

FROM CREATIVE ACCOUNTING PRACTICES AND ENRON PHENOMENON TO THE CURRENT FINANCIAL CRISIS

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Abstract:

The aim of this paper is to bring into attention the creative accounting phenomenon. Types of creative accounting practices has been examined comparing scandals occurred in large companies in the last two decades. In order to realize this scope we define the concept of creative accounting and its various forms, and we try to figure the reasons why we came into a financial crisis again, even if the history taught us that the risks are very large. We discuss the implication of creative accounting in the current financial crisis because many financial enterprises have sought state support within a short period of receiving unqualified audit opinion. The research method is a deductive one, fundamental type that give us the necessary prerequisites for future research. We believe that creative accounting practices will not disappear unless the causes which have given rise to them will disappear, too. Therefore, although driven by the intention to limit creative accounting, the accounting normalisers must take into account the circumstances that allow its expression under close supervision.

Keywords: creative accounting, fraud, audit, financial statements.

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