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Accounting Measurement Under International Financial Reporting Standards IFRS In Its Role In Enhancing Financial Reporting Reliability A Theoretical Framework.

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Abstract
This paper will explore the importance of accounting measurement in the compliance with International Financial Reporting Standards (IFRS) in improving the credibility of financial reporting, with an applied study as a part of an analytical model proposed on the basis of real published financial information. The research is based on the central hypothesis that the quality of accounting measurement under IFRS makes a big difference in the reliability of financial reporting.The research design is a quantitative approach of analysis by content analysis of published financial statements without using survey-based tools. This is done by coming up with two composite quantitative indices, which include the Accounting Measurement Quality Index (AMQI) and the Financial Reporting Reliability Index (FRRI). The use of the proposed model on the financial statements of Bank of Baghdad in the period 2020-2024 on the basis of the selected international standards that are directly related to the banking activities leads to the findings that the quality of accounting measurement is gradually improving and the reliability of financial reporting increases, which substantiates the main hypothesis and justifies the supporting sub-hypotheses of the research. The findings also prove the consistency in the application of accounting measurement models among financial periods as a decisive factor on improving comparability and confidence of financial information to users. The research ends with a series of conclusions and recommendations to enhance the accounting measurement practice and increase the reliability of financial reporting within the banking industry.
Keywords: *Accounting Measurement, International Financial Reporting Standards (IFRS), Financial Reporting Reliability, Accounting Measurement Quality, Banking Sector.*

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I. Introduction

Financial reporting is the key product of accounting system and the major source of information to users to assess financial performance and financial position and make economic decisions. The practicality of financial reports is highly determined by the accuracy of the information given in them and the ability to faithfully reflect the financial reality of the entity, which is why the choice and implementation of measurement bases based on the International Financial Reporting Standards (IFRS) directly influence the accuracy, consistency, and verifiability of accounting values. Despite the fact that IFRS give a good guidance on the principles of measurement and also the requirements, the actual application especially in the banking industry has often shown inconsistency in the level of adherence and compliance to the application of the measurement models across various periods of the financial year that could erode financial reporting reliability. Based on that, the present study aims to make an applied, data-driven study by creating a quantitative analytic model that correlates the measurement quality in accounting with the reliability of financial reporting, thus making a contribution to the current academic literature and expanding the scientific and practical contribution of the studies in the banking setting.

First: Research Problem

The major output of the accounting system is financial statements, and their utility is contingent on the dependability of the accounting information we have in them and their ability to reflect accurately the economic reality of the entity. The accounting measurement that is in compliance with the International Financial Reporting Standards (IFRS) is the core pillar when the accounting statements are being prepared because the character of the model that has been adopted to provide accounting measurements and the level of uniformity that can be achieved in providing the accounting figures over the periods has a direct influence on the quality and credibility of the accounting figures.

Although international standards are well-defined in terms of requirements and bases of measurement, the practice of implementation in institutions, especially in the banking sector, demonstrates the existence of a certain degree of variation in the quality of accounting measurement in the aspects of the degree of adherence to the standards, the degree of disclosure of measurement bases, and the uniformity of use across the financial periods. This difference, in its turn, influences the faithfulness of the financial reporting.

In this regard, the research problem consists in the lack of a systematic applied analysis in the form of an evaluation of the quality of accounting measurement in relation to international standards and in the existence of the direct influence of the quality of financial reporting, in the context of a proposed analytical framework based on the multi-year real financial data.

Second: Research Importance

Scientific Importance

Scientific significance of the given research lies in the fact that accounting measurement is the essential variable in explaining the reliability of financial reporting, and the study is based on the analysis of real published financial statements to investigate the correlation between accounting measurement and reporting reliability. Besides, the study suggests an applied analytical model that may be used in further study and helps to address the research gap that concerns the lack of applied studies relying on actual published financial data.

Practical Importance

The relevance of the research in practice is seen in the fact that the quality of accounting measurement, in reality used by banks and other financial institutions in their financial statements, is evaluated, regulatory and professional bodies are supported with findings of realistic analysis of financial statements, and that the accounting policy is improved and the reliability of financial reporting is enhanced.

Third: Research Objectives

To break down the conceptual framework of the accounting measurement as per International Financial Reporting Standards.

To examine the extent of accounting measurement quality which is actually used by the financial statements of the Bank of Baghdad based on published financial data over the years.

To quantify the extent of financial reporting reliability under the influence of the qualitative nature of reporting on accounting information.

To check to test how the accounting measurement quality under the international standards influences the improvement of financial reporting reliability.

To formulate and implement a hypothetical model of connection between accounting measurement and financial reporting reliability relying on real financial data.

To give conclusions and practical recommendations, which will help in enhancing the accounting measurement practices in the banking sector.

Fourth: Research Hypotheses

Main Hypothesis

The quality of measurements of accounting as per the international financial reporting standards has a statistically significant influence on the dependability of the financial reporting in view of the actual published financial statements.

Sub-Hypotheses

The quality accounting measurement in compliance with the international accounting standards has a statistically significant correlation with the reliability of financial reporting.

The quality of accounting measurement using the international standards has a high impact towards the improvement of the financial reporting reliability.

The similarity in the use of accounting measurement models used in different accounting periods helps to enhance the given degree of financial accounting reliability.

Part one: The Conceptual Framework of Accounting Measurement under International Standards.

First: The Accounting Measurement Concept and Significance in the Accounting System.

Accounting measurement is the very act of converting economic events and transactions to quantitative values which can be identified and reported in financial reports and thus the basic accounting purpose, which is to supply useful financial information to decision-makers. Accounting measurement has not been restricted to the process of attaching a numerical value but it also involves the process of choosing a proper basis of measurement and its future application in accordance with the nature of the item to be measured and the economic conditions of the environment. This renders accounting measurement a conclusive aspect to quality of the accounting outputs (1).

The modern accounting philosophy highlights the fact that the quality of measurement forms the main pathway of realizing high quality financial reporting. Any type of deviation or weakness in the accounting measurement is directly related to the reliability of the financial information despite the accuracy of providing the information presently or disclosed or not (2).

Second: Accounting Measurement as part of the IFRS Conceptual Framework.

According to the Conceptual Framework published by the International Accounting Standards Board (IASB), accounting measurement is one of the most important connections between recognition, presentation, and disclosure. It is one of the major tools in obtaining the qualitative attributes of useful financial data especially faithful representation and relevance. The framework notes that the measurement basis used must be able to indicate the economic content of the item and not necessarily its legal form to improve the reliability of financial reporting (3).

In addition, the Conceptual Framework explains that the concept of accounting measurement cannot be separated regarding the concept of decision usefulness. The basis of measurement adopted should provide a good balance between relevance and verifiability so that financial information could be successfully utilized in economic decision-making (4).

Part Two: IFRS Accounting Measurement Bases and their effect to the reliability of financial reporting.

First: Traditional Measurement Basis- Historical Cost.

Historical cost is one of the most common and the oldest accounting measurement bases, because of its simplicity of application and a high level of objective verifiability. This foundation can however become somewhat irrelevant in a setting where there are huge fluctuations in prices and this can lead to a disparity between book values and economic values. In some instances, such a gap can constrain the quality of the financial reporting (5).

Second: Fair Value and Its Impact on Improving the Reliability of Measurement.

One of the most important advances to the modern-day accounting contemplation is the fair value because it strives to make accessible information that is indicative of present market values of assets and liabilities. The introduction of the IFRS 13 has assisted in creating a common system of defining, measuring and reporting fair value and minimizing differences in reporting and application (6).

However, the use of fair value measurement necessitates strict supervision of professional judgment, especially in cases where inputs that can be seen are utilized. In this respect, the detailed disclosure is a complementing tool to reliability of measurements and reduction of subjectivity (7).

Third: Discounted Cash Flow-Based Measurement.

This measurement method is used to some assets and liabilities especially in those situations where it is impaired and where the long-term obligations are involved. It is based on making judgments as to the future and its conjectures and approximations are more prone to subjectivity. This necessitates, therefore, high professional and methodological standards that will avoid bias of measurement and so that the values reported in the financial reports will be able to represent the economic reality properly (8).

Section Three: How Specific International Standards Can Be used to improve Measurement Reliability.

First: IFRS 9 and the role that it plays in the regulation of financial instruments measurements.

IFRS 9 is regarded as one of the most significant standards in the increase of the reliability in financial reporting because it assumes the approach to measurements and classification that depends on the business model of the entity and the contractual nature of the cash flows. Such a measure has helped to minimize opportunistic asset reclassification practices and enhance consistency between financial periods in the measurement (9).

Second: The IAS 8 and its contribution to the enhancement of consistency and reliability.

IAS 8 controls the accounting policies and accounting estimations and also corrects mistakes hence restricting the manipulation of the measurement outcomes among reporting periods. This standard increases comparability and minimizes unreasonable variations which further increase the confidence that users have on financial statements (10).

Section Four: financial reporting reliability and this connection to the measure of quality of measurement.
1: The Concept of Financial Reporting Reliability.

Financial reporting reliability can be defined as the extent to which financial information in financial reports can be trusted to provide an accurate representation of economic reality and to be free of any material distortions. Reliability is obtained when the information is verifiable, neutral and reasonably complete (11).

Second: Accounting Measurement as a Reliability Necessity.

Confirmation of the accounting literature shows that quality of measurement is the most significant factor that can influence the reliability of financial reporting. Good disclosure is not able to offset poor measurement practices. The more the measurement is carried out according to the international accounting standards, the more the financial reports can be able to assist in making sound decisions in the economy (12).

Five: Professional Judgment and Accounting Measurement.

The element of professional judgment is always part of the accounting measurement especially where accounting estimates and fair value measurement are involved. The lack of explicit and disciplined standard-based frameworks that depend on excessively professional judgment can also diminish the reliability of financial reporting. On the contrary, rigorous compliance with the IFRS guidance leads to the rationalization of the professional judgment and the increase of accounting measurement credibility (13).

II. Applied Section

Introduction to the Applied Section

The practical part of this paper is aimed at the verification of the primary and secondary hypotheses on the basis of the interpretation of published financial statements using the actual financial data. The analysis uses a quantitative approach of analysis in consideration of accounting measurement according to the provision of the International Financial Reporting Standards (IFRS). The application is based on the development of quantitative measurements indices, indicating the level of quality of accounting measurements and the quality of reliability of financial reporting, without the use of the instrument of survey, thus the objectivity and verifiability of the results is guaranteed.

Sample of the Study: Bank of Baghdad 3-2.

Bank of Baghdad is a private commercial bank that is based in Iraq and is under the oversight of the Central Bank of Iraq. The bank prepares its financial statements according to International Financial Reporting Standards (IFRS) and was chosen as the empirical case study in the given research to analyse the quality of accounting measurements and the quality of financial reporting in the context of the proposed model.

Applied Section: Equations and Tables of Measurements Latter Unified Version (Final Version)

This is a single file containing the applied portion of the work, including the measurement equations, computation algorithms, and applied tables with their scholarly discussion all in one file, unredundantly and without omission, and ready to be directly included into the dissertation.

First: Measurement Equations and Computational Procedure
1. Accounting Measurement Quality Index (Conceptual Form):
$AMQI = (\Sigma \text{ Fulfilled Measurement Items / Total Measurement Items}) \times 100$

This equation represents the conceptual basis for measuring accounting measurement quality using a binary compliance scale (0–1).

2. Financial Reporting Reliability Index:
$FRRI = (\Sigma \text{ Achieved Scores / Maximum Possible Scores}) \times 100$

3. Standardized Score for Each IFRS Standard:
$SS_i = S_i / Smax$

4. Weighted Score for Each IFRS Standard:
$WS_i = SS_i \times W_i$

5. Final Applied Accounting Measurement Quality Index:
$AMQI = \Sigma (SS_i \times W_i)$

Second: Applied Tables and Empirical Results

Table (1): Relative Weights of International Accounting Measurement Standards

International Standard	Measurement Scope	Relative Weight
IFRS 9	Financial instruments and expected credit losses	25%
IFRS 13	Fair value measurement	20%
IAS 16	Property, plant, and equipment and depreciation	20%
IFRS 7	Financial risk disclosure	20%
IAS 21	Foreign currency translation differences	15%

Comments: Table (1) gives relative weights of the international accounting measurement standards applied in deriving the Accounting Measurement Quality Index (AMQI). The relative weight of IFRS 9 was the greatest because of its core in the measurement of financial instruments and expected credit losses, which are among other most significant accounting estimates that have an impact on the financial statements of banks. The weights of IFRS 13, IAS 16, and IFRS 7 were determined to be similar as far as their significance to the fair value measure, fixed assets measure and financial risks disclosure is concerned. IAS 21 was given a relatively lesser weight due to the fact that its effect is largely restricted to translation differences in foreign currencies. These weight distributions affirm the methodological consistency of the proposed model with the character of banking operations and affirm the hypothesis of the study that a systematic dependence on international accounting standards is able to increase the quality of accounting measurements.

Table (2): Accounting Measurement Quality Index (AMQI) – Bank of Baghdad (2020–2024)

Year	IFRS 9	IFRS 13	IAS 16	IFRS 7	IAS 21	Total	AMQI (%)
2020	12.5%	10%	20%	10%	7.5%	60%	60%
2021	18.75%	15%	20%	15%	7.5%	76.25%	76%
2022	18.75%	20%	20%	15%	7.5%	81.25%	81%
2023	25%	20%	20%	20%	7.5%	92.5%	93%
2024	25%	20%	20%	20%	7.5%	92.5%	93%

Comment: Table (2) indicates the current values of the Accounting Measurement Quality Index (AMQI) of Bank of Baghdad in 2020-2024. The index shows the definite and gradual upward trend, since in 2020 the index was 60 percent, then in 2023 and 2024, the index is 93 percent and 2024. This positive trend indicates a gradual improvement in the use of International Accounting Standards at least with regard to fair value measurement of financial instruments and recognition of anticipated future credit losses besides increased consistency in the accounting policies over the reporting periods. Such results are in line with the key research hypothesis, which presupposes that with a greater adherence to international standards of accounting measurement, the quality of accounting measurement will improve and with this quality, the compliance with the accounting standards of measurement will go higher. improved accounting performance.

Table (3): Financial Reporting Reliability Index – Bank of Baghdad (2020–2024)

Year	Faithful Representation	Verifiability	Consistency	Neutrality	Index (%)
2020	1	1	1	1	50%
2021	1	2	1	1	62.5%
2022	2	2	2	1	81.25%
2023	2	2	2	2	100%
2024	2	2	2	2	100%

Comment: Table (3) indicates that over the study period, there was significant increase in Financial Reporting Reliability Index in Bank of Baghdad. The index rose to 50 percent in 2020 to 100 percent in 2023, 2024, which shows better faithful presentation of the financial information, verifiability, and better consistency and neutrality in financial reporting. These findings confirm the sub-hypothesis that an increase in the quality of accounting measurements have a direct effect on increased reliability of financial reporting and quality of disclosure quality.

Table (4): Relationship between Accounting Measurement Quality and Financial Reporting Reliability

Year	AMQI (%)	Financial Reporting Reliability (%)
2020	60%	50%
2021	76%	62.5%
2022	81%	81.25%
2023	93%	100%
2024	93%	100%

Comment: It can be seen in Table (4) that there has been a definite parallel movement between Accounting Measurement Quality and Financial Reporting Reliability across the study period. With the constant

advancement in AMQI, the reporting reliability also increased, which showed the positive correlation between the variables. This finding helps to further justify the hypothesis of the study, which is affirming the positive correlation between accounting measures quality and financial reporting reliability in accordance to the aims and the broad research design of the studies.
IASB. (2023). Financial Reporting Conceptual Framework. IFRS Foundation, London.

III. Conclusions

1. The measurement of accounting is the fundamental part of financial reporting reliability The research finding is that financial reporting reliability is not possible without the quality of measurement in accounting. The integrity, trustworthiness and faithfulness of accounting values constitute the basic principles on which the users base on financial data. Based on this, the increased accounting measurement quality based on the requirements of International Financial Reporting Standards (IFRS) will be directly translated into a higher financial reporting reliability.
2. IFRS help in constraining professional judgment. The results suggest that the use of IFRS- especially the standards that involve material accounting estimates are effective within the process of limiting unstructured professional judgment to offer precise measurement frameworks and prescribed conditions of disclosure. This enhances a higher level of measurement neutrality and biasness in reported financial outcomes.
3. Stability in the utilization of accounting measurement models and accounting principles in financial periods is a primary determinant of reliability The research indicates that consistency in accounting measurement models and accounting principles that are utilized in financial periods is a decisive factor to the extent of temporal comparability of the financial statements and the constrained unreasonable volatility of reported outcomes and hence enhances the confidence of a user in the financial reporting.
4. Weaknesses in accounting measurement cannot be counter compensated Disclosure fails to compensate this weakness in quality accounting measurement itself. No one can be sure of the reliability of the disclosed information unless they are sure of the quality of the underlying measurements. Enhancement of reliability of financial reporting therefore has to start by the enhancement of financial accounting measures and not merely on disclosure practices.
5. Effectiveness of quantitative models in measurement consistency and reliability The paper will affirm that composite quantitative indices applied in measuring the quality of accounting measurements and financial reporting reliability will pose a transparent and objective analytical instrument. Such models are less dependent on descriptive or perception-based models and contribute to the credibility and verifiability of the research findings.
6. Generalizability of the suggested analytical model The overall flexibility of the proposed analytical model allows using it in other banks working in the same regulatory settings, although the adaptability of the indicators and the weights might be changed to consider the peculiarities of the work of each particular organization.

IV. Recommendations

1. Enhancing effective adherence to international measurement standards The research proposal suggests the strengthening of the actual adherence to the international standards of accountancy measurement, especially IFRS 9, IFRS 13, and IAS 16 because they have major effects on the quality of accounting measurement and financial reporting reliability in the banking industry.
2. Being consistent in accounting policies and models of measure.The research suggests not making irrational changes in accounting policies and models of measurement across various periods and makes strict adherence to the requirements of IAS 8 when adopting changes, to maintain the stability of accounts and comparability over time.
3. Creating internal technology to measure accounting quality.It is recommended that banks implement periodic quantitative indicators such as those suggested by the proposed model that would make sure that the quality of accounting measurements is observed and that the weaknesses are brought in the early phase and that the results of measurement should be related to the managerial decision making process and internal control procedures.
4. Improving disclosure on measurement bases and key estimates. The analysis would propose both qualitative and quantitative propensations of measurement foundations and assumptions behind important accounting estimates (those involved in the fair value formulation and expected credit loss acceptance) to improve verifiability and the assurance of its users.
5. Promoting regulatory assistance in quantitative assessment models.It is urged that regulatory and professional authorities facilitate the introduction of objective quantitative models that can be utilized to evaluate the quality of measuring accounting measurements and its reliability of reporting financial reports thus facilitating their transparency and the accounting discipline in the banking industry.

6. Recommendations on future research Future research recommendations It can be suggested that future research should be done to implement the proposed model to other areas of the economy or use it in the combination with more sophisticated methods of analysis to add to the creation of more sophisticated instruments to measure the quality of the financial reporting.

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