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# The Impact of Creative Accounting Methods on the Credibility of Financial Statements

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**ABSTRACT**

This research aims to know the extent of the impact of creative accounting methods on the validity and credibility of financial statements (financial position statement, income statement, cash flow statement), and this is from the point of view of both the preparers of the financial statements and the beneficiaries of their services. To answer the research problem, we have relied on the investigative aspect on a questionnaire. It was directed to two samples (preparers of financial statements and their beneficiaries). 60 searchable questionnaires were distributed and retrieved for each of the two samples. In analyzing the questionnaire and testing the research hypotheses, we relied on the nonparametric mean difference test for the two independent samples (Mann-Whitney) or (U). The study found that, to a large extent, there are no statistically significant differences regarding the effect of creative accounting methods and the validity and credibility of financial statements from the point of view of financial statement preparers and the entities that benefit from their services. They agree that creative accounting has a significant impact on the validity and credibility of financial statements.

**KEYWORDS:** Financial position statement, income statement, cash flow statement.

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## INTRODUCTION

As a result of the complexity of business and the nature of financial transactions in the recent period and the consequent complexity in the nature of the accounting information that is relied upon by its beneficiaries, which called on professional parties to issue accounting standards and rules for the purpose of addressing these complexities in financial transactions, which allowed for the creation of alternatives and various methods of application, paving the way for this. To allow departments to manipulate the financial statements in order to make the organization's performance better in front of the users of its data, through the administration's exploitation of the changes in these standards and accounting principles. Therefore, the search began on the nature of these practices carried out by the administration and to explain their impact on the financial statements that subsequently affect decision-making, and to find tools. Enables regulatory authorities to detect such practices.

The First Topic

Research Methodology And Previous Studies

First: Research Methodology

Research hypothesis

The first hypothesis: There is no statistical significance about the effect of creative accounting methods on the validity and credibility of the statement of financial position from the point of view of financial statement preparers and the entities that benefit from their services.

The second sub-hypothesis: There is no statistical significance about the effect of creative accounting methods on the validity and credibility of the income statement from the point of view of financial statement preparers and the entities that benefit from their services.

Objectives of the study:

The aim of conducting this study is an attempt to show several aspects :

vLearn about the concept of creative accounting and the methods used to mislead financial statements and affect their credibility.

vIdentify the reasons that allowed management to manipulate the financial statements and the

motives that management seeks to achieve as a result of this manipulation.

vReaching statistically supported scientific conclusions in exploring the interrelationships linking creative accounting methods to the credibility of financial statements and the mutual influence between the variable.

vIdentifying the difference in the point of view of the preparers of the financial statements, as well as the parties who benefit from the financial statements in various decision-making processes, that is, measuring the gap in point of view, in terms of the impact of creative accounting methods on the validity and credibility of what is different from the financial statements.

Research problem

As a result of the multiplicity of accounting standards and principles and the multiple methods of accounting treatments, it has provided departments with wide flexibility to choose between these procedures and alternative methods, which can be exploited by senior management to achieve some personal purposes, as well as their impact on the level of income, which harms the interests of other parties and shows the performance of organizations in a way that is different from the performance of the unit. In fact, this is why the search began to find ways and means to uncover the practices, which became an alarm bell in further investigation in the search for the practices of manipulating financial information.

§. Are there differences in creative accounting and the credibility of the financial position?

§. Are there differences in creative accounting and income credibility?

§. Are there differences in creative accounting and the credibility of the flow statement?

Research Importance

The importance of the research is focused on addressing a vital topic to reveal creative accounting practices, which allows users of financial information to take appropriate analytical measures in monitoring accounts through the use of multiple tools, including the

Beneish model .

Research structure

In the context of addressing the problem that we raised and to verify the hypotheses, we divided this study into several axes in terms of presenting the conceptual framework for both creative accounting and financial statements and covering all the creative accounting methods used in manipulating financial statements, in addition to the practical aspect of testing the study's hypotheses through... The approved questionnaire was directed to the two study samples of financial statement preparers, on the one hand, and the beneficiaries of their services, on the other hand.

Second: Previous studies

1 - Muhammad Matar, Earnings Management Methods and their Impact on the Reliability of the Financial Statements Published for Jordanian Public Joint Stock Companies, A Field Study, Department of Accounting and Finance, Al Sharq University.

The study aimed to determine the extent to which management in Jordanian public shareholding companies practices profit management methods and the implications of this on the reliability of their published financial statements.

The study questionnaire was distributed to a sample of financial brokers in the stock exchange, credit officers, and external auditors. The main objectives of the study are to determine the extent to which management practices in Jordanian public joint-stock companies manage profits, identify the methods they follow in this field, determine the extent to which management practices in joint-stock companies for-profit management impact the reliability of financial statements, and explore appropriate means to limit the spread of this phenomenon in those countries. Companies.

The study revealed several results, the most important of which are:

Management in companies is accustomed to managing profits, and this phenomenon has increased due to the repercussions of the financial crisis.

The methods and procedures used in earnings

management in these companies vary. The groups in the study sample unanimously agreed that the techniques used in earnings management have varying effects on the reliability of financial statements.

2 - Talal Suleiman Jarirah, The Impact of Governance Accounting Mechanisms in Reducing Creative Accounting Practices, 2015 The study aimed to demonstrate the impact of governance accounting mechanisms in reducing the adverse effects of creative accounting practices in industrial companies in Jordan. A questionnaire form was prepared and distributed to the entire study sample of External auditors. The study aimed to:

Highlighting the impact of development and amendment in accounting and auditing standards on reducing creative accounting practices, showing the impact of internal audit on reducing creative accounting practices, and showing the impact of internal and external audit on reducing accounting practices.

The study reached results, the most important of which are: The commitment to applying accounting and auditing standards in industrial companies helps activate corporate governance and thus limits creative accounting practices. Internal auditing in industrial companies has a significant impact in reducing creative accounting practices. External auditing has a major role in reducing creative accounting practices. Managing the company to achieve its objectives and disclosing the fundamental events affecting its financial position.

3 - Naeem Toman Marhoon Al-Zayadi The impact of creative accounting on the credibility of the financial statements. This study aimed to identify the presence or absence of a linear relationship between creative accounting styles and the credibility of the financial statements. The questionnaire was distributed to the sample of the following study, which consisted of (43) auditors. They were chosen randomly, considering that the auditor community is the closest to the forms of accounting manipulation, as they were introduced to the concept of creative accounting and the manipulation

methods that management uses to mislead the financial statements in order to deceive its users, and to identify the reasons that allowed the management to manipulate the financial statements and the most important means that can be used to limit or reduce the manifestations of manipulation in the financial statements, and finally to reach statistically supported scientific conclusions in exploring the environmental relationships that link creative accounting methods to the credibility of the financial statements and the mutual influence between their variables and what are the best appropriate recommendations for that.

The results of the study indicated that there are several creative accounting methods through which management can influence the financial statements issued by it, which weakens...

Its credibility, including methods of manipulating revenues, expenses, assets, and liabilities And the statement of cash flows.

4- Matar and Al-Halabi, the role of the external auditor in reducing the effects of creative accounting on the reliability of financial statements issued by public joint-stock companies. Jordanian 2009

The study aimed to identify the creative accounting methods used and their impact on... The reliability of accounting data, explaining management's motives for using creative accounting methods, and identifying the role played by the auditors of these companies in limiting the creative accounting procedures practiced by the boards of directors of Jordanian public shareholding companies in the audited financial statements. A sample of the employees of these companies was taken. Companies, external auditors and financial analysts, reaching a size of 150 people. The study reached a set of conclusions, the most important of which is that creative accounting is a process of manipulating accounting numbers by seizing the opportunity to get rid of compliance with accounting rules, measurement alternatives, and disclosure applications to transfer the financial data that should be based on what the preparers of these data prefer. Accounting methods also affect...

Creativity affects the reliability of financial statements issued by Jordanian public shareholding companies. One of the most important recommendations of this study is that external auditors must give sufficient attention to the implementation of the process of auditing all components and details of the financial statements to become familiar with all creative accounting practices and methods.

The Second Topic

The Theoretical Aspect of Research

First: The concept and definition of creative accounting:

A group of terms and several names are given to creative accounting, including:

Fraudulent accounting, profit management, income smoothing, beneficial accounting, manipulation of financial reports, where the concept of creative accounting is applied to some accounting procedures followed by economic units for the purpose of improving the image of their profitability (untrue) or manipulating the financial position by exploiting loopholes in auditing methods. External, and benefiting from the alternatives available in the accounting policies and procedures established by accounting standards and allowing them to be followed in the areas and methods of measurement and disclosure in preparing financial statements, which negatively affects the quality of information provided for the profits or financial position of the organization. Al-Agha believes that creative accounting is a form of manipulation and deception in the profession. Accounting and its use in accounting procedures and principles is limited by itself, but rather by how it is used and employed for the purpose of transforming the financial statements from their current state to what they are. Prepared for it to achieve specific purposes (Muhammad Matar (2009: 350)

Al-Baroudi believes that creative accounting is a methodology that derives its ideas, methods and tools from conventional accounting, and it works innovatively in providing solutions and accounting treatments for existing or potential problems in order to add value to the financial statements

with the values they contain in a way that may differ from reality, for purposes that may be deemed legitimate or illegitimate. Intentions for its use ((Creative accounting is exploiting the flexibility allowed by accounting policies, according to Pafet, with the aim of influencing the accounting numbers and exercising personal estimates. According to Shaheen, it is manipulating the presentation of what constitutes the financial statements, which leaves an impact on the ability of the user of the financial statements to realize the truth.

The organization's financial performance) (Al-Baroudi, 2002: ( 34)

Bakhja believes that it is intentionally showing false data, deleting certain values, or hiding them in the financial statements, with the aim of misleading the users of the financial statements, and this type is after manipulation in the financial statements and in violation of the law. From the definitions above, it is clear that creative accounting

It is characterized by the following specifications.

-Manipulation of financial information.

-Focuses on financial statements (financial position, income statement, cash flow statement).

-Changing values to unreal values that do not reflect the true performance of the organization.

-Its practitioners enjoy high professionalism and accounting practices.

Second: Reasons for using creative accounting methods: (Shaheen, 2011: 11)

One of the reasons that push organizations to follow creative accounting methods is:

1 - The positive impact of improving the financial performance of organizations that do not have operational conditions Or a good investment

2- Obtaining, maintaining, or increasing financing in order to face the liquidity problems necessary to continue operational or investment operations or pay their obligations.

3- Reducing the tax base, as the organization reduces profits and revenues and increases expenses.

4- Management benefits from internal information, as the organization's managers

intentionally delay publishing

Real information about the markets for the purpose of personal benefit, especially the mainstay of stock trading. E. Achieving personal gains through increasing profits, which leads to increased rewards Organization managers related to profits.

6 - Avoid the political costs resulting from some laws and regulations that the organization bears An additional cost may result from a high (social tax ) , so management resorts to choosing accounting policies that lead to reducing profits for the purpose of avoiding such costs.

7- The result of the increase in the ratio of debtors to equity is an increase in financial leverage, which prompts departments to follow accounting policies that lead to increased profits to avoid default in Debt agreements.

8- Influencing the prices of organizations' shares in the financial markets.

9 - For the purpose of achieving a professional classification in the field of industry.

The reasons for organizations' departments resorting to creative accounting practices can be traced back to:

A- Motives for exaggeration, which represent achieving the goal or goal of management in achieving higher rewards, fulfilling the terms of debt agreements, or converting the unit's activity into a joint-stock company. Influencing the performance of stocks in the short term, as well as maintaining the management position Career.

B - Motives for deliberately reducing profits for the purpose of avoiding political costs and confronting professional unions, reducing current profits to increase future rewards, and assuming boards of directors. New.

Third : Creative accounting methods:

One of the creative accounting methods that can be followed by the management of organizations They are summarized as follows: (Maysaa, 2012: 20)

1- Adopting equivalent estimates, especially for and from accounts that depend on the estimate.

-Estimating the useful life of fixed assets to affect the extinction premium and thus the effect On the size of profits.



-Neutralizing and classifying debts to influence the loans granted to the organization for the purpose of reducing the provision for doubtful debts, which leads to increasing profits and showing them in value. fact.

-Adopting market values to evaluate commodity inventory does not reflect the true value of this inventory In the market, the basis is to follow the cost or market method, whichever is lower.

-Manipulating financial estimates of reserves and provisions under flexibility in Application of accounting standards

2- Manipulating the timing of profit recognition related to the sale of securities assets And fixed assets, which leads to an impact on the profits actually achieved.

3- Capitalizing maintenance expenses and charging them to the value of the assets for the purpose of increasing the size Profits.

4- Manipulating the accounts in the financial records through some financial transactions that extend for more than one year and changing them as belonging to the current year, or capitalizing some expenses that belong to the current year and charging them to the coming years, or including fictitious non-refundable expenses for the purpose of increasing profits or reducing losses for the purpose of influencing Tax base.

5- Showing the long-term contract rent within the budget items for the purpose of withholding the cost of a building New due to the huge cost of the new building.

6- Using the method of cleaning the financial statements by charging some of the large expenses during the period of making the structural changes, the effects of which extend over several years. To download it in one year in order to enhance income for the coming years.

Financial Center

First: The statement of financial position ( Al-Qaisi, 2012: 23)

-Overvaluing items of intangible assets such as ( the store's goodwill and brand name). commercial)

-Failure to adhere to the principle of historical cost of fixed assets included in the budget.

-Manipulating market prices of traded investments.

-Failure to disclose restricted cash items.

-Manipulating receivables by not disclosing bad debts.

-Changing the accounting methods used in accounting for long-term investments. Not including the installments earned during the current year from long-term loans Short-term liabilities.

-Adding gains made from previous years to the net profit of the current year.

-Obtaining long-term loans before the budget announcement.

Second: Income statement:

-Record revenue quickly on a sale that remains unrealized.

-Recording fictitious revenues.

-Transferring current expenses to previous and subsequent accounting periods.

-Failure to record or inappropriate reduction of liabilities.

-Transferring the expenses incurred by the unit in the future to the current financial period.

Third: Statement of cash flows:

- Classification of operating expenses as investment or financing expenses or vice versa - The organization pays capital costs and records investment cash flows out of it. It distances it from operational cash outflows.

- The possibility of manipulating operating cash flows for the purpose of tax evasion.

- Manipulating income from continuing operations by removing non-recurring items by not

Stock classification.

Fourth - The dangers of adopting creative accounting methods: (Al-Agha, 2011: 67)

The management of the economic unit is interested in maximizing profits, which is reflected in the distribution of profits to stakeholders (management and shareholders, etc.), which leads to attracting new shareholders and thus increasing stock prices. Therefore, the management resorts to many practices that lead to increasing net profit, but despite Management adopts a set of methods to influence the control

of the financial statements, which makes these practices ethically unacceptable, leads to misleading users of the financial statements, and leads, in the long run, to... The occurrence of serious problems and risks, the most important of which is:

1 - Economic efficiency risks:

It leads to a reduction in the value of the organization, meaning that postponing the recognition of expenses or delaying their implementation, such as research and development expenses, maintenance expenses, leads to a decrease Production performance and loss of market share, as well as revenue acceleration can be lost The organization achieves better conditions for product disposal.

2- Operational risks

The process of obtaining additional benefits, winning promotions, and avoiding criticism leads to mistakes being left uncorrected and problems being carried over for long periods of time.

3- Economic risks

Such as exposure to economic sanctions as a result of manipulation of profits.

4- Moral risks

The practice of creative accounting is usually considered questionable practices that conflict with ethical standards of performance, as it sends

a message that hides the truth and misleads others, which creates an unethical climate among users of financial statements and allows them to engage in unacceptable activities that lead to fundamental violations in the financial information of the financial statements.

The Third Topic

The Practical Side

Data Analysis

An analysis of frequencies, proportions, arithmetic averages, and weighted averages will be adopted for the responses of individuals from each sample from the two parties under investigation. The arithmetic mean has been adopted as one of the most important measures of central tendency, as an indicator of the ranking of the components and items of the various parts of the questionnaire according to their importance to each party of the research categories (preparers of the financial statements and beneficiaries). The weighted arithmetic mean of the questionnaire participants' answers was adopted as an indicator to determine the importance of the various methods used in creative accounting and their impact on the credibility of the financial statements

Distribution of sample members by profession

The ratio	Duplicates	Occupation
%41	25	Preparers of financial statements
52%	35	Beneficiaries of the financial statements
% 100	60	the total

Analysis

Through the above table and figure for representing the research sample by profession, it became clear that the category of people with other professions who benefit from the financial

statements represents the largest percentage, at 59%, with 35 individuals, then followed by the category of bookkeepers and accounting experts (statement preparers). The ideal financial ratio is 41% with 25 individuals.

Distribution of sample members by gender  
The selected sample members were distributed between males and females according to

statistics as follows: Table No. ( 1) Distribution of sample members by gender.

The ratio	Duplicates	Sex
% 73	44	male
%27	16	feminine
% 100	60	the total

**The researcher prepared the source based on questionnaire data.**

Analysis: The research and analysis of 60 distributed questionnaires revealed a significant gender disparity. The sample was predominantly male, with 73% (44 males) and only 27% (16 females) representing the female population. This stark contrast underscores the male dominance in

the legal profession, potentially attributed to the profession's demanding nature, which may not align with women's preferences

Distribution of sample members according to age  
The selected sample members were distributed by age according to statistics as follows:

**Table No. ( 2) Distribution of sample members by age**

The ratio	Duplicates	the age
67%	5	Less than 25
21%	13	Less than 35
%53	32	Less than 50
%16	10	Older than 50
% 100	60	the total

Analysis: Through the table and figure above, it is clear that the ages of the sample members varied, which was a percentage A large number of respondents are from the age group over 35 years old and under 50 years old, or approximately a percentage of 53.33, followed by the second group over 25 years old and under 35 years old. Equivalent to a percentage of 21.67%, followed by

the category older than 50 years with a percentage of 16.67%, and the category Under 25 years of age, the percentage is estimated at 8.33 %.

Distribution of sample members according to experience

The members of the selected sample were distributed according to experience and



according to statistics as follows:

**Table No. (3): Distribution of sample members according to experience**

The ratio	Duplicates	Experience
% 33	40	Less than 5 years old
23%	14	Less than 10 years
%20	12	Less than 15 years
%23	14	Older than 15 years
% 100	60	the total

Analysis through the table and figure above regarding the representation of the research sample according to the years of the expert. The best respondents in the field of work were divided into four categories. The first category includes the respondents who represent the best professional less than 50 years. The highest percentage was 33.33%, as their number reached 20 individuals. The second and third categories are for individuals whose horses are between 5 and 10 years old, as well as those whose horses are more than 15 years old. The number of each of them was 14, which is equivalent to a percentage of 23.33 . As for the fourth category of respondents, it is for individuals whose horses range from 10 to 15 years, with a percentage of 20.00%, this blinds the sample members' exposure to practical and professional reality, and the majority of them have sufficient experience, which is reflected positively in their answers to the questionnaire questions. As previously mentioned, it is clear that the members of the

research sample have the necessary scientific level and sufficient experience, and their ability to understand and answer the questionnaire questions.

Beneish model was chosen to discover creative accounting practices for the reasons:

-It is a relatively recent indicator.

-Ease of application in all business organizations and all sectors.

-Its application is based on two financial periods.

-Gives indications of the possibility of existence Whether or not the financial statements are tampered with Indicators for this model.

For this reason, the research was based on a group of organizations and different sectors Financial statements for the year 2015.

The research sample consisted of (15) companies listed on the Iraq Stock Exchange and various sectors, including insurance, hotels, investment, communications, banking, and services.

Model indicators have been applied Beneish As shown in the table using Excel and Calculate :

Compan y Name	Secto r type	DSRI tide length index	GMI Margi n Indica tor	AQI moj o dat	SGI reve nue inde x	TAT A Total	DEP I extin ction	SOAI Fat Expens e	LVGI lever pointe r	M Potenti al for manipu lation
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				indicator		benefits	index	Indicator		
Eligibility insurance	insurance	0.014	- 0.747	1	0.814	0.212	1.037	0.981	1.183	6.55656
Al Hilal Industrial	Industry	0.219	- 1.332	1	0.984	0.013	2.983	1.416	0.448	6.81326
Al Mansour Lal Investment Bank	Drains	2.616	0.851	1	1.126	0.158	0.158	1.105	1.218	9.60308
Al Mansour Industries Pharmaceuticals	Industry	0.691	0.833	1	1.501	0.061	0.983	0.794	0.981	7.98911
Elite Contracting the public	Services	0.806	- 0.868	1	1.253	4.449	1.48	0.527	0.989	27.8043
Al Sadeer Hotel	Hotels	0	0	1	0	0.001	0.965	41.26	1.001	-1.68
Al-Zawraa Investment Financial	Investment	0.001	0.837	1	0.236	0.064	0.451	7.081	0.093	5.17807

The ring For commun ications	Com munic ations	1.636	1.586	1	0.778	0.177	0.8	0.634	1.079	9.05429
Sia Cell Commu nications	Telec ommu nicati ons	1.197	3.167	1	0.786	0.561	0.849	0.899	0.965	11.3061
Ashore Internati onal Investm ent	For banks	2.752	0.656	1	1.526	0.095	0.647	0.782	1.036	10.4639
Babylon Hotel	Hotel s	127.2	- 0.083	1	0.021	0.458	3.494	2.448	1.92	547.221
Commer cial The Iraqi	Drain s	1.092	0.95	1	0.947	2.362	0.6	0.961	0.924	18.4961
Gulf Insuranc e	Insura nce	0.938	- 3.634	1	0.601	0.845	0.611	0.949	0.759	2.0691
Iraqi Carpets And furnishin gs	Indust ry	1.13	1.112	1	0.888	0.441	1.003	1.121	0.88	9.7594

Prepared by the researcher based on the financial statements of companies published in the Iraqi market

#### Securities for the year 2015

-Through examining the table and studying the indicators of the companies represented in the research sample, it was observed The following:

1- In all companies in the research sample, it was noted that there was a high probability of manipulation in the financial statements through column ( m ), where the indicators were more

than 0.035.

2 - It was noted that the DSRI index for Babel Hotel reached 127.16, meaning that there was an exaggeration in calculating the length of the collection period, debtors, and sales to increase profits, followed by Assyria International Bank with a percentage of 2.75, followed by Al-Mansour Investment Bank with a percentage .2,616

3- It was noted that ( GMI ) for Asiaceil Communications Company is represented by a ratio of 3.167, meaning the profit margin and that

the profit margin index for 2014 is greater than the profit for 2015. That is, there is a possibility of creating fictitious profits or reducing losses, followed by Al Khatim Communications Company with a ratio of 1.58, then Iraqi Carpets. And furnishings by 1.111 %. It was noted that Al-Ahlia Insurance, Al-Hilal Industrial, Al-Nokhba, Babel Hotel, and Al-Khaleej Insurance companies reduced their losses, indicating the possibility of manipulating profits for tax evasion.

4-It was noted that the AQI represented a correct ratio of one for all companies, which indicates the asset quality indicator that companies do not benefit from capitalizing costs.

The SGI for Al-Mansour Pharmaceutical Industries was 1.501, followed by Al-Nokhba Company. It was noted that the Sales Index ( for contracting) was 1.253. This indicates that companies have Sales were added to the sales of the current year to increase revenues -6- It was noted that the index of total dues to TATA for elite companies amounted to 4,449 total assets, followed by the Commercial Bank of Iraq with a percentage of 2.3618, and this indicates There is a high possibility of profit manipulation.

6 - It was noted that the DEPI index for Babel Hotel reached 1.919, followed by Al Hilal Industrial Company. (Extinction) the ratio of 2.98, Al-Nokhba Company with a ratio of 1.480, Al-Ahlia Insurance with a ratio of 1.03, and Al-Iraqiya Carpets and Furniture with a ratio of 1.002. This indicates that companies applied the reducing extinction method to increase profits. The percentage for Babel Hotel reached 1.919, followed by Al-Mansour Investment Bank. It was noted that ( 1.2187 LVGI

Al Ahlia Insurance followed it with a ratio of 1.18, followed by Ashur International Bank for Investment at 1.03. This indicates that companies face an increase in payment risks, which prompts them to manipulate interest h

SOAI ) for selling and administrative expenses for the Al-Sudair Hotel amounted to 41.26, followed by it was noted that the index Al-Zawraa Financial Investment Company has a percentage of 7.08, followed by Babel Hotel with a rate of 2.44, followed by Al-Hilal Industrial Company with a

percentage of 1.416, followed by Al-Iraqiya Carpets and Furniture with a percentage of 1.12, followed by Al-Mansour Investment Bank with a rate of 1.105. This indicates that expenses The previous year's sales and administrative decline was higher and suggests the possibility of reducing management. These expenses are to manipulate profits.

From ( M ), which represents the possibility of manipulating the financial statement data, that the hotel

10 - During the column study, Babel had a percentage of 547, followed by Al-Nokhba Company with a percentage of 27, then the Commercial Bank

The Iraqi Bank has a percentage of 18, followed by Asiaceil Company with a percentage of 11, and then Assyria International Bank

The investment ratio was 16%, and Al-Mansour Bank and Al-Khatem Telecommunications Bank were equal.

Iraqi Carpets and Furnishings had a percentage of 2, followed by Al-Mansour Pharmaceutical Industries.

Al-Amin Insurance had a percentage of 7, followed by Al-Ahlia Insurance and Al-Hilal Industrial, which had a percentage of 0, and a hotel.

Al-Sudair's percentage was ( .08 -1 ), as his indicators did not indicate the presence of a possibility.

Manipulation, knowing that most of its indicators are close to zero.

## CONCLUSIONS

1- Creative accounting is one of the forms of manipulation of financial statement data for... Misleading by exploiting flexibility in applying standards, principles, and policies in Accounting and professional procedures.

2-Creative accounting practices aim not to show the reality of what the financial statement data represents in order to obtain the privileges of artificially increasing profits or senior management rewards.

3- Regulatory authorities can adopt many models and indicators in Revealing creative accounting

practices. It also warns that there is a possibility that these practices will be used to manipulate financial statements to expand research and use more effective analytical procedures to achieve more helpful control.

4- The ease of using the Beneish indicator gives more scope for management and entities' Oversight in achieving self-control for management and relevant parties to reduce oversight costs and time by using the indicators of this model.

5- Beneish model indicators give the financial statement outputs an indicator that can be used to achieve more effective control and focus on aspects that indicate the possibility of manipulation.

#### Second - Recommendations:

1-The need to limit creative accounting practices and manipulation of financial statement data because these practices impact the credibility of this data with its users.

2- Research tools and indicators that can give warning signals about the possibility of fraud in the financial statements.

3- The goal of the regulatory authorities is to prevent, not discover, errors, so this is an indicator

Beneish's indicators are among the tools that warn about possible manipulation. In the financial statement data, supervisory authorities must pay attention and expand analytical procedures.

4 It may be necessary to use the Beneish model indicator due to its ease of application and low cost of application for all organizations and all sectors

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