

CREATIVE ACCOUNTING: MALAYSIAN EXPERIENCE

Prepared by: Marina Petrovic

ABSTRACT

The issue of creative accounting has been described as a serious challenge to the accounting profession globally, especially in countries practicing flexible accounting systems. Due to its potential to distort, mislead, and misrepresent, it has been of concern to many involved with financial reporting.

As there is no published literature about creative accounting in Malaysia, this report provides readers with various issues pertaining to creative accounting in Malaysia. The report also provides guidelines on detection of creative accounting.

Empirical study has been conducted to gather evidence regarding the use of creative accounting in Malaysia. For this purpose, a survey of external auditors was conducted.

Analysis of result revealed that Malaysia companies most frequently use accounting for stock technique, and are motivated by desire to reduce tax. Trend analysis was identified as the primary detection technique in use.