued by the Saudi Organization for Certified Public Accountants (SOCPA)) The Future Financial Statements Standard (1430) and defined in paragraph (166) of the standard and defined future financial statements as future statements that are Presented as a financial projection or financial visualization (SOCPA, 2002, 1130) Similarly, the International Accounting Standards Board (IASB) released a

Management Commentary IFRS Practice Statement, a guide for management comments on the practices of international accounting standards (IFRS). In this document, the IASB mentioned future data availability to stakeholders and clarified that it includes reports that are helpful to them both financially and non-financially. In 2016, the Financial Accounting Standards Board (FASB) provided modern insights into the efficacy and quality of financial reports that can give stakeholders information on future cash flows and projections about what will happen in Chapter VII of Statement No. (8) of its conceptual framework for the preparation of financial reports (IFRS, 2018:2).

- 2- A trend in interpretation that aligns with accounting theories: There are many accounting theories in the accounting literature that explain disclosures and that can be used to align disclosures of future information with the procedural and intellectual content of disclosures. Stakeholder theory and legitimacy theory as well as signal theory Political costs theory and signaling theory Extending transparency and making data more accessible to stakeholders is a trend that aligns with some accounting ideas (Celia, 2006:12) and (Jacob, 2018, None).
- 3- The trend of giving reliability to future monetary statements in agreement with the commands for listing in the monetary marketplaces: Wallace & Nasser, 1995) indicates that one of the influences related with the dependability of exposé can include listing (listing) in the (stock exchange) foreign or local financial markets, where the study showed that there is a positive relationship between the quality of disclosure and listing in the markets, where the Supervisory and Supervisory Authority for Trading in US Securities (SEC) requires The Authority itself has issued guidelines on this subject, including the guidelines of Rule (506) paragraph (b) of the so-called (Safe Harbor) under Article (4) (a) of the Securities Law to provide legal protection for companies that disclose financial data. Provided that the company has prepared the statements in good faith and that the accredited investors have the knowledge, know-how and experience in financial and commercial matters (Accredited investors) to make them able to evaluate decision-making in light of possible future statements and provided explanatory guidance regarding the issuance of data reports Future Finance and locally in accordance with the instructions of No. (6) Conditions of requirements for listing companies in the Iraqi Stock Exchange for the year (2010) The rules and conditions for listing companies in the Iraqi Financial Market / Regular Market did not include any explicit reference to the future financial statements, as Article (6) in paragraph (1)

stipulated the following: (The annual financial statements included in the report of both the Board of Directors and an independent and legally authorized auditor) were limited to The general budget, profit and loss account, cash flow statement and the necessary disclosures of these statements and in the orders No. (8) for the year (2011) corrected entitled Revelation of registered businesses stated in (fifth) of Article (a) the following (a description of any decisions issued by the government or international organizations that have a material impact on the work of companies, their products or their capacity, as well as a description of the risks to which the company is exposed, if any, in the previous period) Article (5) IV, paragraph (b) disclosed major deals or their cancellation, and the Board of Directors assessed the expected impact on the company's profitability and financial position. The text explicitly disclosed all significant future developments, including any expansions or new projects, future risks of the company for the next year at least, and the expectations of the Board of Directors for the results of the company's business. As can be seen from the above, disclosure instructions No. (8) for the year 2011 as amended verbally mentioned future information, even though instructions No. (6) of the conditions of the requirements for listing companies did not specifically mention it as a requirement for listing. (Jacob, 2018, 14)

#### **Requirements for preparing future financial statements :**

In Order for economic entities to draft their upcoming financial statements Savor greater precision. A few factors are taken into consideration, the most notable of which are as follows:

1. In good faith, preparing upcoming financial statements the potential for monitoring financial projections to deceive economic unit stakeholders. Therefore, in order to prepare future financial statements, the responsible party must act in good faith. This is because good faith requires taking great care to avoid misleading stakeholders, and careful use of personal judgment is necessary to prepare these statements.
2. Future financial statements should be prepared with the requisite professional care, which entails using the standard professional care that comes with knowing that creating financial projections involves a lot of data and demands efficiency and understanding. One of the most crucial sections of the American Society of Certified Public Accountants' (AICPA) Guide for Preparation of Future Financial Statements is a manual used for preparing or auditing future financial statements (AICPA, 2008, 37–50). A- Accountability for standards B- Title C- Illustration An explanation of the information that management plans to include in upcoming financial statements D.

Policies for Accounting Disclosure includes a synopsis of key accounting principles utilized in forecasting future events and the time period to be covered J. Understand the difference between historical financial statements and financial projections.

### **The concept and importance of sustainability**

The term "sustainable development" first appeared in the Brundtland Sustainable Development Report in the second half of the 20th century, when it was widely used by the United Nations World Commission on Environment and Development (WCED) to refer to mobilizing efforts to solve issues facing humanity, such as resource depletion, human misuse, and all the changes that occur in nature, climate, and man. Although the WCED's definition at the time was unique, it only addressed the external sustainability of social and environmental systems and ignored the entity's sustainability. The definition of development that integrates the three economic, social, and environmental goals to maximize the well-being of present generations without compromising the capacity and needs of future generations is similar to that of the OECD (Gray & Kouhy, 2012, 98–93) (OECD, 2002:5) .

According to the researchers, sustainability is a more expansive concept because it involves more than just preserving the resources that are currently available in all of their forms and varieties to ensure their continuation for future generations. Rather, sustainability aims to achieve post-sustainability through an ongoing dynamic produced by the entity to maintain its continuity over time through indicators that reflect the ability to continue.

Accounting and sustainability have been related from a number of angles. According to Backova et al. (2015), 13 the concept of sustainability accounting is associated with social and environmental accounting as well as its capacity to supply information that aids organizations in their pursuit of sustainability. Sustainability accounting is characterized as an information system that measures the unit's economic, social, and environmental performance and reports the results to enable an evaluation of the unit's contributions to the realization of sustainable development (Armouti, 2013, 2) alternatively it is the procedure for gathering, evaluating, categorizing, and reporting sustainability-related data. (Schaltegger) Some that monitor environmental resources and activities, analyzing the data to inform environmental decision-making and researching adverse environmental effects Schaltegger & Associates, 2015: 1 Finding a name that accurately captures the definitional and procedural meaning of accounting for sustainability, accounting for external variables, accounting for externalities, comprehensive accounting, accounting dependency, and other terms has proven to be a difficult task in the process of formulating a suitable definition of sustainability accounting. Sustainable development, on the other hand, is an information system that focuses on reporting

measurement results in order to accomplish sustainable development, as well as measuring the unit's environmental, social, and economic performance (Badawi and Beltagy, 2013: 16) and that continuity is one of the key tenets of sustainability. Continuity is consistent with accounting theory proposals and the hypothesis of economic unit continuity, which is predicated on the notion that the economic unit is created to carry out its work and will do so going forward, that it persists for an indefinite amount of time, and that it is sufficient to utilize its available financial resources. In line with the International Federation's guidelines and as anticipated, and without the purpose of the equity holders to liquidate it or significantly and noticeably lower the volume of its operations that would have an impact on the nature of the unit's business (IAS, 1984:5) (IASA (570), 2003, 383 – 395).

The Iraqi Regulatory Accounting Standards Board's Accounting Rule No. (6), which is in line with the Business Continuity Management Standard ("BCM"), stated that continuity should be the foundation for preparing financial statements and disclosing related data (Accounting Rule No. 6, 1995, 1-13). The ability of a unit to carry out and accomplish its primary tasks in both normal and abnormal circumstances is known as business continuity (BCM Standard, 2012, 12). Furthermore, the Australian Institute of Certified Public Accountants (CPA) has stated that the sustainability goal requires reporting through accounting reports in order to guarantee the unit's continuance. Units cannot have a chance of continuity unless they consider the inclusion of sustainability dimensions in their reports through a correct understanding of sustainability issues and their impact to maintain business continuity, according to the Accounting Sustainability Report (2010) ([www.cqaaustralia.com.au](http://www.cqaaustralia.com.au)). According to a 2013 study (Kaveen; 2013, al et that financial statement transparency). The idea of "banking sustainability" relates to how banks implement long-term growth plans that result in connected client connections and sustainable profitability for shareholders (Central Bank of Iraq, 2019, 1).

### **Sustainability Dimensions:**

Reporting future data can contribute to achieving sustainability requirements in the banking sector, and we can summarize the dimensions of sustainable development through four dimensions: (Al-Khazali, 2018, 48)

- 1- The economic dimension: the goal of the economic dimension is to provide a set of solutions to reduce poverty within a period of time from the best use of economic resources in order to rebuild and raise the level of human beings to reach a decent amount of living for them (Zayer et al. 2016, 136) Sustainability means achieving continuity by generating high income that allows replacement, renewal and

maintenance of resources through the production of goods and services continuously at a certain level of equilibrium, which includes economic growth, capital efficiency and economic justice. Satisfying basic needs for the purpose of achieving the economic development of enterprises through the use of good strategies for natural resources and energy sources (Herwijnen, 1999, 294). ) .

- 2- The social dimension: The social dimension is one of the basic elements of society, represented by (values, religion, customs, customs, traditions, beliefs and behavioral patterns), and the social dimension of sustainable development is concerned with the human being, because it is considered a basic axis of the social dimension (Al-Nasser, 2011, 54) and that sustainable development means the process of directing resources and reallocating them to ensure that the basic needs of man are met and the protection of natural resources.
- 3- The institutional dimension is used in public administrations and institutions and is thought of as a tool for the state's implementation. Using this dimension, the state formulates its development policy with the intention of advancing and prospering societies and improving people's quality of life in order to protect their human rights (Ghadban, 2014, 55).
- 4- Environmental dimension: Since the environmental dimension entered the field of economics, the idea of economic development has evolved from simply involving the increased use of finite resources to meet the various and ever-changing needs of people to include the idea of sustainable development (Smith, 2000). The environmental dimension is embodied in natural resources, which are represented by (water and energy, agriculture and biodiversity).

### **3. RESEARCH METHODOLOGY**

#### **The problem of the study and its questions**

The increasing growth in the economic sectors, including the banking sector at the international level, and linking them to many variables that are considered influences faced by the Iraqi financial market in the contemporary business environment for providing a suitable environment in the capital market by supporting the banking and financial sector by means of modern technology and obliging companies within the sectors. It was accompanied by an increasing demand by stakeholders to increase the levels of disclosure of future data by virtue of the fact that the disclosure of financial statements is no longer sufficient for their needs and does not meet the requirements of decision-making, so the modern trends of accounting

disclosure of future financial statements, the problem of the study can be formulated with the following study questions: Do banking units listed in the Iraqi financial market disclose future financial statements in their annual reports?, and is there an impact of revelation of future financial statements in the investment units subdivision? .

### **Objectives of the study**

The aim of the study is to review the developments experienced by accounting disclosure as a concept and application, as well as to review the concept of future data and test the level of disclosure in twelve-monthly intelligences of banking units registered in Iraqi financial market by virtue of being the sample of the study, and accounting disclosure of future data based on the indicator of (PFI.) The proposal in accordance with the legal and legislative requirements for disclosure in the Iraqi financial market and testing the continuity of those banking units according to their disclosure of their future financial information, to focus on one of the modern topics, which has strategic dimensions, which is the subject of disclosure of future data and how to obtain these data with the availability of qualitative characteristics of financial information in them, and this is one of the trends prevailing in many Arab and international banking units at the present time.

### **The importance of the study**

The importance of the study lies in both intellectual and applied terms, as the first is to delve into the repercussions of the changing needs of the environment on accounting thought and formulate concepts capable of responding to those changes academically and professionally through a review of the most important standards and guidelines related to future data, while the second aspect is to test the secretions of contemporary trends of accounting disclosure, represented by future financial statements according to the index (PFI.) which was built in agreement with law and commands of Iraqi financial market to suit the specificity of the Iraqi environment and the quality of its emerging financial market and to draw the attention of those in charge of developing disclosure instructions in the market to the importance played by future information in the financial markets and the positive obligation to disclose it and its reflection on the sustainability of banking units.

### **Hypotheses of the study**

The study proceeds from the following two main hypotheses:

1. Banking units within the sectors listed in the Iraqi Fiscal Market disclose future financial statements in their annual reports according to the (PFI) index at a significant significance level ( $0.05 \geq \alpha$ ).



2. "There is a statistically significant impact with a significant level of ( $0.05\alpha <$ ) for the level of disclosure of future financial statements under the index (PFI) and the continuity of banking units and thus their sustainability and rationalization of administrative decisions"

#### **Limits of the study:**

The study is limited to the spatial boundaries represented by the banking units listed in the Iraqi financial market and within its sectors and according to the proposed index and within the time limits (2020-2023).

## **4. RESULTS AND DISCUSSION**

### **The applied side of the study**

#### **Preparing the index of disclosure of future data in the Iraqi financial market:**

With reference to the Listed Companies Disclosure Instructions and the Iraqi Financial Market Law No. (74) for the year (2011) as amended and the legislation issued pursuant thereto, the disclosure index for future data has been prepared as follows:

#### **a. Descriptive indicators of the company's future strategy disclosure**

- 1- The goals and vision of the company.
- 2- The corporate organizational framework.
- 3- The dangers that the business faces in relation to its management system.
- 4- The company's accomplishments, both past and future (a summary of significant occurrences.)
- 5- The development plan of the company, together with a description of the steps involved in ensuring its execution.
- 6- The management's projections for future financial performance.
- 7- Current and upcoming agreements.
- 8- The quantity of securities that senior management owns and that the company has issued.
- 9- Reasonable guarantee of the business's survival.
- 10- Courses on training and personnel qualification.
- 11- Development of human resources.
- 12- Relevant accounting guidelines.
- 13- Prospective obstacles.

**b. Quantitative indicators of future financial statement transparency**

- 1- The non-recurring operations' financial impact.
- 2- Evaluation of the company's financial situation and performance.
- 3- Advantages with family members.
- 4- Contingencies and key occurrences with a negative influence on the financial condition.
- 5- Net Profit
- 6- Immediately following the event, disclosure of the change is made by contributing one point to the ownership of more than fifty percent of the company's shares.
- 7- Any planned adjustments to capital, assets, or liabilities
- 8- Significant matters.
- 9- The Board of Directors' evaluation of the anticipated impacts on the profitability and financial standing of the Company.
- 10- Modifications to Major Financial Investments.
- 11- Dividends in the future.
- 12- The beginning of a merger.
- 13- Ratios that impact the capital of the business (ownership within the same firm or with another business).

**c. Indicators on the method of disclosure of future data (descriptive)**

- 1- The financial reports display the disclosure separately.
- 2- Show up on the Market and Company websites.
- 3- Periodically, data is updated.
- 4- Promotes educational disclosure through various channels, such as seminars and social networking sites.
- 5- Details on the mechanisms of governance.

**d. Indicators of disclosure of information on the effects of crises (financial, political, social) (descriptive)**

- 1- How the company is affected by economic problems (like low oil prices) and how to deal with them.
- 2- Projected rates of sector growth.
- 3- Anticipated losses due to erratic security circumstances

### Testing the indicator of disclosure of future information in the banking units sector listed in the Iraqi financial market:

The unweighted method was employed to gauge the accounting disclosure of future data for the Iraqi environment. This method uses a two-dimensional standard to determine the level of disclosure by assigning values of (0) and (1) to the banks that disclosed the future information and the banks that did not. The indicator comprises 47 items and is derived from Disclosure Instructions No. (8) for the year 2011 as amended, Instructions No. (6), Instructions No. (10), and Instructions (3), as well as Law No. (74) for the year 2004 as amended and the legislation issued in accordance thereto. A content analysis of the financial reports covering the years 2009–2012 was employed. To determine future financial statements' disclosure coefficient, the following equation was adopted:

The indicators of disclosure of the company's future strategies can be clarified through the following table:

**Table (1)** Indicators of disclosure of the company's future strategies

Indicators	Disclosed (Yes), Undisclosed (No)			
	2020	2021	2022	2023
Company Vision & Objectives	Yes	Yes	Yes	Yes
Company Organizational Structure	Yes	Yes	Yes	Yes
hazards to which the business is subject, together with an explanation of the risk control system	Yes	Yes	Yes	Yes
The company's accomplishments, both past and future (a summary of significant events)	Yes	No	Yes	Yes
The development strategy of the company, along with a description of the steps involved in ensuring its execution	Yes	Yes	Yes	Yes
Management expectations for future business results	Yes	Yes	Yes	Yes
Executed and Futures Contracts	Yes	Yes	Yes	Yes
Number of securities issued by the company	No	No	No	Yes
Reasonable assurance of the continuity of the company	Yes	Yes	Yes	Yes
Training Courses and Personnel Qualification Program	Yes	Yes	Yes	Yes
Human Resource Development	Yes	Yes	Yes	Yes
Applicable accounting policy	Yes	Yes	Yes	Yes
Future challenges	No	No	No	No
Disclosure Index	84.6%	76.9%	84.6%	92.3%

The indicators for the disclosure of future financial statements can be elucidated through the subsequent table:

**Table (2)** Indicators of disclosure of future financial statements

Indicators	Disclosed (Yes), Undisclosed (No)			
	2020	2021	2022	2023
Financial impact of non-recurring transactions	No	No	Yes	No
Analysis of financial position and business results	Yes	Yes	Yes	Yes
Benefits with related parties	Yes	Yes	Yes	Yes
Unforeseen circumstances and noteworthy incidents that negatively affect	Yes	No	Yes	Yes
Net Income	Yes	Yes	Yes	Yes
Disclosure of change in the company's shares immediately after the event	Yes	Yes	Yes	Yes
Any future changes in capital	Yes	Yes	Yes	Yes
Big Deals	No	No	No	Yes
Board of Directors' assessment of the expected effects on the company's profitability	Yes	Yes	Yes	Yes
Changes in Capital Financial Investments	Yes	Yes	Yes	Yes
Future Dividends	Yes	Yes	Yes	Yes
Initiation of integration	Yes	Yes	Yes	Yes
Ratios affecting the company's capital	No	No	No	No
Disclosure Index	76.9%	69.2%	84.6%	84.6%

Source: Prepared by the investigator based on the financial statements of banks of study sample.

Indicators on the method of disclosing future data can be illustrated through the following table:

**Table (3)** Indicators on the method of disclosing future data

Indicators	Disclosed (Yes), Undisclosed (No)			
	2020	2021	2022	2023
Disclosure is shown separately in financial reports	Yes	Yes	Yes	Yes
appear on the market's and the business's website.	Yes	Yes	Yes	Yes
Data is updated periodically	No	No	Yes	Yes
Encourages educational disclosure	No	No	No	No
Governance Mechanisms Information	No	Yes	Yes	Yes
Disclosure Index	40%	60%	80%	80%

Source: Prepared by the researcher based on the financial statements of the banks of the study sample.

The following table provides clarification on the markers for revealing information on the financial, political, and social effects of crises:

**Table (4)** Indicators of information sharing regarding the consequences of crises (economic, political, and social)

Indicators	Disclosed (Yes), Undisclosed (No)			
	2020	2021	2022	2023
The reflection of economic crises on the company	Yes	Yes	Yes	Yes
Projected sector growth rates	Yes	Yes	Yes	Yes
Expected losses as a result of unstable security conditions	No	No	Yes	Yes
Disclosure Index	66.6%	66.6%	100%	100%

Source: Prepared by the researcher based on the financial statements of the banks of the study sample.

The disclosure of it can be clarified from the future material of the banking units listed in Iraqi financial market through the following table:

**Table (5)** Future information disclosure to banking entities listed on the financial market of Iraq

Indicators	Disclosure Rate			
	2020	2021	2022	2023
Indicators of future strategy disclosure for the company	84.6%	76.9%	84.6%	92.3%
Indicators of disclosure of future financial statements	76.9%	69.2%	84.6%	84.6%
Indicators on the method of disclosing future data	40%	60%	80%	80%
Indicators of information disclosure about the consequences of crises	66.6%	66.6%	100%	100%
Disclosure Index	%67.03	%68.18	%87.30	%89.23
General average for the period (2020-2023)	%77.93			

The banking units sector has demonstrated its ability to disclose future data, as evidenced by the average disclosure of 77.93% for the years 2020–2023. To shed light on the auditor's role in bolstering the credibility of the disclosed financial information, we present the auditor's report in compliance with ISA 810 requirements.

#### Report on the testing of future financial statements

The auditor's report on the testing of future financial statements includes the following key elements:

- 1- The report's title.
- 2- The report's recipients.
- 3- The identification of upcoming financial data.
- 4- The International Standard for Testing Forward Financial Statements is mentioned.
- 5- A sentence outlining management's accountability for upcoming financial statements, as well as the underlying assumptions that these statements are founded on.
- 6- .6State the reason for creating future financial statements as well as the parties to whom future financial statement dissemination should be restricted in the event that doing so is against the law.
- 7- Negative assertions as to whether the assumptions provide a reasonable basis for future financial information.
- 8- Provide a judgment on whether or not the accounting framework utilized to create the financial statements and the assumptions used in their preparation have led to the appropriate preparation of future financial statements.
- 9- A word of caution regarding the likelihood of reaching the outcomes stated in next financial statements.

- 10- The report's date, which needs to coincide with the procedure's completion date.
- 11- Title of references
- 12- Signature of the auditor

In order to report future statements in compliance with the international standard ISA 810 for testing future financial statements, the banking units sector's future financial statements for the period of 2020–2023 were created. Management is in charge of these upcoming financial statements, as well as the suppositions listed in the note that serves as the foundation for the projections.

The intention of preparing these statements is to (give stakeholders trust). The data have been created using a set of theoretical assumptions, which include assumptions about future events and management actions and do not have to be realized, because the banking units sector continues to perform its activities . As a result, using this data for objectives other than those mentioned may not be appropriate. Because the auditor's report emphasizes and indicates that the information is not history but rather that it is feasible for the future to occur or not, it is evident that stakeholders may trust the data on future information.

## **5. CONCLUSIONS AND RECOMMENDATIONS**

### **Conclusions**

- 1- The disclosure of future financial statements can help improve the quality of financial statements and enhance the confidence of its users, especially external ones.
- 2- Accounting disclosure instructions in the Iraqi financial market suffer from some weakness by virtue of the fact that they deal with financial statements in a mandatory manner and future statements with some voluntariness.
- 3- The lack of an audit manual or accounting foundation in the Iraqi context that governs the disclosure, preparation, verification, and handling of future information by (auditors or accountants) leaves it open to criticism regarding the risks involved in adopting it when making decisions in the country..
- 4- Because of the risks involved in this kind of disclosure, it lends credibility to upcoming financial statements.
- 5- Iraq is in its early stages in the application of banking data technology, as it began to be used in 2006, based on the reforms adopted by the Central Bank under Law 56 of 2004, as a result of the political, economic and security conditions experienced by Iraq before and after 2003, and its lack of keeping pace with global banking developments.

## Recommendations

- 1- Adopting the indicator proposed in the study for the disclosure of future information as well as the assurance that accompanies the auditor's report.
- 2- Adopting a mechanism at a high level in the country to promote data technology and increase support for its resources in order to provide an appropriate structure for the development of the banking and financial sector by providing appropriate information at the right time.
- 3- Expanding the preparation of future studies and research on the axes of the study (disclosure of future data, Iraq Financial Market) and linking them to many variables that are considered influences faced by the Iraqi financial market in the contemporary business environment.
- 4- Providing a suitable environment in the capital market by supporting the banking and financial sector by means of modern technology (excellent internet, mobile phones, credit cards, and increasing the number of ATMs and ..... etc).
- 5- requiring businesses in industries represented on the Iraqi Stock Exchange to provide projected financial statements in their yearly reports by means of directives from the Market Authority.

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