

The Effect of the Value Relevance of Financial Reports on the Market Value of the Economic Entity¹

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ABSTRACT

The research aims to study the impact of the suitability of the value of the accounting information contained in the financial reports on the market value of the commercial banks listed in the Iraq Stock Exchange. Investment, and companies' managers are interested in it for the purpose of ensuring the provision of Relevance information to investors, which encourages them to attract investment, as well as the interest of those who set standards and accounting policies for the purpose of understanding how the investor uses financial reports and improving the level of transparency and disclosure therein. To achieve the objective of the research, the analytical statistical approach was used through the use of the price model (Ohlson (1995)), by applying the SPSS program to test its hypotheses, and the research reached, after analyzing the variables of the study and testing the hypotheses, to the most important conclusions: "There is a significant effect of the Relevance of the value of the accounting information (earnings) accounting, cash flows, and book value) in the stock prices of commercial economic entity." The research concluded with a number of recommendations, the most important of which is focusing on measuring the Relevance of the value of information for financial reports for its role in improving the informational content of financial reports.

Keywords: *Value Relevance; financial reports; market value; accounting profits.*

INTRODUCTION

The process of rationalizing investors' decisions depends mainly on the informational content included in the financial reports, and the information is of Relevance value when related to market variables, and has a high ability to change the market value of the shares of the economic entity at a certain point in time, which in turn is reflected in decision-making as well as having the ability The explanatory retrospective of any changes in the share prices of those economic entity over time, and within their competitive environment. Therefore, the concept of adequate value constitutes an important axis in contemporary accounting research through its focus on the market value of stock prices. To cover the research vocabulary, the following axes were addressed:

The first axis: - Research Methodology

The second axis: - The Relevance of the value and the market value of the company

The third axis: - Measuring the impact of Relevance value on market stock prices

The fourth axis: - Conclusions and Recommendations

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RESEARCH METHODOLOGY

Research Problem:-

The research problem can be formulated through the following question: "What is the impact of the Relevance of the value of accounting information for financial reports on the stock prices of commercial banks"?

Research Goal:

The research aims to explain the concept of Relevance of value for financial reports and the concept of market value of stock prices, as well as to measure the effect of Relevance of value in the market prices of stocks for the economic entity of the research sample listed in the Iraq Stock Exchange.

The importance of research- :

The importance of the research emerges through a statement of the Relevance of the value, as it is considered essential for the financial markets, corporate management, and investors, as it represents one of the most important modern research entrances in the capital markets, by studying the relationship between book value, accounting profits, and cash flows with market stock prices, due to the importance of price information Stocks are for both investors and accounting policy makers.

Research hypothesis:

The research hypothesis can be formulated as follows: "There is a significant effect of the Relevance of the value of the accounting information in the stock prices of the commercial banks listed in the Iraq Stock Exchange," and the following hypotheses are derived from it:

H01: Accounting profits are relevant information for stock prices

H02: Cash flow is relevant information for stock prices.

H03: The book value of the share is relevant information for the share price

Research Methodology:-

The deductive method was used to study and extrapolate some previous studies related to the topic of the current research. As well as using the inductive method to interpret and analyze the research results to test his hypothesis and verify the test results.

Data collection methods:

The researcher used two main aspects of the data and information collection process:

A: The theoretical side

It relied on the available Arab and foreign sources and literature, such as books, periodicals, research, university theses, and studies published on the Internet.

B: Applied side:

I relied on the price model to complete the research.

Research community and sample:

The research community is represented by commercial banks in the Iraq Stock Exchange, as the published data of the Ashur Bank were used as the research sample.

The statistical methods used:

The researcher used the Statistical Packages for Social Sciences (SPSS) program, and simple linear regression models were used to test the suitability of the value of the accounting information for the purposes of measuring the market value.

RELEVANCE VALUE AND MARKET VALUE- A CONCEPTUAL APPROACH**The Relevance of the value for the financial reports****1- The concept of value suitability**

Accounting information plays a major role in the process of rationalizing decisions related to investment in the economic entity. It reduces the uncertainty of the variables of decision-making, and in order for the accounting information to be Relevance, it must have a predictive value for the future and increase the confidence of investors in making decisions and avoiding potential losses (Awja, 2021: 34). From the point of view of (Naimah, 2012), the value in the field of investment "represents the price that the investor is willing to pay in exchange for obtaining a specific asset (shares). This indicates that the concept of value is a multi-dimensional concept based on the angles through which the value is viewed and that the Relevance information affects It influences users' decisions by helping them evaluate past, present and future events from the user's point of view, and contributes to making investment decisions (Naimah 2012:14).

The relevance of the value of accounting information is defined as "the ability of accounting numbers to summarize the information on which stock prices are based. Thus, reference is made to the relevance of the value of accounting information through the existence of a statistical correlation between financial information and stock returns or prices. That is, a statement of the relationship between accounting numbers and their prices and returns on A basic assumption, which is the ability of accounting numbers to provide useful information to users, that is, to be associated with stock prices (Alfaraih 2009: 36).

The suitability of value for accounting information is defined as "the usefulness of accounting information for making decisions by current and prospective investors, to invest or keep their investments in the shares of the economic entity, and this benefit is generated through the relationship between information for financial reports and stock prices or returns" (Zinni, 2020: 65).

Defined (Gunther, 2015) it as "the ability of accounting numbers to capture or summarize information that affects the value of an economic entity, i.e. the ability of specific numbers in the financial statements, such as disclosed profits, to explain changes in stock values, and the greater explanatory power means the relevance of the greater value" (Gunther 2015:72), indicated (Barth.et.al, 2001) that value Relevance tests are an entry point for achieving and activating the Relevance and reliability of accounting information. This information has been measured reliably (Barth.et.al, 2001: 80)

Confirmed (Al-Savan, 2016) in his study that value-Relevance tests are an entry point for achieving and activating the Relevance and reliability of accounting information. This information has been measured reliably. He explained that there is a low level of suitability for the value of accounting information in the Iraq Stock Exchange, according to the measurement model used. And he recommended the necessity of forming the Iraq Stock Exchange, an independent body or committee that is responsible for studying the reality of financial reporting in Iraq to determine the weaknesses that it suffers from, and to submit its recommendations to the bodies and institutions responsible for setting standards for study (Al-Saffan, 25: 2016). explained (Vitalis, 2018) in his study that the study of the relationship between accounting information and stock prices has evolved until the emergence of what is known as the Relevance of value literature that sought to build models to test them and thus test the degree of correlation of specific accounting variables and stock prices or returns (Vitalis, 2018: 125). showed (Badawi, 2019) in her study that there is a valuable suitability for accounting information in financial reports for the purposes of measuring the value of Egyptian and Saudi companies in general. The most important recommendations were the need for company managers to pay attention to the needs of investors from the information provided to them in those reports (Badawi, 2019: 10)

Indicated (Ogbodo & Benjamin, 2020) in a study of the relationship between the share price and the dividends per share, as the data of 30 industrial companies listed on the stock exchange for the years 2010 to 2019 were adopted, and there was a significant positive correlation between the share price and the dividends distributed per share. He pointed out the necessity for the management of economic entities, as well as regulatory bodies and standard-setters, to devise various means in order to improve the quality of disclosed accounting information in order to preserve its importance and value for potential investors and stakeholders (Ogbodo & Benjamin, 2020: 2)

2-The importance of matching the value of the accounting information to the financial reports

Financial reports are the final product provided by accounting to various users, especially external parties that do not have the authority to access the internal data and information of the economic entity. 2018: 2) The importance of Relevance value comes from its ability to make a change in decision-making and in line with changes in financial markets, as it represents an important area in accounting thought, by providing many results of interest to multiple parties, as it does not depend only on evaluating the use of information Accounting for the purposes of making the investment decision in the market, but it goes beyond it to setting accounting standards, and disclosing the characteristics of the financial report (Al-Qadi et al., 2017: 44)

explained (Beisland, 2008) in his study that interest in the Relevance of value has multiple points of view by researchers, due to the multiplicity of entrances through which they look at the importance of this concept and the advantages that can be achieved by its use, as the importance of Relevance of value is highlighted by investors who offer it to participate in Reducing information risks, as the results of information risks are reflected in the reduction of the inaccuracy of predicting future profits expected to be achieved, and the decrease in risk means a decrease in the cost of shares (Beisland, 2008: 3). (Navdal, 2010) focused on showing the importance of the Relevance value of profits, book value, property rights and cash flows, by linking them to the duration of financial crises that pass on macroeconomic instability, which leads to an increase in the possibility of default and acceleration of financing (Navdal, 2010: 23).

As (Abiodun, 2012) confirmed in his study of the importance of Relevance value for accounting information, that there are those who find that investors realize that the economic entity cannot continue with losses indefinitely, so achieving negative profits is less valuable than positive profits, and it will represent the book value of the share The Relevance of a lower value because it will represent the liquidation option, in addition to the Relevance of a value for the cash flows being less because the cash will be low due to the decrease in financing and investment, which leads to the emergence of financial failure (Abiodun, 2012:109).

pointed out that (Alfaraih, 2009) the importance of appropriating the value of accounting information is based on the relationship between accounting numbers and their prices and returns on a basic assumption, which is that if accounting numbers provide useful information to investors, they must be linked with stock prices (Alfaraih, 2009: 36).

And (Ibrahim & Dabo, 2021), in his study of the importance of Relevance value of accounting information for service companies listed on the Nigerian Stock Exchange, showed that there is a positive relationship between book value, cash flows, earnings per share, and share price. And the need for management to make the necessary efforts to maintain and improve profits, book values, and cash flow process to maintain the Relevance value of accounting information for service companies listed on the Nigeria Stock Exchange (Ibrahim & Dabo, 2021: 2).

3-Characteristics of value suitability

Relevance is one of the basic pillars of the qualitative characteristics of accounting information that have value for users who need high-quality information, as well as it represents the cornerstone of investment decisions, which is the latter a source of basic financing for the economic entity (Desoky & Mousa, 2014: 218)Platty's value suitability characteristics can be identified(Svan, 2016: 25-26)

A- The concept of Relevance of value studies how to show the figure resulting from the accounting measurement and possesses the quality of accounting information that serves investors in estimating the economic entity.

- B- The concept of the Relevance of the value of accounting information has a relationship with the bodies and organizations that set accounting standards, because there are substantial answers to questions of great importance to standards setters. and professional parties. And other academic parties, through the results of research that are reached.
- C - The goal of Relevance of value is the practical application of the pillars of accounting theory. and the conceptual framework developed by the Financial Reporting Standards Board. This is in order to verify the availability of Relevance and true representation of the accounting numbers contained in the financial reports.
- D- The concept of Relevance of the value of accounting information is suitable for conservative studies. Accounting that reflects the nature of accounting practices. Hence the importance of practicing accounting conservatism. in the Relevance of the value of accounting information.

4-Approaches to studying the Relevance value of accounting information

There are four approaches to studying the Relevance of value, which are (Awja, 2021: 75).

- A- The basic vision approach: According to this approach, the accounting information provided by the financial statements affects the share price by capturing the share prices for the values that cause the share price to deviate, as this entry assumes that the stock markets are efficient.
- B- Predictive vision approach: This entry shows that the financial information is Relevance to the value, if this information includes variables from the evaluation model, or if this information contributes to predicting the variables.
- C- The information vision approach: This entry confirms that the accounting information has valuable relevance in the light of this approach if it is used by investors when evaluating prices.
- D- Entrance to the vision of measurement: - The suitability of a value is measured. Accounting information, through this entrance, through the ability of the financial statements to capture or summarize information. Regardless of their source which in some cases affects the market value of shares.

5-Forms for measuring the suitability of value for accounting information

The main objective of research on the suitability of value for accounting information is to study the relationship between share price and accounting information (accounting profits, book value of property rights, cash flows). The results of investors' actions, while other alternative measures such as (personal interviews, survey, questionnaire) show the opinions and beliefs of investors, in addition to that the statistical relationships between market values and accounting information provide an opportunity to determine the usefulness of accounting information. Comparison with other sources of information. Such as optional disclosure and recommendations. Locals (Al-Saffan, 2016: 38), and this can be clarified through the following examples (Unyon, 2017: 50):-

A- Return model: This model is used to test the relationship between:

- ❖ Accounting returns and profits
- ❖ Returns and book value of equity
- ❖ Returns and operating cash flow

B- The price model: According to this model, the theoretical framework and tests cited are based on (Ohlson, 1995), as it is considered one of the most important works in the field of financial accounting and capital market research in recent decades, so the model can be clarified through Equations that use this model to test the relationship between

- ❖ Share price and book value of rights
- ❖ Stock price and operating cash flow
- ❖ Share price and accounting earnings
- ❖ Share price, book value of equity, operating cash flows and accounting profits

This model has been relied on in the practical side of the current research, because the price model investigates the impact of accounting information on the market value (share price in the market) instead of the return on equity. In addition, this model does not only test the effect of profits, but also tests The effect of each of the book value of property rights and operating cash flows, as well as examining the effect of the previous variables together on the share price in the market, and that these variables are the basic variables in the model of Relevance of the value of accounting information (Khanagha & et al, 2011: 98-99).

The market value

1-The concept of market value

The market value represents the price at which the shares are traded. In the stock market, as there is an impact of economic factors on the market share price, which has a clear impact in determining the price, such as supply conditions. and demand in the commodity market and the stock market. and profitability of the economic entity. The book value of the share. The market value is also affected. significant impact on profit rates. Which the economic entity distributes to the capital shares. And the extent of its periodicity and regularity. The more regular and higher the rates, the higher the market value of the share (Shugair, 2019: 43). The market value of a particular economic entity can be expressed by the value of its shares traded in the stock market, as it expresses the price at which shares are bought or sold, or it is the price at which they are dealt in the stock market, and this price comes as a result of the interaction of supply and demand forces in the market, In general, accountants prefer to use the book value and stay away from the market value due to the fluctuations that characterize the stock market up and down and its instability, in addition to the presence of other factors that have an important role in changing the price, the most important of which are investors' expectations of the profitability of the economic entity in the future, as well as the element of speculation, and others. Among other factors that cause continuous change in the price, these factors affect the market value, increasing or decreasing according to the direction of influence (Al-Ghazi, 2020: 32).

2-The importance of the market value:

The importance of the market value of the economic entity is highlighted in that it is a mirror that reflects information, elements and other variables that affect stock prices. The importance of its market value can be determined as follows (Azab, Mahmoud, 2021: 7).

- A- The market value of a share is considered one of the most important values from the point of view of investors, as it reflects the economic value of shareholders' rights.
- B- The market value is one of the values that help determine the value of the company in the stock market, in addition to giving an idea of the future prospects of the economic entity.
- C - Maximizing the market value is considered maximizing the wealth of the shareholders, and it is one of the most important goals of the financial management that it seeks to achieve. The market value of the share is maximized through the implementation of three important financial decisions (investment decisions, financing decisions and profit distribution policy).

3- Information affecting the market value

There is an effect of accounting information on the market share price represented by the book value. and earnings per share. and flows. Cash, so investors consider it the tools for making and making investment decisions, and that all these variables are related to the Relevance of the value of accounting information (Perveen, 2019:10) and can be explained as follows (Nelwan, et.al, 2020:321):-

- A- Book value: - As attention is paid to the price at which the share is trading, especially if it is less than the book value of the share, which indicates that there is an intention to buy. Also, some analysts rely on the value strategy as a key to success in buying shares, meaning that the shares whose (market value / book value) is weak achieve higher rates than those whose (market value / book value) is high.
- B- Profits achieved: - As the profits achieved by the economic entity are considered one of the basic determinants of share prices, so it is better to buy shares whose profits are expected to increase. It is also advised to sell shares whose profits are expected to be declining.
- C- Cash flows: - As cash flows help the internal and external parties represented by investors and lenders in making better economic decisions, because the accounting figures have an informational nature, whether they are profit

figures (profit before tax, profit after tax, dividends, and retained earnings) or accounting figures (financing structure, liquidity ratios).

4-Efficiency of financial markets:

Financial markets are a cornerstone of the structure of the financing system on which the economic systems of countries depend, because of their role in attracting savings and directing them to investment fields that contribute to supplementing the economy and improving growth rates as well as achieving efficiency in allocating those funds, so the prosperity of the financial market depends on providing Accounting information that possesses relevance value. With sufficient disclosure of that information that shows the financial position. As a result of activity, cash flows, realized profits and future predictions, so that the efficient market. It should deal with every information that is reported in a timely manner and have a clear impact on prices. Securities Therefore, the share price that is issued reflects all available information on the economic entity. Whether it is current information. Or future information, internal or external information, accounting or non-accounting information, financial or non-financial information (Navdal, 2010:10).

5-The efficient market theory

It is the market in which there is no time interval between the analysis of new information received into the market. And between reaching specific results regarding the share price, which guarantees an immediate change in the price. Which reflects what the information carries, to be available to all users and without costs, and represents the financial markets. Those markets in which securities are traded. Of all kinds, there are multiple forms of market theory. Competent. This is based on the concept of available information and its ability to limit the possibility of any investor to achieve additional return as a result of obtaining additional information in particular. The forms of efficient market theory are divided into three types: (Schroeder et al., 2010: 153):

- A- The weak form: This form relies on the study of historical information. The prices, volume and number of shares traded in advance and that the user of the information in this market will not achieve unusual returns or profits because such information is available. With the majority of dealers in the financial market at a low cost
- B- The semi-strong form: This form of the financial market depends on the fact that traded stock prices fully reflect all available public information, and there is no basis for stock trading. Rather, it depends on the available prices that allow achieving an additional return, and this form of the financial market is one of the most Relevance forms of accounting. This is because the financial statements include a lot of general information available to the public, as well as this format focuses on stock prices. that respond quickly to certain events.
- C- The strong form: - This form of the financial market depends on the information. Which reflect stock prices in the financial market are made available to users, ie that information that is reported to the public and that information obtained by the internal user. In particular, whether that information is financial, internal or external information, it is assumed that stock prices cannot be predicted and any predictions based on current information. and the previous one. That would lead to random information.

Therefore, (Al-Savan, 2016) sees that the comparison of market forms with the study of the Relevance of value. accounting information. Three tests can arise from it, which are summarized as follows (Al-Saffan, 2016: 31):

- A- To test the relationship between the historical accounting information. disclosed in financial reports with share prices. or its returns. It represents the weak trait. to fit the value.
- B- To test the relationship between the information. General accounting, available that are disclosed. Reported in the financial reports in accordance with the instructions with stock prices or returns represents a quasi-strong form of value relevance.
- C- That's a test. The relationship between public and private accounting information disclosed to the public in the financial statements and that information obtained by individuals. internals. In particular with stock prices its earnings represent a strong form of value suitability.

The market value of the share and the extent to which it is affected by the Relevance of the value to the accounting information

The market value of the economic entity is one of the most important indicators that it constantly measures. The higher the market value, the more this indicates growth and development in its work and a greater ability to control a

larger share of the financial market, as this value is measured by the share price in the financial market (Shugair, 2019: 7). Therefore, many studies, especially the study of (Mbekomize & Popo, 2020), emphasized the study of the extent to which it is affected by the Relevance of the value by studying the accounting variables represented by (profits, cash flows, and the book value of property rights), as the study showed that the book value of property rights has a weak effect on stock prices. In addition, it was found that the operating cash flows did not affect the stock prices of the economic entity, so that the profits and stock prices when they are mixed give Relevance value to the accounting information greater than any other combination in the accounting variables. As for accounting profits, they have a strong impact if they are issued in a timely manner (Mbekomize & Popo, 2020:46).

(Clout & Willett, 2016) conducted a study on the 30 largest companies listed on the American Stock Exchange during the period from 1955 to 2009 to verify the suitability of profits. During that period, they concluded that the decrease in the relevance of the value of accounting profits and the book value together for the purposes of measuring the stable value over time and that the relevance of the loss information for the purposes of measuring the value is less than that related to the accounting profits for it (Clout & Willett, 2016: 225) and also targeted (Camodeca, & et. al, 2014) in their study verifying the suitability of accounting information for the purposes of measuring the value in the stock market in Italy and the Entity Kingdom, and they relied in their study on the differences in the legal system and the characteristics of the capital market and the role of the accounting profession to make a comparison between the two countries, and they concluded that the cash flows have an explanatory capacity Greater compared to accounting profits in the Entity Kingdom, in relation to the market value of the economic entity (Camodeca, & et al, 2014: 517). believes (Awja, 2021) that the accounting measurement that produces accounting information that has value relevance can have the ability to change the market value of the shares of an economic entity at a certain point in time and has the explanatory power retroactively for any changes in the prices of the shares of that entity over time and within the environment. Its competitiveness (Awja, 2021: 65).

Therefore, Beisland, (2008) confirms in a study that the Relevance of the value of accounting information does not focus on how the accounting information is used in evaluating the economic entity, but rather explains the ability of accounting information to explain, clarify and retrospectively the changes in stock prices over time or between economic entity. (Beisland, 2008:9).

confirmed (Fayed et al. 2018) in their study that the value's suitability to the level of profits and its changes is the highest among the variables, followed by the operating cash flows and then the book value, through the study years and at the sample level as a whole. The study showed that the cash flows have additional informational content and high explanatory power. Therefore, it is not an alternative source, but rather a basic variable in the model of evaluating the market value of the economic entity. The study also showed that the Relevance value for all variables combined is high in all models and within the limits of the results of previous studies. The study also showed that the fit of the value for all variables varies according to the size and the result of the activity. and degree of growth. And through time. Accordingly, users of. The financial reports issued in the Kuwaiti market rely heavily on accounting variables in interpreting the behavior of market stock prices, which in turn affects the market value of the economic entity as a whole (Fayed et al. 2018: 637).

also investigated (Abousamak, 2015) the suitability of value for accounting information for the purposes of measuring value using a sample of companies registered in the Egyptian Stock Exchange (267 observations) during the period from 2007 to 2009 after Egypt applied the new version of Egyptian accounting standards, which depend mainly on international financial reporting standards. It was concluded that the accounting information has an Relevance value for the purposes of measuring the market value in general, and that this relevance improves with the passage of time as a result of the knowledge of the preparers of the financial statements on the new standards and their experience in applying them. It also concluded that the book value information is important for the purposes of measuring the market value (Abousamak, 2015: 8).

conducted (Mostafa, 2016) a study to verify the usefulness of accounting information from the perspective of capital in Egypt. The relevance of profit information, book value of property rights, and operating cash flows was examined for purposes of measuring the value of the company. A sample of 52 companies listed on the Egyptian Stock Exchange was used from the period from 2003 to 2008. And it was concluded that the accounting profits have a suitable value for the purposes of measuring the value, and that the relevance of changes in profits for the purposes of measuring the value is higher than those related to profits, in the interpretation of stock returns, in addition to that the operating cash

flows are not Relevance for the purposes of measuring the value, as it was concluded that the profits and values The book value of the share has a major role in the process of evaluating companies, but the accounting profits are of great importance compared to the book value of equity (Mostafa, 2016: 1752). indicated (Barth et al. 2018) in a recent study addressing the development of suitability. Value of accounting information for value measurement purposes. In the modern economy during the period from (1962-2014) in the Entityed States of America also, as he confirmed that previous studies concluded that accounting information, especially with regard to profits, had lost its relevance, so a number of writers used other accounting values such as growth oppormentityies, intangible assets, and other measures of performance Which is reflected in the conclusion that there is a correlation between the share price and accounting information that reflects the new economy (Barth et al., 2018: 5).

Measuring the impact of Relevance value on market share prices

It is possible to measure the impact of the Relevance of the value of the accounting information of the bank, the research sample, which is listed on the Iraq Stock Exchange, using the Price Model, as the value of the company is measured. In terms of the share price after the lapse of three months from the date of the statement of financial position, the accounting profits through the earnings per share, the book value of equity, and the operating cash flows with those calculated per share. As the model equations are applied using the SPSS statistical program and based on the information available in the financial statements of the Ashur Bank, the research sample during the years from 2016 to 2021, as this model is used to test the relationship between:

1- The share price and accounting profits using the following formula:

$$P_t = \beta_1 + \beta_2 E_t / S_t + e_t$$

2-Share price and operating cash flows using the following formula:

$$P_t = \beta_1 + \beta_2 CF_t / S_t + e_t$$

3-The share price and book value of ownership rights using the following formula:

$$P_t = \beta_1 + \beta_2 BV_{t-1} / S_t + e_t$$

4-Share price, book value of equity, operating cash flows and accounting profits together using the following formula:

$$P_t = \beta_1 + \beta_2 E_t / S_t + \beta_3 CF_t / S_t + \beta_4 BV_{t-1} / S_t + e_t$$

whereas:

P_{i,t}: the share price of the economic entity three months after the end of the financial period t of company i.

BV_{it-1}: The book value of the stock at the end of term t-1 of company i.

EPS_{i,t}: accounting profits at the end of period t.

CFS_{i,t}: cash flows per share at the end of the period t.

S_t: the number of issued shares at the end of the period t.

E_t: measurement error. B: coefficients of variables. t: the duration of the event.

Table (1) The profitability of stock prices

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.879 _a	.772	.696	2734102599.68011	.772	10.163	1
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
		B	Std. Error	Beta			
1	(Constant)	0.297	8543732238.265		-1.894	.154	
	Share price	3.960	30416492207.601	.879	3.188	.050	

a. Dependent Variable: Accounting profits

Table (1) shows that the value of the correlation (R) between the variables is 0,879, and the coefficient of determination R Square was 0.772, which means that the profit explains 77% of the changes in the price and the rest is due to other factors in the market. The level of significance of the Sig test reached 0.050 It is equal to 0.05, and this means that the profit is suitable for the share prices in the bank, and the B coefficient indicates that any increase in the earnings per share by one degree leads to an increase of 3.960% in the share price with all other variables constant, which proves the first sub-hypothesis, which states that "Accounting profits have Relevance information for market share prices".

Table (2) Matching cash flows to stock prices

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.794 ^a	.631	.508	25750506.07834	.631	5.133	1
Model		Unstandardized Coefficients			Standardized Coefficients	t	Sig.
		B	Std. Error		Beta		
1	(Constant)	.782	.488			2.698	.074
	Share price	-.713	.219		-.794	-2.266	.108

a. Dependent Variable: cash flow

Table (2) shows that the value of the correlation (R) between the variables is 0.794, and the coefficient of determination R Square was 0.631, which means that the cash flows explain 0.63% of the changes in the price and the rest is due to other factors. The level of significance of the Sig test reached 0.108, which is less From 0.05, this means that the cash flows are Relevance to the share prices in this bank, and the B coefficient indicates that any increase in the cash flows of the shares by one degree leads to a decrease of -71% in the share price, with all other variables constant, which proves the second sub-hypothesis, which states It is "cash flow information relevant to the market price of stocks."

Table (3) Matching the book value of equity to share prices

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.505 ^a	.255	.007	.01624	.255	1.028	1
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
		B	Std. Error	Beta			
1	(Constant)	1.121	.051		22.092	.000	
	Share price	-.183	.181	-.505	-1.014	.385	

a. Dependent Variable: Book value

Table (3) shows that the value of the correlation (R) between the variables is 0.505, and the coefficient of determination R Square reached 0.255, which means that the cash flows explain 25% of the changes in the price and the rest is due to other factors, and the level of significance of the Sig test reached 1,211, which is higher than 0.05 This means that the book value of property rights is compatible with the share prices of the bank, and the B coefficient shows that any increase in the book value of the share by one degree leads to a decrease of -0.183% in the share price with all other variables constant, which proves the third sub-hypothesis, which states that "The book value of the share has Relevance information for the market share prices."

Table (4) Matching profit, cash flows and book value together to share prices

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.874	.755	.645	.213		
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	.918	3	.307	6.750	.018b
	Residual	.314	7	.046		
	Total	1.233	10			

Table (4) shows that the value of the correlation (R) between the variables is 0.874, and the coefficient of determination, R Square, is 0.755, which indicates that the Relevanceness of profit, cash flows, and book value explain 0.755% of the changes in the share price, and the rest is due to various factors. Also, the level of significance of the Sig test amounted to 0.018, which is less than 0.05, and this means that there is an Relevance profit, cash flow, and book value of stock prices in the Ashur Bank.

Table (5): The relevance of profit, cash flows, and book value together to share prices

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-1.865-	1.695		-1.102-	.308
Accounting profits	1.886	1.842	.407	1.024	.341
cash flow	.142	.311	.088	.439	.675
Book value	2.125	1.688	.494	1.272	.249

The B coefficient shows that any increase in the profit of the bank's shares by one degree leads to an increase of 1.886% in the share price. The B coefficient also explains that any increase in the cash flows of the bank's shares by one degree leads to an increase of 0.142% in the share price. B shows that any increase in the book value of the bank's shares by one degree leads to an increase of 2.114% in the share price, with all other variables constant.

Therefore, it is clear that the Relevance of the value of accounting information is represented in the ability of accounting numbers to summarize the information on which stock prices are based. For the economic entity through the correlation between (accounting profits, cash flows and book value) and market share prices, and from the foregoing, the main research hypothesis can be proven, which states that "there is a significant effect of the Relevance of the value of accounting information in the share prices of commercial economic entity".

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

- 1-The interpretation of the accounting information (accounting profits, cash flows and book value) for share prices of commercial banks listed on the Iraq Stock Exchange is an indicator of the suitability of the value.
- 2-Financial reports help measure the Relevance of value through their ability to capture or summarize information, regardless of its source, which affects the value of the market share.
- 3-Accounting information is of Relevance value if it is used by investors when evaluating the market share prices of commercial banks
- 4-The available statistical measures are used to measure the Relevance of value as indicators of whether investors use the information with certainty when rationalizing their investment decisions.
- 5-There is a significant effect of the Relevance of the value of the accounting information (accounting profits, cash flows and book value) in the stock prices of the commercial economic entity.

Recommendations:

- 1-The need to focus on accounting information related to (accounting profits, cash flows, and book value), as lack of interest in them causes a decrease in the financial health of commercial banks, which leads to macroeconomic instability and increases the possibility of default.

- 2-The need to research the issue of measuring the Relevanceness of the value of accounting information for financial reports, which contributes to improving the informational content of financial reports and helps enhance the Relevanceness of the value of the information contained therein.
- 3- The need to pay attention to providing accounting information to investors that link accounting variables (earnings, book value of shares, cash flows) with stock prices.

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APPENDIX I

Trading volume	cash flow	accounting profit	Book value of equity	share market price	Age	year
407400000	11423084	14742000	374710708	0.209	140	2016
1010000000	8949619	13498000	376315630	0.117	152	2017
2195600000	98873748	4735000	467479690	0.230	164	2018
230500000	38295664	6049000	424655845	0.240	176	2019
293000000	25940395	14828000	473954153	0.280	188	2020