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**THE IMPACT OF CREATIVE ACCOUNTING ON FINANCIAL
STATEMENTS PRESENTATION: FIELD STUDY ON SUDANESE
COMMERCIAL BANKS**

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Abstract

The paper dealt with the impact of Creative accounting on Financial Statements Presentation. The study problem is represented in the following question: Is there a statistically significant relationship between the creative accounting practice and the income statement presentation? Is there a statistically significant relationship between the creative accounting practice and the presentation of the financial position list? The study aimed to determine how creative accounting is related to financial statement, Highlight the technical means of creative accounting. the study adopted inductive approach, descriptive analytical approach, and historical approach .the questionnaire was used to achieve the objectives of the study. The study found several results, Creative accounting techniques have a positive and negative effects .The study recommended several recommendations, including: The necessity to conduct training courses for bank employees on creative accounting methods .

Key words : Creative accounting , Financial Statements, income statement, financial position , cash flow statement .

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ملخص

تناولت الورقة تأثير المحاسبة الإبداعية على عرض البيانات المالية. تتمثل مشكلة الدراسة في السؤال التالي: هل توجد علاقة ذات دلالة إحصائية بين ممارسة المحاسبة الإبداعية وعرض بيان الدخل؟ هل توجد علاقة ذات دلالة إحصائية بين ممارسة المحاسبة الإبداعية وعرض قائمة المركز المالي؟ هدفت الدراسة إلى تحديد علاقة المحاسبة الإبداعية بالقوائم المالية، وإبراز الوسائل الفنية للمحاسبة الإبداعية. إتبعنا الدراسة المنهج الاستقرائي، والمنهج الوصفي التحليلي، والمنهج التاريخي، وتم استخدام الاستبانة لتحقيق أهداف الدراسة. توصلت الدراسة إلى عدة نتائج، تبين أن لأساليب المحاسبة الإبداعية آثار إيجابية وسلبية، وقد أوصت الدراسة بعدة توصيات منها: ضرورة عقد دورات تدريبية لموظفي البنك على أساليب المحاسبة الإبداعية.

الكلمات المفتاحية :

المحاسبة الإبداعية، القوائم المالية، قائمة الدخل، قائمة المركز المالي، قائمة التدفقات النقدية.

1. Methodological framework:

1.1. The term “creative accounting” was first used in 1968 Creative accounting is referred to also as income smoothing, earnings management, earnings smoothing, financial engineering and cosmetic accounting. The preferred term in the USA, and consequently in most of the literature on the subject is „earnings management“, but in Europe the preferred term is „creative accounting“. It should be recognized that some accounting manipulation involves primarily balance sheet rather than earnings management (Karim and Rashid, 2011) The reliability of the financial statements are crucial for the stakeholders of the firms in order to make appropriate decisions. Even if there are strong accounting standards to guide financial accounting activities, sometimes it becomes impossible to prevent the manipulative behavior of financial statement preparers, who wants to effect the decisions of the financial statement users in favor of their companies.

1.2. Statement of problem:

It is crucial that financial statements show exact financial position of firms. These statements are used as decision making basis by the stakeholders. Sometimes, accountants are using certain techniques, which are called creative accounting, in order to influence accounting results in the financial statements, where the research problem can be formulated in the following questions:

The main questions Is there any statistically significant relationship between the creative accounting practicing and the Financial Statements Presentation?

1. Is there any statistically significant relationship between the creative accounting practicing and the presentation of the income statement?
2. Is there is any statistically significant relationship between the creative accounting practicing and the presentation of the financial position ?
3. Is there is any statistically significant relationship between the creative accounting practicing and the presentation of the cash flow statement?

1.3.Importance of the study:

- a. The researcher will gain much knowledge and a deeper understanding of creative accounting and how it relates to performance of a company.
- b. The research can be used for future researches by other students.
- c. The research aims to finally advise and recommend Savings and Social Development Bank on the measures it should implement so as to improve its financial performance through best accounting practices.

1.4.Objectives of the study:

The study aimed to achieve the following goals:

- a. To explain the relationship between the creative accounting practicing and the presentation of the income statement.
- b. To study the relationship between the creative accounting practicing and the presentation of the financial position.
- c. To enhance the relationship relationship between the creative accounting practicing and the presentation of the cash flow statement.

1.5.Hypotheses of the study:

To achieve the study's objectives, the following hypotheses were tested:

The main There is a statistically significant relationship between the creative accounting practicing and the Financial Statements Presentation. The sub Hypotheses.

H1. There are statistical significance relationship exists between the creative accounting practicing and the presentation of the income statement.

H2. There are statistically significance relationship exist between the creative accounting practicing and the presentation of the financial position.

H3. There are statistically significance relationship exist between the creative accounting practicing and the presentation of the cash flow statement.

1.6.Sources of data collection:

Initial Sources: The primary data of this study collected using questionnaire.

Secondary Sources: Secondary collected from references, previous studies related to research subject and internet.

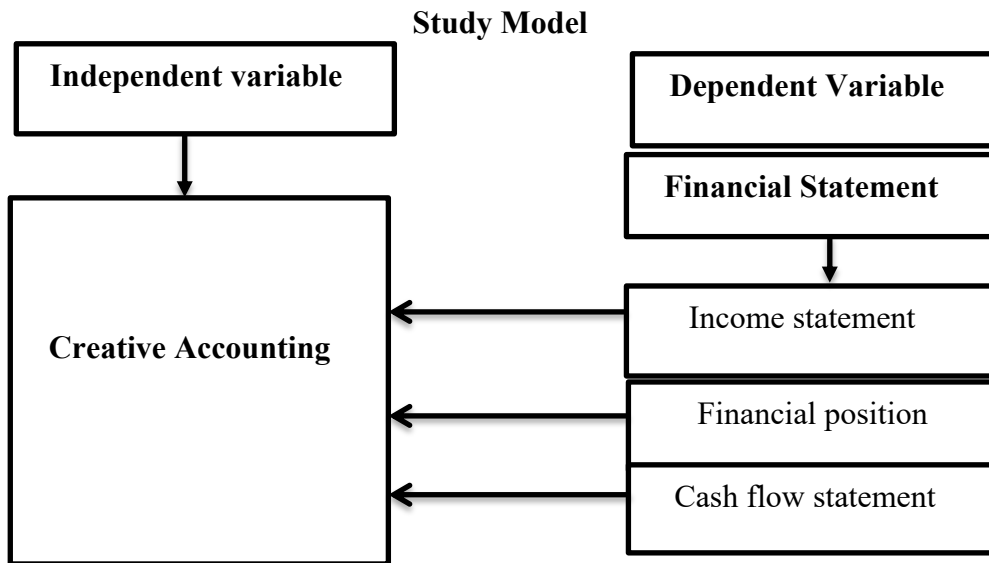
1.7.Methodology of the study:

The study adopted inductive approach, analytical descriptive approach, and historical approach.

1.8.Limits of the study:

Spatial limits of the study represented The National Audit chamber. limits carries out in 2018.

1.9.Study Model :



Source: Prepared by the researchers 2022

2. Previous studies review:

The study of [Qaisar Ali Malik., \(2015\)](#); This study empirically and critically investigates the issue of creative accounting in financial reporting. Data has been collected through structured questionnaire from industrial sector. Descriptive and inferential statistics were used to generalize the results and conclude the findings. The study concluded that a company is involved in frauds or scandals because of several factors like unethical behaviors, agency problem and non professional attitude. Creative accounting is neither an illegal nor legal only the maximum use of it pushes a company in scandals Creative accounting plays significant role in financial reporting but has been negatively correlated that means more managers involved in it may decrease the value of financial information. international standards have positive and significant role if it is flexible in financial reporting. As auditor's comment also plays positive and significant role in financial reporting. Ethics plays an important and positive role in financial reporting. The more ethical values mean lesser manipulative behaviors. So the manipulative behaviors only destroy the image of any company.

The study of Micah (2016); The study showed of the that conducted research has shown that all the companies that have managed to beat the targets have used creative accounting methods to artificially increase earnings and have been reward-ed by the market for doing so. In contrast, companies that have managed earnings in order to reduce them (by increasing reserves, for example), so that they barely meet the set goals, were not rewarded. the reason is that most of the targeted earnings are actually determined by analysts' forecasts so the most important goal of earnings management is to beat the forecasts, because companies that succeed in doing so are considered "good" companies. thus, companies trying to maintain the same level of earnings over the years are not considered "good" since they do not surpass the expectations.

The study of zanoda (2020); This study aims to try to measure creative accounting practices in light of the problem of tax management aggressive in the Algerian economic establishment, as these accounting practices may be a picture of opportunistic behavior to serve the interests of the

institution's financial goals while harming society. One of the biggest damages is tax evasion, which reflects government losses from tax revenues. Likewise, creative accounting and tax evasion practices or aggressive tax management are considered interconnected, given that accounting outcomes are the tax containers that the institution pays to administer taxation, and from it the ability and desire of managers to tax evasion may lead to harmful creative accounting in the economic institution.

The study of Mahmoud (2021); The aim of this study is to identify the impact of creative accounting methods on financial reports and statements in commercial banks listed on Amman Stock Exchange. the study utilized the descriptive analytical approach also, the questionnaire was used as an assessment tool for this study. the most important findings of the study is that earnings management The study has recommended the need to activate the governmental supervisory role as well as the audit committees in banks to limit the banks' practice of earnings management and creative accounting for the purpose of achieving the best degree of accounting information's quality and to provide it with each of trust and suitability, as well as the need to increase the effectiveness of the professional organization of accounting and auditing profession in Jordan. Also, to take the necessary measures to develop and enhance the competencies of its members, especially those who undertake auditing operations of banks' accounts to reveal earnings management .

3. Theoretical framework of Internal control :

3.1. Concept of Creative accounting :

According to (Healy ,2012,P5) creative accounting is the deliberate dampening of fluctuations about some level of earnings considered being for the firm.(Beidlamen ,2014,P66) defines creative accounting as any action on the part of management which affect reported income and which provides no true economic advantage to the organization and may have long-term detrimental effects. He also puts forward the idea that creative accounting involves the repetitive selection of accounting measurement or reporting rules in a particular pattern, the effect of which is to report a stream of income with a smaller variation from trend than would have appeared. (Naser 2013) defines creative accounting from an academic perspective as an act which involves transformation of financial accounting figures from what they actually are to what preparers' desire by taking advantage of the existing rules and or ignoring some or all them.

3.2. Motivations behind creative accounting :

The underlining purpose for creative accounting is to “present [a] business in the best possible light” typically by manipulating recorded profits or costs(Ismael, 2017). Company managers who participate in creative accounting can have a variety of situational motivations for doing so, including: Market and stockholder expectations of profits.

- a. Personal incentives.
- b. Bonus-related pay.
- c. Benefits from shares and share options.

- d. Job security.
- e. Personal satisfaction.
- f. Cover-up fraud.
- g. Tax management.
- h. Management buyouts.
- i. Debt covenant.

3.3. Techniques of Creative Accounting :

Management may use different types of creative accounting techniques to manipulate the result represented in the financial statements which complying with all applied accounting standards and other regulations. There are various methods used for creative accounting which can fall into four categories: Different accounting policies, abuse of judgment, artificial transactions (substance over form), and the timing of genuine transactions. The techniques that management used for creative accounting are: Window dressing, off balance sheet finance, 98 changes in accounting policies, profit smoothing, capitalizing expenses, contingent liabilities, changes in depreciation policy, etc. (Ismael, 2017). There are also many other techniques that has been used by different firms all over the world. For the sake of lack of time and space of this paper we clarify in brief few techniques of creative accounting. For example, window dressing involves the adjustment of financial statements of a company to achieve the maximum effect on the financial position at a particular date. Also off balance sheet financing is a situation where total debts of a company increases but the increased borrowing is not reflected in the financial statements of the company (Asuquo, 2011). And, capitalizing expenses refers to the treatment of development expenses, the fund, formation expenses, revaluation, depreciation policy and depreciation adjustments, capitalization of post-commissioning expenses and interest. (Maza, 2017).

3.4. Management's motives for using creative accounting methods:

- a. Tax evasion by reducing profits and revenues and increasing expenses in order to reduce the tax burden on the company.
- b. Improving the result of the activity and the financial position to achieve the financing conditions imposed by the financial institutions.
- c. Investors' satisfaction of the financial position of the company. Improving the company's reputation in the market, influencing the share price and maximizing the financial value of its shares in the financial markets (Crotty,2014) .

4. Theoretical framework of Financial Statements:

4.1.concept of Financial Statements:

Financial statements are a collection of summary-level reports about an organization's financial results, financial position, and cash flows. They include the income statement, balance sheet, and statement of cash flows (Kristina,2010)

4.2. Impact of Creative Accounting on Financial Statements :

Accounting creativity is euphemism and contributes 90% to the unfair reporting of firms operations.

The creativity in those practices is motivated by greed and intended to deceive the public, potential investors and shareholders and increases the rate of enterprise failures at a decreasing rate. However, the study revealed that the many regulations without adequate checks, punishments and rewards complement creative accounting in providing the foundation for make-believe, cosmetic and unfair reporting (Akapanuko & Umoren, 2018). Furthermore, creative accounting promotes and sustains company's image, and to select information so that the data offered should maintain the interest that they have in mind. The fact is that the managers under financial pressure are looking for solutions without thinking of ethical issue at hand. In other words, a half-truth and lying could be likely considered as fraud. The presence of options based on freedom of choice and appreciation enables management enterprise, according to its interests, to reverse reasons or translate legal, economic and financial innovations for problems that cannot be yet solved by regulations, which leads to creative accounting and subjectivism resulting in the shaping of results and financial statement contents (Marlina & Corina, 2012).

5. Field study:

5.1. Field study procedures:

The researchers discuss the method and procedures followed in the implementation of the study.

This includes a description of the study community, the sample of the study, the method of preparing its tools, and the statistical methods used to test the hypothesis of the study. The study community is the total group of elements that the researcher seeks to generalize the results related to the problem. The study community consists of **Savings and Social Development Bank**

5.1.1. The study's sample: The sample of the study was determined according to its scientific specifications that achieve the objectives of the study from the internal auditor, external auditor, accountant, risk office, investment officer, and head of department, to achieve the purpose of the study.

5.1.2. Data collection: A total of (50) forms were distributed on the pre-defined and targeted sample to verify the hypotheses of the study. A total of (50) forms were collected for analysis, (100%), To produce accurate results and disseminate them to the study community, the researchers are keen to vary the sample of the study in terms of its coverage on the following:

- a. Individuals of different years of age (less than 30 years, 30 years and less than 35 years, 35 years and less than 40 years, more than 40 years).
- b. Individuals with different qualifications (BSc, High Diploma, Master, PhD, Other).
- c. Individuals from different scientific disciplines (accounting, financial and banking studies, business administration, accounting information systems, economics, other.).
- d. Individuals of various functional occupations (internal auditor, external auditor, accountant, risk office, investment officer, department head, other).
- e. Individuals of different years of experience (less than 5 years, 5 years and less than 10 years, 10 years and less than 15 years, 15 years and less than 20 years, more than 20 years).

5.1.3. Tools of the study: The tools of the study are the means used by the researcher to collect the necessary data on the phenomenon studied. There are many tools used in the field of scientific research to obtain the necessary information and data. The researcher adopted the questionnaire as a main tool for collecting data from the study sample:

- a. Applicable for information from a number of individuals.
- b. Low cost and easy to apply.
- c. Easy to develop questions and answer questions and answer questions. d. The questionnaire provides time for the respondent and gives him an opportunity to think.
- e. Respondents in the questionnaire feel free to express opinions they fear others disagree with.

5.1.4. Stability and truthfulness Study tools:

a. Stability and Virtual Honesty: In order to ascertain the veracity of the questionnaires, the researchers presented the questionnaire to a number of academic arbitrators and specialists in the field of study. After the questionnaire was retrieved from the arbitrators, the proposed amendments were made. **Stability and statistical honesty:** The consistency of the test means that the scale gives the same results if used once under similar conditions. Stability means that if a test is applied to a group of individuals and their scores are monitored, then the same test is applied to the same group and the scores are obtained, the test is perfectly stable, also known as the accuracy and consistency of the measurements obtained from the test. The most commonly used methods for estimating the stability of a scale are (Half-way distribution using the Spearman-Brown formula, Alpha-Cronbach method, Method of re-application of the test). **Honesty** is a measure used to determine the degree of honesty among respondents through their answers to a given scale.

b. Use a questionnaire for survey sample:

The questionnaire was distributed to a sample of (5) individuals from the research community and from outside the research sample in accordance with their characteristics with the sample of the study to calculate the stability factor, to determine the degree of response of the respondents to the questionnaire and to identify ambiguous questions and to provide preliminary testing of hypotheses and to clarify some design and methodological problems. The stability test for the questionnaire was conducted using the alpha-Cronbach coefficient and the result was 0.873. This means that the data is stable as shown in Table (1) below:

Table (1): Alpha Kronbach coefficient of the questionnaire

Number	Axis	Number of ferries	Stability(constancy)
1	first hypothesis	5	0.894
2	second hypothesis	5	0.901
4	The third hypothesis	5	0.944

Source: Researchers, 2022.

The above table shows that the Kronbach coefficient for all the terms of the questionnaire is 0.929, which is high and the reference to the terms of the questionnaire is that the increase in the value of the Kronbach coefficient means increasing the credibility of the data. This means that the measure measures what is measured

5.1.5. Used Statistical methods: To achieve the objectives of the study and to verify its hypotheses, the statistical methods used are (Frequency distribution of responses, Percentages, Spearman-Brown equation to calculate the coefficient of stability, Arithmetic mean, standard deviation and variance and chi - square test to denote hypotheses).

5.2. Data analysis and hypothesis testing

The researchers analyzed personal data, questionnaire data and tested the hypotheses of the study using statistical methods. In addition, a comparison is made between the most important results of the field study and the results of the previous studies, as follows:

2. Analysis of the questionnaire data:

First sub hypothesis: There is a statistically significant relationship between the creative accounting practicing and the presentation of the income statement

Table (2)

The frequency distribution of the responses of the sample members of the study for the first hypothesis phrases

No	Sentences	Frequency and percentage%									
		Strongly Disagree		disagree		Neutral		Agree		Strongly agree	
		F	p	F	p	f	P	F	p	f	P
1	Practicing creative accounting techniques affects the cost of end-of-term inventory	0	0%	12	27.3%	2	4.5%	9	20.5%	21	47.7%
2	Practicing creative accounting methods affect the cost of goods sold	4	9.1%	4.	9.1%	2	4.5%	5	11.4%	29	65.9%

3	Practicing creative accounting methods affect revenues	4	9.1%	4	9.1%	2	4.5%	12	27.3%	22	50%
4	Practice creative accounting methods that affect operating expenses	4	9.1%	0	0%	6	13.6%	10	22.7%	24	54.5%
5	Practice of creative accounting methods that affect the business outcome of discontinued activities	10	22.7%	0	0%	4	9.1%	9	20.5%	21	47.7%

Source: Prepared by researchers, based on field study's data, 2022

From table (2) that explains the ratios and frequencies of the hypothesis expressions, which states, "There are statistical significance relationship exists between **the creative accounting practicing and the presentation of the income statement.**", the researchers noticed that, the respondents, answers are strongly agree and agree.

Table (3)

The mean and the mode of the responses of the sample members of the study for the phrases of the first hypothesis

No	Sentences	Mean	mode	Explanation
1	Practicing creative accounting techniques affects the cost of end-of-term inventory	3.70	4	agree
2	Practicing creative accounting methods affect the cost of goods sold	4.04	5	Strongly agree
3	Practicing creative accounting methods affect revenues	4.64	5	Strongly agree
4	Practice creative accounting methods that affect operating expenses	4.15	5	Strongly agree
5	Practice of creative accounting methods that affect the business outcome of discontinued activities	4.00	5	Strongly agree

Source: Prepared by researcher, based on field study's data, 2022.

From table (3), the researcher noticing that the descriptive statistics of the first hypothesis's terms which states, "table (2) that explains the ratios and frequencies of the hypothesis expressions,

which states, “There are statistical significance relationship exists between **the creative accounting practicing and the presentation of the income statement.**”, the arithmetic mean is in the range between (3.70 – 4.64) and the mode is in the range between (4-5). According to the Five-digit Liker’s scale, the respondents, answers are; strongly agree and agree.

**Table (4)
Test of Chi - square for the first hypothesis**

no	Sentences	Chi-square	Degree of freedom	Statistical significance
1	Practicing creative accounting techniques affects the cost of end-of-term inventory	82.421	1	.000
2	Practicing creative accounting methods affect the cost of goods sold	79.246	1	.000
3	Practicing creative accounting methods affect revenues	56.444	1	.000
4	Practice creative accounting methods that affect operating expenses	94.623	1	.000
5	Practice of creative accounting methods that affect the business outcome of discontinued activities	66.765	1	.000

Source: Prepared by researchers, based on field study’s data, 2022.

In order to test the validity of the hypothesis, which states There is a statistically significant relationship between the creative accounting practicing and the presentation of the income statement ", the ki square test was used for the axis expressions. The values of the ki square calculated as follows (82.421 – 79.246 – 56.444 – 94.623 – 66.765) With degrees of freedom (1), and with the statistical significance for all terms (0.00), When comparing the level of statistical significance with the permissible level of significance (0.05) we find that the level of statistical significance is less than the level of morale, which means there are differences of statistical significance of the terms of the hypothesis.

The second hypothesis: There is a statistically significant relationship between the creative accounting practicing and the presentation of the financial position”

Table (5)

The frequency distribution of the responses of the sample members of the study for the second hypothesis phrases

No	Sentences	Frequency and percentage%									
		Strongly Disagree		Disagree		neutral		Agree		Strongly agree	
		F	P%	F	P	f	b	F	P	F	P
1	Practicing creative accounting methods that affect the carrying value of fixed assets	7	15.9%	5	11.4%	5	11.4%	0	0%	27	61.4%
2	Practice of creative accounting methods that affect short-term liabilities	0	0%	7	15.9%	6	13.6%	4	9.1%	27	61.4%
3	Practicing creative accounting methods affect long-term liabilities	4	9.1%	8	18.2%	3	6.8%	8	18.2%	21	47.7%
4	Practice creative accounting methods that affect intangible assets	0	0%	12	27.3%	4	9.1%	4	9.1%	24	54.5%
5	Practicing creative accounting methods affect current investments	3	6.8%	4	9.1%	5	11.4%	8	18.2%	24	54.5%

Source: Prepared by researchers, based on field study's data, 2022.

From table (5), which explains the ratios and frequencies of the hypothesis terms, which states, “There is a statistically significant relationship between the creative accounting practicing and the presentation of the financial position”, the researchers noticed that, the respondents, answers are strongly agree and agree.

Table (6)

The mean and the mode of the responses of the sample members of the study for the phrases of second hypothesis

No	Sentences	Mean	mode	Explanation
1	Practicing creative accounting methods that affect the carrying value of fixed assets	3.79	4	agree
2	Practice of creative accounting methods that affect short-term liabilities	4.15	5	Strongly agree
3	Practicing creative accounting methods affect long-term liabilities	4.27	5	Strongly agree
4	Practice creative accounting methods that affect intangible assets	4.01	5	Strongly agree
5	Practicing creative accounting methods affect current investments	4.04	5	Strongly agree

Source: Prepared by researcher , based on field study’s data, 2022

From table (6), the researcher noticed from the descriptive statistics of the first hypothesis’s terms, which states, “There are statistically significance relationship exist between management control and activating governance principle.”, the Arithmetic mean is in the range (3.79 – 4.27), and the mode is in the range between (4-5). According to the five-digit Likert’s scale, the respondents’ answers are; strongly agree and agree.

Table (7)

Test of Chi – square for the second hypothesis

no	Sentences	Chi-square	Degree of freedom	Statistical significance
1	Practicing creative accounting methods that affect the carrying value of fixed assets	77.327	1	.000

2	Practice of creative accounting methods that affect short-term liabilities	79.955	1	.000
3	Practicing creative accounting methods affect long-term liabilities	94.591	1	.000
4	Practice creative accounting methods that affect intangible assets	90.091	1	.000
5	Practicing creative accounting methods affect current investments	55.404	1	.000

Source: Prepared by researchers, based on field study's data, 2022.

In order to test the validity of the hypothesis, which states, “**There is a statistically significant relationship between the creative accounting practicing and the presentation of the financial position**”, the Chi-square test used for the axis expressions. The values of the Chi-square calculated as $((77.327 - 79.955 - 94.591 - 90.091 - 55.404))$, with degrees of freedom (1), and with the statistical significance for all terms (0.00). When comparing the level of statistical significance with the permissible level of significance (0.05) we find that the level of statistical significance is less than the level of morale, which means there are differences of statistical significance of the terms of the hypothesis. From above discussion, the researchers conclude that, the second hypothesis that states, “the fluctuation of the real exchange rate affects the financial performance of commercial banks”, achieved.

The third hypothesis: There is a statistically significant relationship between the creative accounting practicing and the presentation of the cash flow statement”

Table (8)

The frequency distribution of the responses of the sample members of the study for the second hypothesis phrases

No	Sentences	Frequency and percentage%									
		Strongly Disagree		Disagree		neutral		Agree		Strongly agree	
		F	P%	F	P	F	p	F	P	F	P
1	Practicing creative accounting methods that affect the cash	7	15.9%	0	0%	4	9.1%	8	18.2%	25	56.8%

	generated from sales operations										
2	The practice of creative accounting methods affects the cash paid to suppliers	3	6.8%	3	6.8%	11	25%	7	15.9%	20	45.5%
3	The practice of creative accounting methods affects the benefits paid to creditors	0	0%	7	15.9%	4	9.1%	9	20.5%	24	54.5%
4	Practicing creative accounting methods that affect the cash paid to purchase fixed assets	1	2.3%	1	2.3%	11	25%	7	15.9%	24	54.5%
5	Practicing creative accounting methods that affect the cash paid to buy stocks and bonds	2	4.5%	3	6.8%	5	11.4%	10	22.7%	24	54.5%
6	Practicing creative accounting methods that affect the distribution of cash profits to shareholders	7	15.9%	5	11.4%	2	4.5%	2	4.5%	28	63.6%
7	The practice of creative accounting methods affects the cash collected from a loan from external parties	2	4.5%	7	15.9%	2	4.5%	10	22.7%	23	52.3%

Source: Prepared by researchers, based on field study's data, 2022.

From table (8), which explains the ratios and frequencies of the hypothesis terms, which states, **There is a statistically significant relationship between the creative accounting practicing and the presentation of the cash flow statement”** , the researchers noticed that, the respondents, answers are strongly agree and agree.

Table (9)

The mean and the mode of the responses of the sample members of the study for the phrases of second hypothesis

No	Sentences	Mean	mode	Explanation
1	Practicing creative accounting methods that affect the cash generated from sales operations	4.15	5	Strongly agree
2	The practice of creative accounting methods affects the cash paid to suppliers	3.86	4	Strongly agree
3	The practice of creative accounting methods affects the benefits paid to creditors	4.13	5	Agree
4	Practicing creative accounting methods that affect the cash paid to purchase fixed assets	4.18	5	Strongly agree
5	Practicing creative accounting methods that affect the cash paid to buy stocks and bonds	4.16	5	Strongly agree
6	Practicing creative accounting methods that affect the distribution of cash profits to shareholders	3.88	4	Strongly agree
7	The practice of creative accounting methods affects the cash collected from a loan from external parties	4.02	5	Strongly agree

Source: Prepared by researchers , based on field study's data, 2022

From table (9), the researcher noticed from the descriptive statistics of the first hypothesis's terms, which states, "There are statistically significance relationship exist between management control and activating governance principle.", the Arithmetic mean is in the range (3.86 – 4.18), and the mode is in the range between (4-5). According to the five-digit Likert's scale, the respondents' answers are; strongly agree and agree.

Table (10)
Test of Chi – square for the second hypothesis

no	Sentences	Chi-square	Degree of freedom	Statistical significance
1	Practicing creative accounting methods that affect the cash generated from sales operations	59.159	1	.000
2	The practice of creative accounting methods affects the cash paid to suppliers	86.336	1	.000
3	The practice of creative accounting methods affects the benefits paid to creditors	64.413	1	.000
4	Practicing creative accounting methods that affect the cash paid to purchase fixed assets	81.818	1	.000
5	Practicing creative accounting methods that affect the cash paid to buy stocks and bonds	59.301	1	.000
6	Practicing creative accounting methods that affect the distribution of cash profits to shareholders	88.364	1	.000
7	The practice of creative accounting methods affects the cash collected from a loan from external parties	77.227	1	.000

Source: Prepared by researchers, based on field study’s data, 2022.

In order to test the validity of the hypothesis, which states, **There is a statistically significant relationship between the creative accounting practicing and the presentation of the cash flow statement** , the Chi-square test used for the axis expressions. The values of the Chi-square calculated as ((59.159 – 86.336 – 64.413 – 81.818 – 59.301 – 88.364 – 77.227)), with degrees of freedom (1), and with the statistical significance for all terms (0.00). When comparing the level of statistical significance with the permissible level of significance (0.05) we find that the level of statistical significance is less than the level of morale, which means there are differences of statistical significance of the terms of the hypothesis. From above discussion, the researchers conclude that, the second hypothesis that states, “the fluctuation of the real exchange rate affects the financial performance of commercial banks”, achieved.

6. Results of the study:

After completing the theoretical framework of the study and data, researcher found the following results:

- a. The negative effects of creative accounting techniques cannot be eliminated completely but it can be reduced to the lower level..
- b. Creative accounting techniques have a positive and negative effects .
- c. The study found that active corporate governance principles can be used to control the practices of creative accounting by using independent non-executive directors ..
- d. Additionally also, the study investigates the relationship between the creative accounting practicing and the presentation of the income statement.
- e. This study explores the impact of creative accounting on financial statement Presentation.

the study concludes that the statutory auditor can play an effective role in reducing the effect of creative accounting techniques on the reliability of financial statement.

7. Recommendations:

Base on the results of this study, researcher recommended the following:

- a. The necessity to conduct training courses for bank employees on creative accounting methods .
- b. Raising the interest of researchers to conduct studies on the creative accounting methods, especially with regard to deserve matters such as (tax evasion, shareholder misleading, etc.).
- c. The necessity to educate the banking management of the risks arising from the creative accounting and earnings management operations and their negative repercussions on banking performance.
- d. That use of creative accounting tools and techniques will impact the financial statements either conducted with good intentions or bad intentions.
- e. Conducting researches on the creative accounting in light of different variables other than the study variables (for example, on banks' non-financial information and data).

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