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THE IMPACT OF CREATIVE ACCOUNTING ON THE INFORMATIONAL CONTENT OF FINANCIAL REPORTING: FIELD STUDY ON SOME SUDANESE COMMERCIAL BANKS AND INDUSTRIAL ESTABLISHMENTS IN PORT SUDAN AND KASALA

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ABSTRACT

The study mainly aimed to know the extent of the impact of creative accounting on the informational content of financial reporting, in addition, to know the extent of practicing Creative accounting techniques in the Sudanese business environment. The study adopted the inductive approach, historical approach and descriptive analytical approach. To achieve the objectives of the field study, (120) questionnaires distributed to a number of employees in some Sudanese commercial banks and industrial establishments in Port Sudan and Kasala, and its 100% collected. The study findings revealed that, transferring current revenues to later financial periods leads to a deliberate reduction in current profits in the income statement, not disclosing registered cash items, influences net current assets and the amount of working capital in the financial position statement. The study recommended that, Sudanese establishments should apply the International Financial Reporting Standards (IFRSs) to reduce the impacts of practicing creative accounting techniques on the informational content of financial reporting, in addition to training accountants and internal auditors on how to detect and reduce creative accounting practices in financial reporting.

Keywords: Creative Accounting, Informational Content, Financial Reporting.

1. INTRODUCTION

1.1. Introduction

To rationalize their investment, administrative, economic and other decisions, many users of financial reporting information in the modern business environment rely on accounting information provided by financial reports of the establishments. The more accurate, reliable and other qualitative characteristics of accounting information are in the informational content of these reporting, the more rational users' decisions become. However, the preparation of financial reporting for some establishments encounters many obstacles and factors that affect the quality and credibility of their informational content, especially in light of some establishments' resorting to improve their financial image for many reasons, in addition to exaltation of some administrators and employees to their personal interests over the public interest. Therefore, creative accounting became widely practiced in many establishments, but the practices of various creative accounting techniques leads to distorting some of the accounting information contained in the financial reporting, thus failure to discover it leads users of financial reporting to make irrational decisions. Because the business environment in Sudan is not immune to these developments, this study conducted to clarify the impact of creative accounting on the informational content of financial reporting.

1.2. The problem of the study

The concept of creative accounting used to describe the process of showing the income or financial position of establishments in an unrealistic manner for various purposes of establishments, some mangers or employees, which led to scandals and financial collapses in many establishments with various activities. Based on the management's desire, the accountant can exploit his accounting knowledge to manipulate the content of financial reporting to enhance the financial image reflected by those reports or to maximize the value of the establishment, through the practice of creative accounting methods. Accordingly, the study problem represented in the phenomenon of practicing creative accounting techniques on a large scale in many establishments in order to influence the informational content of financial reporting to serve the purposes of those establishments or the personal interests of some, which ultimately leads to weak decisions of users of financial reporting. Accordingly, the problem of the study formulated in the following questions:

Q1. Does the practice of creative accounting techniques influence the informational content of the income statement?

Q2. Does the practice of creative accounting techniques influence the information content of the financial position statement?

1.3. Importance of the study

The scientific importance of the study is that it highlight one of the most prominent administrative problems that have troubled establishments recently, which is the phenomenon of practicing creative accounting methods. The study also considered a rich addition to the academic library, as it provides information about its variables to students and researchers. The practical importance of the study represented in explaining how some establishments' managements practice creative accounting techniques to influence the information content of financial reporting. The study may also contribute to finding appropriate mechanisms to reduce the practice of creative accounting methods, which helps users of financial reporting rationalize their various decisions and achieve their goals.

1.4. The objectives of the study

The study mainly aimed to know the extent of the impact of creative accounting on the informational content of financial reporting, while the sub-objectives were as follows:

1.4.1. To know the extent of practicing creative accounting techniques in the Sudanese business environment.

1.4.2. To clarify the relationship between practicing creative accounting techniques and the informational content of financial reporting.

1.4.3 Contributes to finding appropriate mechanisms to reduce the phenomenon of practicing creative accounting in the Sudanese business environment.

1.4.3. Finding results and obtaining recommendations that would make the decisions of users of financial reporting better when discovering and reducing creative accounting methods.

1.2. Hypotheses of the study

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

H1. The practice of creative accounting techniques influences the informational content of the income statement.
H2. The practice of creative accounting techniques influences the informational content of the balance sheet.

1.3. Methodology of the study
The study adopted the inductive approach in defining the problem and formulating hypotheses, the historical approach in reviewing previous literature related to the study topics, the descriptive analytical approach adopted in writing the theoretical framework, collecting, and analyzing field study's data to get the desired results and recommendations.

1.4. Sources of data collection
The primary source is the questionnaire, while the secondary sources were references, periodicals, scientific dissertation and academic theses related to the study topics, in addition to the Internet.

1.5. Limits of the study

The spatial limits represented by some Sudanese commercial banks and industrial establishments, the objectivity limits represented by creative accounting techniques and the informational content of financial reports, while some employees in Sudanese commercial banks and industrial establishments represented the human limits, and the time limits is the year, 2024.

2. PREVIOUS STUDIES
There are many studies conducted by some writers and researchers on creative accounting and its various effects. While another studies dealt with the informational content of financial reporting, therefore, study of (Rahmawati, 2013), aimed to fill the gap in knowledge relating to the timeliness of financial reporting in Indonesian capital market studies, it examines whether financial reporting timeliness affects the informational content of the annual reports of manufacturing firms. It also investigates how firm size, profitability, capital structure, operational complexity, audit factors, and earnings quality affect the financial reporting timeliness of manufacturing firms in Indonesia. The study findings showed that, firm size, capital structure, auditor opinion and earnings quality are associated with the timeliness of the financial reporting, the study also found that a firm's profitability, accounting complexity and the size of the audit firm are insignificant determinants of the timeliness of financial reporting in Indonesia. The study recommended future studies could examine the influence of timely reporting on market reaction surrounding the release of annual reports based on other measures of the stock market reaction such as based on trading volume. As for the study of (Baajajah, et al., 2015), it aimed to identify the motives of management in the use of creative accounting methods. The study concluded that, the motives of practicing creative accounting techniques in Saudi Arabia establishments is to maintain the level of stock prices in the capital market and make it positive in the case of continued growth, and achieve especial benefits for management. The study recommends reducing the practice of creative accounting to choose audit firms with high efficiency and credibility. As well, the Study of (Khair Elseed, 2016), aimed to recognize the impact of inflation on informative content of financial reporting and the right methods of preparing it in inflation conditions. The study found that, banks' disclosure for existence of enough liquidity in inflation conditions enables it to face depositors' withdrawal

requests from deposits at any time and reduces financial crisis. The study recommended that, working banks in Sudan should committed to apply international accounting standard No (29) Financial Reporting in High Inflation Economy.

While the study of (Qambar et al., 2017), aimed to identify the role that the auditors of public establishments and banks at the Audit Bureau play in discovering creative accounting techniques and treating their effects on the financial statements of public establishments and commercial banks. The results of the statistical analysis of the study data showed the availability of knowledge among auditors of the Audit Bureau in the Libyan environment is one of the motives and causes of creative accounting practices in public establishments and banks. The study recommended conducting training courses on creative accounting on a regular basis for auditors of the Audit Bureau to increase knowledge and awareness of the causes and motives of creative accounting. The study of (Christianna, 2021), also aims to compare the applicability of a relatively inclusive group of machine learning techniques to enable financial statement fraud prediction, and to construct a comprehensive classification framework to apply machine learning methods in fraudulent financial statements detection. The study found that, there are many aspects affect the numbers that appear in the financial statements; nevertheless, only some of them will play an essential role in the models that forecast financial statement fraud, also empirical results show that machine-learning techniques are a competitive tool for financial report frauds risk evaluation. The study recommended future research to study whether firms comply with IFRS in Greece; in other words, study to what extent Greek establishments utilize IFRS and in what detail. The study that conducted by (Salim, et. al., 2021), aimed to discuss different practices for creative accounting, modern trends to reduce it and to extract findings of previous studies in this context. The study concluded that recent trends to confront creative accounting practices (governance, audit committees, internal auditing and control, external audit, scorecard balanced, forensic accounting, international bodies) do not work independently of each other, but must relied upon as a single team that supports each other. The study recommended the necessity of raising awareness among establishment managements of the risks resulting from practicing creative accounting, and its negative impact on establishments in the long term, and working to limit the ability of the tool to manipulate the financial statements, by eliminating or reducing the number of available accounting measurement alternatives.

In addition, the study of (Jamal and Saif El-Din, 2022), which aimed to highlight the role of accounting knowledge in improving the quality of the informational content of the financial statements in the organization by providing high-quality statements characterized by the qualitative characteristics of accounting information. The study found several results, the most important of which is that, accounting knowledge contributes significantly to activating the informational content for the financial reporting of the establishment, the informational content of financial reporting is the value of the information from the perspective of its users. The study recommended the need to pay attention to the informational content of the balance sheet and income statement, and recommended the need to pay attention to the principle of relative importance as an indicator for applying the process of merging financial statement items. Another study conducted by (Rataba, 2023), aimed to test the role of sustainable accounting in developing the informational content of financial reporting in the treatment facilities affiliated with the comprehensive health insurance system in Egypt. The study results showed that, there is a strong inverse moral correlation between the accounting for the economic elements and the development of the informational content of the financial reporting, the study also showed a strong direct positive correlation between the accounting for the environmental elements and the development of the informational content of the financial reporting. The study recommended the necessity of obligating establishments to their social and environmental responsibilities, which has a direct impact on the sustainability of resources and the preservation of the environment from climate change, in addition to the clear impact of performing these responsibilities on the informational content of financial reporting. Finally, the study of (Shuaib, 2023), aimed to test the impact of the informational content of financial reporting readability on the decision to hold cash and the cost of capital. The results of the study showed a negative effect of the readability of the financial reporting informational content on cash holding level of non-financial establishments listed in the Egyptian Stock Exchange, and there is a negative effect of the readability of the financial reporting informational content on cost of capital of non-financial establishments listed in the Egyptian Stock Exchange. The study recommended that establishments and organizations concerned with the accounting profession should pay attention to achieve the qualitative characteristics related to accounting information readability.

By reviewing previous studies, the researchers note that some studies focused on creative accounting, as the study of (Baajajah, et al., 2015), (Qambar et al., 2017), (Salim, et. al., 2021) and (Christianna, 2021). While the studies of (Rahmawati, 2013), (Khair Elseed, 2016), (Jamal and Saif El-Din, 2022), (Rataba, 2023) and (Shuaib, 2023), focused on informational content of financial reporting. Moreover, the current researchers' study differs from those studies in that, it addresses the impact of creative accounting on the informational content of financial reporting, in addition to the differences in spatial limits, time limits, human and objectivity limits.

3. THEORETICAL FRAMEWORK OF CREATIVE ACCOUNTING

3.1. Definition of creative accounting

From the prospect of (Joes, 2011, 5), creative accounting means using the flexibility in accounting within the regulatory framework to manage the accounts' measurement and presentation so that they give primacy to the interests of the preparers, not the users. While for (Christianna, 2021, 37), creative accounting formed by taking advantage of the present governing system's ambiguities to work towards the interest of the preparers and not that of the users. Also, (Jabar, 2015, 238) defined creative accounting as methods of manipulating accounts to hide the actual performance of establishments in order to achieve beneficial results for the establishment or some of its employees. (Al-Qudah, et. al., 2015, 11) defined creative accounting as a method of manipulating financial and accounting numbers, by exploiting the loopholes in the available accounting methods and alternatives. In addition to flexibility in accounting principles to hide the actual performance of establishments, in order to achieve special purposes for the establishment or its management, to improve the establishment's image in the eyes of financial statements' users. While (Murad, 2017, 134) defined creative accounting as modern, complex and innovative processes or practices through which accountants use their knowledge of accounting and tax rules and laws to process or manipulate the numbers recorded in establishments' accounts in order to achieve specific goals. Creative accounting also defined from the point of view of (Al-Sheikh, 2011, 14) as deliberate accounting procedures aimed at showing business results and financial position other than their reality for special purposes, exploiting the flexibility of accounting principles and standards or violating laws.

It became clear to the researchers, from above definitions, that creative accounting is a type of unethical manipulation and fraud that practiced by accountants, with a high degree of experience, efficiency, knowledge of the various accounting rules and methods. They practice it by changing the actual accounting numbers and results to other desirable values without deviating from the generally accepted accounting principles and standards, in order to serve the desires of the parties benefiting from this change.

3.2. Motives for using creative calculators

The motives and reasons that lead to the practice of creative accounting techniques are many and varied, and the most important of which summarized as follows:

3.2.1. The management's quest to improve the establishment's reputation and show it as a strong competitor in a field characterized by intense competition

3.2.2. By working to fabricate large profits and a strong and coherent financial position accounting-wise, but not necessarily real (Nafaa, 2015, 54)

3.2.3. Tax evasion by reducing profits and revenues and increasing expenses in order to reduce the resulting tax margin.

3.2.4. Managers seek to obtain financial rewards and benefits by using creative accounting techniques to increase the value of disclosed profits, especially if their cash and in-kind incentives are set as a percentage of those profits (Thleeb, 2015), 34

3.2.5. Meeting the competitive requirements necessary to continue and maintain market share by positively influencing the establishment's reputation in the markets with the aim of improving the financial value related to its performance.

3.2.6. Obtaining or maintaining financing by showing the establishment's financial position better than it actually is, which helps facilitate the borrowing process.

3.2.7. Improving the establishment's financial performance with the aim of achieving personal interests that reflect positively on the establishment's managements to present them in a beautiful image before the board of directors (Qambar, et al., 2021, 258)

It is clear to researchers that creative accounting practitioners often possess high professional accounting skills that enable them to manipulate accounting values and change them in the way they desire in order to achieve goals that vary between the establishment's benefit and the personal interests of managers or some of its employees.

3.3. Creative accounting techniques in the income statement

Management may resort to manipulating profits to achieve the desires and interests of management, which known as profit management. The most important creative accounting techniques used in the income statement are the following:

3.3.1. Recording fictitious sales at the end of the accounting period and canceling them at the beginning of the next accounting period, or accounting and book recognition of sales before the same process is completed on the ground and before the benefit exchange process is completed (Fischer, Rosenzweig, 1995, 267)

3.3.2. Postpone the recording of purchase invoices to the next accounting period, and this procedure leads to reducing the cost of goods sold.

3.3.3. Changing the method used in valuing inventory, such as switching from the first-in, last-out method to the last-in, first-out method, or vice versa. This procedure may lead to increased profits,

especially if prices are heading towards an increase.
3.3.4. Changing the method of depreciating fixed assets, extinguishing intangible assets, or using lower depreciation rates compared to the market (Fields, Vincent, 2001, 243).
3.3.5. Capitalizing revenue expenses without applying the capitalization conditions in order to increase profits if they are low and the management expects it to increase in the coming period.
3.3.6. Transferring revenues related to the current accounting period to the next accounting period, especially if the current profits are high and the management expects them to decrease in the following accounting period (Smith, 1992, 51).
3.3.7. Reducing estimated provisions such as the provision for doubtful debts, the provision for compensation pending settlement, in order to beautify the income statement.

3.4. Creative accounting techniques used in the financial position statement

The following are the most important creative accounting techniques used in the financial position statement:
3.4.1. Using depreciation rates for fixed assets that are lower than the prevailing rates in the market, or overestimating the productive life and the scrap value at the end of the productive life of the asset, or adding expenses to fixed assets that do not meet the capitalization conditions, or not excluding damaged assets. All that leads to an exaggeration in the value of fixed assets (Baajaj, Khalifa, 2015, 19).
3.4.2. Using a depreciation rate for intangible assets that is lower than the conventional rates, and making unjustified changes in the depreciation methods used to reduce these assets, or recognizing goodwill because of revaluation, which leads to an exaggeration in determining the value of potential intangible assets.
3.4.3. Adding gains from previous years to the net profit of the current year, instead of treating it within retained earnings as it should be, as an item from previous years (Fields and Vincent, 2001, 244).
3.4.4. Not excluding bad debts, and reducing the value of the provision for doubtful debts, this leads to an exaggeration in the debtors' item in violation of accounting rules, with the aim of improving the liquidity ratio in addition to improving the profit figure.
3.4.5. Recognizing potential assets without applying the appropriate conditions for recognition and measurement, this leads to improving financial ratios by increasing assets in addition to improving the profit figure.
3.4.6. Obtaining long-term loans before publishing the financial position statement with the aim of using them to repay short-term loans, to improve liquidity ratios (Baajajeh, Khalifa, 2015, 20).
3.4.7. Not disclosing entries related to some assets such as mortgages and guarantees, off-balance sheet financing, and liabilities.

3.5. Creative accounting techniques in the cash flow statement

The opportunities for manipulating accounting values using creative accounting techniques in the cash flow statement are as follows (Mulford and Comisky, 2002, 37):
3.5.1. The accountant classifies operating expenses as investment expenses or financing flows and vice versa.
3.5.2. The entity pays capital development costs, records them as investment cash outflows, and distances them from operating cash outflows, in order to increase cash inflows.

3.6. Creative accounting techniques in the statement of changes in equity

All items in this statement are subject to the use of creative accounting practices by making fictitious changes in increasing or decreasing paid-up capital, as well as acquired capital and calculated capital (Jabbar, 2015, 247).

It is clear to researchers from the above, that management benefits from multiple creative accounting techniques, in the income statement or the balance sheet, to achieve various goals, whether for the benefit of the establishment or the personal interests of some administrators and employees in those establishments, and this undoubtedly leads to influencing the decisions of users of financial reporting.

4. THEORETICAL FRAMEWORK OF THE INFORMATIONAL CONTENT OF FINANCIAL REPORTING

For (Fawzi, 2017, 284), the informational content of financial reporting refers to the value of the information presented by financial reporting from the perspective of the user of that information in making the decisions. While, (Al-Hayali (2007, 117) believes that the informational content of the financial report is the value of the economic information it contains from the perspective of the users of this report in making economic decisions related to the project. Among the economic decisions that fall within this framework, those taken by investors regarding investing their money in the project and the decisions of lenders regarding granting credit facilities to projects. As for (Jamal and Saif El-Din, 2022, 11), they define the informational content of financial reporting as the value of the financial information disclosed in the financial reporting from the perspective of the parties using the financial information.

Researchers can define the informational content of the financial reporting as an informational value provided by the financial reporting of the establishments, in order to help the users in rationalizing their various decisions. And to achieve their desired goals, as the benefit accrues to the users of the information contained in the financial reporting increases as the value of the information contained in the financial reporting increases.

4.1. The importance of the informational content of financial reporting

The importance of the informational content of financial reporting derived from the goal achieved by the availability of this content in the financial reporting which prepared and published by establishments. As this informational content - with what it represents in terms of economic value of information through reports - affects the interests of all parties interested in the establishment's activities, which is positively reflected in the process of directing and rationalizing the decisions of those parties related to the establishment (Joda, 2010, 81).

From the above, the researchers concluded that the importance of the informational content of financial reporting lies in the fact that it is considered sufficient evidence of the size of the financial capabilities and economic activities of the establishment and the extent of its ability to continue.

4.2. Informational content of financial reporting

The value of information extracted from financial reporting varies in each decision case and from one person to another. The following is a presentation of the informational content that financial reporting must include, represented by the informational content of each of the income statement, the balance sheet, the cash flow statement, and the statement of changes in equity:

4.2.1. Informational content of the income statement

The income statement shows the financial performance of the establishment for a specific accounting period, as it shows the revenues according to the accrual basis that the establishment achieved as a result of its operational activities, whether directly related to the establishment's main activity or indirectly, as well as the expenses incurred by the establishment, whether directly or indirectly. There is no doubt that increasing the informational content of the income statement makes it a more useful medium for its users. Therefore, the financial reporting standards issued by the international accounting standards committee stipulated the necessity of preparing a comprehensive income statement that shows details of income (revenues and expenses) from all sources, whether operational or non-operating (Lonnou, 2011, 6).

4.2.2 Informational content of the financial position statement

The balance sheet shows the actual status of the value of the assets, liabilities and equity of the establishment on a specific date. It is worth noting that the balance sheet must contain information on environmental assets and liabilities, as well as social assets and liabilities, which enables the user to determine the sustainable financial position of the establishment in order to support and rationalize the decisions issued by it, whether they are long-term or short-term decisions (Khalawi, 2020, 76) .

4.2.3. Informational content of the cash flow statement

According to (IFRS7), the main objective of preparing the cash flow statement is to help decision makers analyze cash flows (receipts and payments) from operating, investing and financing activities during a specific period, which enables identifying the net increase or decrease in cash liquidity during that period and how cash is used and the sources of obtaining it. There is no doubt that, the cash flow statement reflects the financial solvency of the establishment, its ability to meet its short-term obligations. Moreover, to achieve the goals of sustainable accounting, it is necessary to develop the informational content of the cash flow statement to reflect the incoming and outgoing operational, investment and financing cash flows resulting from social and environmental activities (Jeffrey, 2011, 243)

4.2.4. Informational content of the statement of changes in equity

The statement of changes in equity expresses the changes that occur in the equity of shareholders in the establishment during a specific period. There is no doubt that the increase in the value of the assets owned by the establishment with the decrease in the value of shareholders' equity means an increase in the size of obligations and debts. Accordingly, the informational content of this statement developed to reflect all changes that occur in equity because of sustainable environmental and social activities, whether these changes are positive or negative (Saleh, 2009, 173).

4.2.5. Informational content of supplementary or complementary notes to financial statements

Financial accounting standards and financial reporting standards require the existence of what called supplementary notes to financial statements, in order to disclose all information that not presented in the financial statements, reports, or that which needs interpretation. There is no doubt that this level of disclosure enables users of financial statements to understand financial information and reach accurate interpretations of the financial position and the result of the activity. It is worth noting that a large number of establishments, especially economic ones, are interested in stating the details of the social and environmental activities they have carried out through supplementary notes.

It is clear to researchers from the above that it is necessary to pay attention to developing and improving the informational content of financial reporting to serve their users, by paying attention to and highlighting the dimensions and components of sustainable social, environmental and economic accounting.

5. THE IMPACT OF CREATIVE ACCOUNTING ON THE INFORMATIONAL CONTENT OF FINANCIAL REPORTING

For (Maria, 2024, 2020), reasons why establishments choose to use creative accounting practices include keeping establishment results within limits set by shareholders, raising additional capital at a favorable price, meeting listing requirements, lower taxation, deferring insolvency, smoothing earnings to show a better image to investors, hiding poor management. Moreover, to achieve these goals, the establishments make changes in the informational contents of financial reporting; this means that practicing creative accounting clearly influences the informational content of financial reporting. also, (Murad, 2017, 143), believes that, misrepresentation of the financial operations and events that occur in the establishment, in addition to the lack of integration of the items presented for each item of the financial statements, leads to a loss of reliability in the financial statements because of the adoption of creative accounting techniques by establishment managements.

Researchers believe that, the impact of practicing creative accounting techniques on the informational content of financial reporting, considered one of the basic inputs for many users in order to make and rationalize their decisions, and therefore any manipulation of that information leads to making irrational reports that do not serve the goals of those who make them.

6. FIELD STUDY

6.1. Procedures of the field study

The statistical program (SPSS) used to analyze the data and obtaining the results within the framework of this study, and it based on the significance level (5%) corresponding to confidence (95%) to interpret the results of the tests that were conducted. Several statistical methods are used, the most important of which are the reliability test (Cronbach alpha), descriptive and analytical statistical methods, percentages and the t-test.

6.1.1. Community and sample of the study: The study community consists of the employees of some Sudanese commercial banks and industrial establishments in Port Sudan and Kasala. As for the study sample, it chosen randomly, where the questionnaire distributed randomly to a number of the establishments' employees, and the sample size was determined with the help of expert arbitrators to include various job titles and administrative levels in the establishments that represented the community of the study. (120) questionnaires were distributed, and 100% retrieved and this percentage considered very high from statistical point of view. Which led to acceptance of the study's results and its circulation to the study community. Moreover, to come up with accurate results as much as possible, the researchers is highly interesting in the diversity of the study sample individuals, and this diversity in the characteristics of the respondents related to their opinions about the impact of creative accounting on the informational content of financial reporting.

6.1.2. Stability and validity of the study's tools: To ensure the apparent honesty of the questionnaire and the validity of its phrases, in terms of wording and clarity, the questionnaire shown to a number of academic arbitrators and specialists, in the field of study. After the questionnaire returned from the arbitrators, the suggested amendments made. The stability and validity test of the questionnaire phrases conducted using Cronbach-alpha and the result was (.0944) and (.917) respectively, which means that there is stability and validity of the data as shown in table (1) below:

Table (1): Alpha Cronbach coefficient of the questionnaire

No	Description	Number of phrases	Stability coefficient	Validity coefficient
1	First hypothesis	6	.0945	0.913
2	Second hypothesis	6	.0942	0.921
	Total statements	12	.0944	0.917

Source: Preparation of the researchers, based on field study's data, 2024.

It is clear to the researcher from table no. (1), that the percentage of the stability coefficient and the percentage of the coefficient of validity according to the split-half coefficient using the Spearman equation for each of the hypotheses of the study separately, the complete resolution is greater than (50%) and very close to (100%), this indicates the power and validity of the questionnaire form, and then relying on it in testing the study hypotheses.

6.2. Data analysis and hypothesis testing

The hypotheses tested by computing the weighted arithmetic means (answer power) and standard deviations for each of the questionnaire phrases. All hypotheses are descriptive questions, according to the five-point Likert scale, as the variable that expresses the options (Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree) ordinal scale, and weighted averages are calculated according to Likert scale through a number of steps, namely: Firstly, assign each value in the Likert scale a specific weight (Strongly Agree 5, Agree 4, Neutral3, Disagree 2, Strongly Disagree 1). Secondly find the result by multiplying the number of the sample by the weight, and in the third step find the sum of the totals of multiplication results, then find the arithmetic mean by dividing the sum of the totals of multiplication results in the previous step/number of sample's individuals, to get the arithmetic mean.

6.3. The first hypothesis testing

H1. The practice of creative accounting techniques influences the informational content of the income statement.

Table (2): The frequency distribution of the study sample individuals' answers to the first hypothesis phrases

No	Phrases	Frequency and percentage%									
		Strongly agree		Agree		Neutral		disagree		Strongly disagree	
		f	P	f	p	f	P	f	P	F	p
1	Recording false revenue from fictitious sales at the end of the accounting period and canceling them at the beginning of the accounting period increases net profit	52	43.3%	48	40%	8	6.7%	8	6.7%	4	3.3%
2	Deferring the recording of purchase invoices to the next accounting period reduces the cost of goods sold and increases profits	49	40.8%	47	39.2%	9	7.5%	9	7.5%	6	5%
3	Transferring current revenues to later financial periods leads to a deliberate reduction in current profits	54	45%	49	40.8%	8	6.7%	7	5.8%	2	1.7%
4	Failure to record or inappropriately reduce liabilities contributes to falsification of income statement information	50	41.7%	46	38.3%	12	10%	8	6.7%	4	3.3%
5	Changing the method used in evaluating inventory, such as switching from FIFO to LIFO, leads to an increase in net profits in light of rising prices	46	38.3%	57	47.5%	11	9.2%	6	5%	0	0
6	Changing the method used in depreciating fixed assets or amortizing intangible assets, influences total expenses and thus net profit	49	40.8%	48	40%	11	9.2%	8	6.7%	4	3.3%

Source: Preparation of the researchers, based on field study's data, 2024.

It is clear to the researchers from table (2) regarding the recurring distribution of the answers of the study sample individuals to the phrases of the first hypothesis which states that (The practice of creative accounting techniques influences the informational content of the income statement), that the majority of the answers were at the levels of “agree” and “strongly agree”.

Table (3): The mean and the mode of the study sample individuals' answers to the first hypothesis phrases

No	Phrases	Standard deviation	Mode	Arithmetical Mean	Interpretation
1	Recording false revenue from fictitious sales at the end of the accounting period and canceling them at the beginning of the accounting period increases net profit	1.022	5	3.07	Strongly agree
2	Deferring the recording of purchase invoices to the next accounting period reduces the cost of goods sold and increases profits	0.961	4	3.66	Agree
3	Transferring current revenues to later financial periods leads to a deliberate reduction in current profits	1.882	5	3.78	Strongly agree
4	Failure to record or inappropriately reduce liabilities contributes to falsification of income statement information	0.991	4	3.88	Agree
5	Changing the method used in evaluating inventory, such as switching from FIFO to LIFO, leads to an increase in net profits in light of rising prices	1.041	5	3.92	Strongly agree
6	Changing the method used in depreciating fixed assets or amortizing intangible assets, influences total expenses and thus net profit	1.901	5	3.09	Strongly agree

Source: Preparation of the researchers, based on field study's data, 2024.

Table (3), showed that the descriptive statistics of the first hypothesis phrases, which states that (The practice of creative accounting techniques influences the informational content of the income statement)**,** the arithmetic mean is in the range between (3.07-3.92), the mode is in the range of (4-5) and the standard deviation is in the range between (0.961-1.901). According to fived-digits' Likert scale, the study sample individuals' answers "agreed" and "strongly agree".

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Table (4): Test Chi – square for first hypothesis

No	Phrases	Chi-square	Degree of freedom	Statistical significance
1	Recording false revenue from fictitious sales at the end of the accounting period and canceling them at the beginning of the accounting period increases net profit	148.372	4	0.000
2	Deferring the recording of purchase invoices to the next accounting period reduces the cost of goods sold and increases profits	75.938	3	0.000
3	Transferring current revenues to later financial periods leads to a deliberate reduction in current profits	137.928	4	0.000
4	Failure to record or inappropriately reduce liabilities contributes to falsification of income statement information	93.011	3	0.000
5	Changing the method used in evaluating inventory, such as switching from FIFO to LIFO, leads to an increase in net profits in light of rising prices	87.639	4	0.000
6	Changing the method used in depreciating fixed assets or amortizing intangible assets, influences total expenses and thus net profit	99.035	4	0.000

Source: Preparation of the researchers, based on field study's data, 2024.

In order to test the validity of the hypothesis, which states that, (The practice of creative accounting techniques influences the informational content of the financial position statement) the Chi-square test was used for the axis expressions. The values of the Chi-square calculated as follows (148.372, 75.938, 137.928, 93.011, 87.639, and 99.035). With (3-4) degrees of freedom and with statistical significance for all terms (0.00). When comparing the level of statistical significance with the permissible level of significance (0.05), it is clear that the level of statistical significance is less than the level of morale. This means that there are differences of statistical significance of the phrases of the hypothesis and the hypothesis achieved.

6.4. Second hypothesis testing

H2. The practice of creative accounting techniques influences the informational content of the financial position statement.

Table (5): The frequency distribution of the study sample individuals' answers to the second hypothesis phrases

No	Phrases	Frequency and percentage%									
		Strongly agree		Agree		Neutral		disagree		Strongly disagree	
		f	P	f	P	f	P	F	P	F	p
1	Manipulating the fixed assets depreciation rates by reducing them from the rates used, leads to showing an unreal financial position for the establishment	54	45%	46	38.3%	11	9.2%	6	5%	3	2.5%
2	Manipulating the market prices used in evaluating the securities portfolio, leads to showing the current investments item at an unreal value	52	43.3%	44	36.7%	10	8.3%	8	6.7%	6	5%
3	Not disclosing registered cash items, influences net current assets and the amount of working capital	49	40.8%	52	43.3%	9	7.5%	5	4.2%	5	4.2%
4	Not disclosing bad debts in the accounts receivable item to reduce the values of doubtful debts, influences the value of the debtors item	48	40%	51	42.5%	11	9.2%	10	8.3%	0	0
5	Changing the accounting methods used in accounting for long-term investments from the cost method to the equity method, influences the values of long-term investments	51	42.5%	45	37.5%	11	9.2%	7	5.8%	6	5%
6	Including stagnant merchandise items in inventory statements in addition to manipulation of their prices, influences the value of the inventory	50	41.7%	51	42.5% 5	9	7.5%	6	5%	4	3.3%

Source: Preparation of the researchers, based on field study's data, 2024.

Regarding the recurring distribution of the study sample individuals' answers to the phrases of the second hypothesis, which states that (The practice of creative accounting techniques influences the informational content of the financial position statement), it is clear to the researchers from table (5), that the majority of the answers were at the levels of "agree" and "strongly agree"

Table (6): The mean and the mode of the study sample individuals' answers to the second hypothesis phrases

No	Phrases	Standard deviation	Mode	Arithmetical Mean	Interpretation
1	Manipulating the fixed assets depreciation rates by reducing them from the rates used, leads to showing an unreal financial position for the establishment	1.028	5	3.84	Strongly agree
2	Manipulating the market prices used in evaluating the securities portfolio, leads to showing the current investments item at an unreal value	0.896	4	3.19	Agree
3	Not disclosing registered cash items, influences net current assets and the amount of working capital	1.809	5	3.71	Strongly agree
4	Not disclosing bad debts in the accounts receivable item to reduce the values of doubtful debts, influences the value of the debtors item	1.152	5	3.92	Strongly agree
5	Changing the accounting methods used in accounting for long-term investments from the cost method to the equity method, influences the values of long-term investments	0.804	4	3.58	Agree
6	Including stagnant merchandise items in inventory statements in addition to manipulation of their prices, influences the value of the inventory	1.761	5	3.77	Strongly agree

Source: Preparation of the researchers, based on field study's data, 2024.

Table (6) showed that, the descriptive statistics of the second hypothesis phrases, which states that (The practice of creative accounting techniques influences the informational content of the financial position statement), the Arithmetic mean is in the range between (3.19-3.92), the mode is in the range of (4-5) and the standards deviation is in the range between (.804-1.761). According to five-digit Likert scale, the individuals' answers are "agree" and "strongly agree".

Table (7): Test Chi – square for second hypothesis

No	Phrases	Chi-square	Degree of freedom	Statistical significance
1	Manipulating the fixed assets depreciation rates by reducing them from the rates used, leads to showing an unreal financial position for the establishment	102.148	4	0.000
2	Manipulating the market prices used in evaluating the securities portfolio, leads to showing the current investments item at an unreal value	119.193	4	0.000
3	Not disclosing registered cash items, influences net current assets and the amount of working capital	104.815	5	0.000
4	Not disclosing bad debts in the accounts receivable item to reduce the values of doubtful debts, influences the value of the debtors item	124.519	4	0.000
5	Changing the accounting methods used in accounting for long-term investments from the cost method to the equity method, influences the values of long-term investments	96.074	4	0.000
6	Including stagnant merchandise items in inventory statements in addition to manipulation of their prices, influences the value of the inventory	104.651	4	0.000

Source: Preparation of the researchers, based on field study's data, 2024.

In order to test the validity of the hypothesis, which states that (The practice of creative accounting techniques influences the informational content of the financial position statement), the Chi-square test used for the axis expressions. The values of the Chi-square calculated as follows (102.148, 119.193, 104.815, 124.519, 96.074 and 104.651). With (4-5) degrees of freedom and the statistical significance for all phrases (0.00). When comparing the level of statistical significance with the permissible level of significance (0.05), it is clear that, the level of statistical significance is less than the level of morale; this means that there are differences of statistical significance of the terms of the hypothesis and the hypothesis achieved.

7. DISCUSSION OF THE STUDY'S RESULTS

This study mainly aimed to know the extent of the impact of creative accounting on the informational content of financial reporting. And the study findings revealed that, changing the method used in evaluating inventory such as switching from (FIFO) to (LIFO), leads to an increase the net profits in light of rising prices. This result agreed with the results of (Christianna, 2021) study, which showed that, there are many aspects affect the numbers that appear in the financial statements, and it's clear that, changing inventory methods is one of these aspects. Also, the results of (Jamal and Saif El-Din, 2022) study findings showed that, accounting knowledge contributes significantly to activating the informational content for the financial reporting of the establishment. All mentioned findings ensure the accuracy and the achievement of the first hypothesis, which stated (The practice of creative accounting techniques influences the informational content of the income statement). In addition, the results of the study showed that, not disclosing registered cash items influences net current assets and the amount of working capital. This finding agree with the results of (Shuaib, 2023) study which showed that, there is a negative effect of the readability of the financial reporting' informational content on cash holding level. Also the results of (Baajajah, et al., 2015) study, showed that, the motives of practicing creative accounting techniques in Saudi Arabia establishments is to maintain the level of stock prices in the capital market and make it positive in the case of continued growth. Moreover, this agreed with the study result, which showed that, including stagnant merchandise items in inventory statements in addition to manipulation of their prices influences the value of the inventory. All these findings ensure the validity and achievement of the second hypothesis which stated that (the practice of creative accounting techniques influences the informational content of the financial position statement). In addition, this study applied on some of the Sudanese banks and industrial establishment, the researcher recommended to conduct another studied to show the impact of creative accounting on the performance of stocks of exchanges.

8. CONCLUSION

The study concluded with a number of findings that showed the accuracy of the study's hypotheses and the recommendations obtained too. The following is the most important results and recommendations of the study:

8.1. Result of the study

After completing the field study and analyzing the data, the researcher reached the following results:

8.1.1. Transferring current revenues to later financial periods leads to a deliberate reduction in current profits.

8.1.2. Recording false revenue from fictitious sales at the end of the accounting period and canceling them at the beginning of the accounting period increases net profit.

8.1.3. Changing the method used in evaluating inventory, such as switching from FIFO to LIFO, leads to an increase in net profits in light of rising prices.

8.1.4. Changing the method used in depreciating fixed assets or amortizing intangible assets, influences total expenses and thus net profit.

8.1.5. Not disclosing registered cash items, influences net current assets and the amount of working capital.

8.1.6. Including stagnant merchandise items in inventory statements in addition to manipulation of their prices, influence the value of the inventory.

8.1.7. Manipulating the fixed assets depreciation rates by reducing them from the rates used, leads to showing an unreal financial position for the establishment

8.1.8. Not disclosing bad debts in the accounts receivable item to reduce the values of doubtful debts, influences the value of the debtors' item

8.2. Recommendations of the study

Based on the results of the study, the researchers recommend the following:

8.2.1. To reduce the effects of practicing creative accounting techniques on the informational content of financial reporting, Sudanese establishments should apply the International Financial Reporting Standards (IFRSs).

8.2.2. Users of financial reporting should seek the assistance of external auditors and financial analysts to confirm the accuracy of the informational content of financial reporting and their freedom from creative accounting practices in order to rationalize their economic decisions.

8.2.3. Raising public awareness of creative accounting, its methods, practices and its effects on the informational content of financial reporting through workshops and seminars.

8.2.4. Training accountants and internal auditors on how to detect and reduce creative accounting practices in financial reporting.

8.2.5. Issuing the necessary legal legislation that helps reduce creative accounting practices.

8.2.2. Conducting other studies on the impact of creative accounting on the performance of stock of exchange.

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