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## **EVOLUTION OF CREATIVE ACCOUNTING AND WAYS TO IMPROVE IT**

### *Summary*

In the modern activity of enterprises and organizations, which is developing dynamically, the number of accounting tasks is constantly growing. This is due to the improvement of accounting for the introduction of new rules for the recognition, evaluation and reflection of facts and phenomena of economic life. Such changes require a great deal of knowledge from the accountant not only on the legal regulation of accounting but also the correct professional judgment.

A new system of financial reporting regulation has created the preconditions for the emergence of a new area of accounting, namely creative accounting. On the one hand, any accounting method that does not meet generally accepted practices or standards can be considered creative. At its worst, it is the process of selecting the company's accounts in such a way that they present its activities in a more favourable light. The application of creative accounting methods is of great importance under operation of enterprises according to International Financial Reporting Standards.

The relevance of the study of creative accounting is growing, as it is based on the provision of a set of legal methods aimed at providing property and financial state of the firm in the desired or appropriate form, when often one expression can be used in completely opposite senses.

The article considers the reasons for the emergence of creative accounting, as well as the stages of its evolution. The urgency and importance of this problem is shown, both for the compilers of financial statements and for external users of such information. The author's interpreting the concept of "creative accounting" is also proposed. The necessity of conducting research in the direction of finding ways to improve creative accounting is substantiated. The existing approaches of researchers to eliminate the negative consequences of creative accounting are analysed. Two main groups of research approaches to improving creative accounting have been identified and analysed. The necessity of improving the procedural aspects of creative accounting based on the application of the concept of true and fair representation is substantiated. The main concept provisions of true and fair reflection, the use of which provides an adequate picture of the economic reality of the enterprise in the financial statements are considered. A "pendulum" of attitude to creative accounting in the scientific and professional community has been built. The author reveals the causal relationship between the categories of truth and justice in the context of the concept of True and Fair View.

*Keywords:* creative accounting, accounting, financial reporting, accounting techniques, accounting policy, ethics of accounting.

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