



Requirements for applying governance and accounting conservatism to strengthen financial flexibility In Egyptian and Palestinian sports institutions

Prof/ Hassan Ahmed El shafei*

Prof.assist/ Omar Nasser Alla Qishta**

Dr/ Mohamed Mohamed Ali Zaid***

*Professor of Sports Management -Faculty of Physical Education -Alexandria University - Egyptian Arab Republic.

**Associate Professor of Sports Management - Dean of the Faculty of Physical and Sports Education formerly - Al-Aqsa University - Palestine.

*** Lecturer, Department of Sports Management- Faculty of Physical Education - Damietta University - Egyptian Arab Republic.

Abstract

This research aims to identify the requirements for applying governance and accounting conservatism to support financial flexibility in Egyptian and Palestinian sports institutions. The sample was chosen randomly. The research tools included a governance and accounting conservatism questionnaire to strengthen financial flexibility, and data was collected by applying the questionnaire, and the data collected was classified, tabulated and statistically analyzed, and appropriate statistical methods were followed through the Spss program, and this research followed the descriptive analytical approach. In order to reach the most important results of the research, which confirm that the calculated (Ka2) value is greater than the tabular (9.49), for all the phrases related to the governance and accounting conservatism questionnaire to support financial flexibility, as the calculated (Ka2) value ranged between (10.062: 52.375), which shows that there are differences. It is statistically significant in all phrases, and the estimated percentage of axes phrases is high, which indicates the importance of the phrases of the governance questionnaire and accounting conservatism to support financial flexibility, and the necessity of sports clubs' interest in clarifying the concept of accounting conservatism, and attention to developing mechanisms of governance and accounting conservatism for sports institutions.

The current research recommended the need to pay great attention to research on governance and accounting conservatism in the sports field, and the need for proper application of them, and the issuance of legislation that includes penalties for cases of manipulation that occur in the financial statements of sports institutions, and encouraging the state to hold conferences on the concept of governance and conservatism in sports institutions.

Keywords

Governance - Accounting conservatism - financial flexibility.

Introduction and research problem:

The term governance has spread as a modern thought aimed at modernization and development in all fields, where governance is defined as "a set of laws, regulations, and decisions that aim to achieve quality and excellence in performance by choosing appropriate and effective methods to achieve the organization's plans and objectives. Systems that control the relationships between the main parties that affect performance, and include the elements of strengthening the institution in the long term, and defining

the responsibility and responsibilities (Khaled Qadri, 2014, 44) .

Governance is also a control method that includes a set of rules, principles and laws that regulate the relationship between the parties inside and outside the company to reach the goal with the highest possible degree of efficiency and at the lowest costs, through the development of plans and policies with a degree of clarity and transparency. (Osama Ali, 2011, 28), an integrated system of prevention that includes financial and non-financial aspects through which

the company is managed and controlled. (Cadbury cpmmittee, 1992, 5).

Governance can also be defined as participation, decentralization, healing, equality and responsiveness in the areas of physical education and sports. (Al-Shafi'i, Hassan, 2015, 13), and the International Finance Corporation (IFC) defined it as the system through which companies are managed and their business controlled. (Alamgir, 2007, 9).

Governance is a set of contractual relationships that link the management of companies, their shareholders and stakeholders, by creating procedures and structures that are used to manage the company's affairs, and direct its work in order to ensure the enhancement of performance, disclosure, transparency and accountability in the company, and to maximize the benefits for shareholders in the long term, taking into account the interests of the parties. different. (Lotfy, Amin, 2010, 132)

Governance has many advantages and benefits, including reducing the risks related to financial and administrative corruption that institutions face, raising the level of performance in institutions, advancing development and economic progress, attracting investments and encouraging capital, increasing the institutions' ability to compete globally and opening new markets for them. (Mustafa Suleiman, Muhammad, 2008, 15).

Conservatism in accounting thought is defined as not expecting any profits, but expecting all losses. Accounting conservatism is the tendency of accountants to recognize bad news faster in the financial statements compared to good news, such as including future losses and not future profits when reporting on profits in the financial statements. Conservatism is often This leads to bad economic news being recognized faster than good economic news. (Basu, 1997, 4)

And accounting conservatism in the sense of reporting the lower values of assets and revenues as much as possible, and the higher values of liabilities and expenses, which means accelerating the recognition of expenses and deferring the recognition of revenues, such as recognizing research and development expenses in the same period in which they were spent instead of capitalizing them, or using the lower estimate of the economic life of the fixed asset when Calculate the annual depreciation expense. (Riyad Ahmed, Sameh, 2011, 128)

Conservatism can be defined as the policy of anticipating potential losses in the future and taking them into account, taking into account future gains. This policy tends to understate rather than exaggerate net assets and net income. (Abdel-Fattah, Aya, 2016, 420)

Accounting conservatism is the recognition of expected losses without the expected profits, and the recognition of the minimum values of assets, as conservatism involves the use of the most stringent criteria for recognizing profits, as conservatism increases the available cash flow by increasing the flow of cash inputs and reducing the flow of cash outputs. (Musa Hamdan, Allam, 2011, 44).

Accounting conservatism is one of the most important mechanisms of governance, as it reduces the ability of

managers to distort or inflate financial performance. Accounting conservatism increases the quality of financial reports, which leads to a reduction in the cost of long-term debts. (Chen, 2013, 245). .

Accounting conservatism has many goals, including that it contributes to enhancing the credibility of the financial statements, helps prevent bankruptcy and the collapse of institutions, and works to show the real economic profits of institutions in accounting reports, supports the degree of credibility and reliability of reports and financial statements. (Awja, Hassanein, 2017, 120).

The importance of this topic stems from the fact that governance is the system through which the sports organization is directed and managed within the framework of a set of procedures that achieve transparency, commitment, accountability and internal control in the sports institution. It is important in accounting practices, and conservatism contributes and helps protect the rights of institutions, and in light of the tremendous development in sports, and that sports have become an industry that depends enormously on the ability of the institution to keep pace with this development through the financial support enjoyed by sports institutions and the ability of the sports institution to control Funding sources, attention was paid to this part of the research.

By informing the researcher of the recommendations of previous studies, the study of (Mustafa Haroun, 2019), (Qiang, 2007), (Saleh, 2012), and (Xu et al, 2012), recommended the need to pay attention to governance within institutions and companies. And the necessity of the proper application of governance in institutions using modern technological methods, and the need to review all financial reports prepared within institutions and to pay attention to caution in financial transactions within institutions, which is what is called accounting conservatism.

From all of the above and given the importance of governance in the current development in clubs and the need for clubs to pay attention to all the methods that preserve their funds and that help increase their financial flow, including accounting conservatism, and within the limits of the researchers' knowledge, we did not find research interested in knowing the requirements for applying governance and applying accounting conservatism to strengthen flexibility. Finance within the clubs, and for this this study came to identify the requirements for applying governance and accounting conservatism to support financial flexibility in Egyptian and Palestinian sports institutions.

Research aims:

The research aims to identify the requirements for applying governance and accounting conservatism to support financial flexibility in Egyptian and Palestinian sports institutions, by answering the following questions:

- 1- What is the concept of accounting conservatism in sports institutions?.
- 2- What are the mechanisms of governance and accounting conservatism in sports institutions?

3- What is the financial flexibility in sports institutions?

Research procedures:

The method:

The researcher used the descriptive approach, the survey method, to suit the nature of the research.

Research community:

The community is represented by the members of the boards of directors, the executive director, the auditor, and the financial manager in sports clubs in Egypt and Palestine.

Exploratory research sample:

The exploratory sample, which numbered (30) members of boards of directors, the executive director, the auditor, and the financial director in sports clubs in Egypt and Palestine, were selected randomly from outside the basic research sample and representative of the research community, in the period from (15/ 4/2021) to (15/5/2021).

Basic research sample and its limits:

- **Human boundaries:** The research sample consisted of (160) members of boards of directors, the executive director, the auditor, and the financial manager in sports clubs in Egypt and Palestine, out of a total of (185) forms that were distributed, and they were chosen in a pseudo-objective manner, and the ethical guidelines were adhered to during the procedure search.
- **Spatial limits:** Field application was carried out on a sample of board members, the executive director, the auditor, and the financial director in sports clubs in Egypt and Palestine
- **Time limits:** The field application of the research tools in its final form from (1/6/2021AD) to (1/8/2021AD), as shown in Table (1):

Table (1) A numerical statement of the sample under investigation

Country	Club	sample number
Egept	Al Ahly club	3
	zamalek club	4
	Arab Contractors Club	6
	Tersana Club	7
	Al Ittihad Club of Alexandria	6
	Smouha Sports Club	6
	Sporting club	6
	Mansoura Sports Club	7
	Rose Island Club	7
	Meet Ghamr Club	6
	Sinbillawain Club	7
	Zarqa sports club	8
	Damietta Sports Club	7
	Al-Masry Club	6
	Ismaily Club	5
	Al Sharqia Sports Club	6
Aswan Sports Club	6	
Sohag sports club	7	
Palestine	Rafah youth club	7
	Rafah Services Club	8
	Khan Yunis Youth Club	6
	Gaza sports club	7
	Al Shejaia Sports Club	7
	Friendship Sports Club	8
Beach sports club	7	
Total		160

Data collection tools:

1. Questionnaire "**Governance and accounting conservatism to strengthen financial flexibility in its initial form**" (prepared by the researcher), annex (3).
2. Questionnaire "**Governance and accounting conservatism to strengthen financial flexibility**

in its final form" (prepared by the researcher), annex (4)

- The form of governance and accounting conservatism to support financial flexibility The questionnaire was prepared as it included (34) phrases divided into three axes, namely, the concept of accounting conservatism and it includes (6) phrases,

mechanisms of governance and accounting conservatism, which includes (19) phrases, and financial flexibility includes (9)) phrases, in its final form; And this is in light of the research concepts and terms, and within the framework of the procedural concept and previous studies, and their response is determined according to the five-level rating (strongly agree - agree - sometimes - disagree - strongly disagree) on a continuous scale (5-4-3-2-1) for the phrases.

Search steps:

After selecting the research sample and preparing the data collection tool, the researcher performed the following steps

Statistical coefficients for the questionnaire:

First: Calculating the validity coefficient:

The sincerity of the arbitrators:

The researcher presented the proposed questionnaire axes, as well as the phrases of each of the axes, to (5) experts from the sports administration professors in the Arab Republic of Egypt Annex (1) to express an opinion on the appropriateness and adequacy of the axes and phrases and the appropriateness of their formulation for the research sample, and based on the experts' opinion, phrase 42 was deleted (42/1: 42/14), then the questionnaire was drafted in its initial form, annex (3)

Internal consistency validity:

To verify the suitability of the questionnaire statements, the researcher applied the questionnaire to a survey sample consisting of (30) members of boards of directors, the executive director, the auditor, and the financial manager in the sports clubs in Egypt and Palestine in the same research, and the researcher used the internal consistency validity to calculate the validity of axes and phrases The questionnaire by finding the value of the correlation coefficient between the statements and their axes, as shown in Table (2), (3).

Table (2)The value of the correlation coefficient between the axes and phrases of the questionnaire of governance and accounting conservatism in the same research (n = 30)

N	LINK	N	LINK	N	LINK	N	LINK
The first axis		10	*.415	21	** .659	32	*.427
1	** .798	11	** .762	22	** .708	The third axis	
2	** .572	12	*.364	23	*.422	33	** .489
3	** .572	13	** .467	24	*.405	34	*.364
4	** .667	14	*.437	25	*.368	35	** .660
5	** .649	15	*.370	26	*.413	36	** .576
6	*.375	16	.256	27	.337	37	** .597
The second axis		17	.242	28	** .530	38	** .471
7	*.411	18	*.400	29	** .554	39	** .684
8	.243	19	** .631	30	.177	40	** .611
9	*.400	20	.268	31	.257	41	** .663

(**) Table value of (r) at (0.01) = 0.463

(*) Table value of (r) at (0.05) = 0.361

It is clear from Table (2) that: There is a statistically significant relationship at the level of significance (0.01), (0.05) between the questionnaire of governance and accounting conservatism and its related statements, except for statements No. (8), (16), (17), and (20), (27), (30), and (31) where the value of the calculated correlation coefficient for them was less than the tabular value, and thus it can be based on the validity of the internal consistency between the questionnaire's axes and phrases and the degree of the axis to which it belongs.

Table (3) The value of the correlation coefficient between the axes and the questionnaire of governance and accounting conservatism in the sample of the research (n = 30)

N	The axes	Correlation coefficient
1	The concept of accounting conservatism	** .524
2	Governance mechanisms and accounting conservatism in sports institutions	** .911
3	Financial flexibility in sports institutions	*.435

(**) Table value of (r) at (0.01) = 0.463

(*) Table value of (r) at (0.05) = 0.361

It is clear from Table (3) that there is a statistically significant relationship at the level of significance (0.05) between the axes, the governance questionnaire and the accounting conservatism of the members of the boards of directors, the executive director, the auditor, and the financial manager in sports clubs in Egypt and Palestine.

Second: Calculation of the stability factor:

The researcher used Cronbach's alpha coefficient and the significance of internal consistency, to calculate the value of the stability coefficient of the questionnaire's axes,

where the researcher applied the questionnaire to an exploratory sample of (30) individuals, and the stability coefficient of the questionnaire's axes was calculated as shown in Table No. (4) that:

Table (4) Test of Cronbach's alpha stability coefficient for the questionnaire of governance and accounting conservatism, the sample of the research (n = 30)

N	The axes	Constancy
1	The concept of accounting conservatism	*.628
2	Governance mechanisms and accounting conservatism in sports institutions	*.760
3	Financial flexibility in sports institutions	*.732
4	Promotional mix as a whole	*.505

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It is clear from Table No. (4) that: The stability of the questionnaire axes, where the stability coefficient of Alpha Cronbach reached (0.505) for the questionnaire of governance and accounting conservatism, and the internal consistency coefficient for each axis was D, which indicates a high value of the stability coefficient of the questionnaire axes

Third :Application of the questionnaire form:

After completing the scientific transactions (honesty and consistency) of the questionnaire form on governance and accounting reservation for members of boards of directors, the executive director, the auditor, and the financial director in sports clubs in Egypt and Palestine, the questionnaire attached (4) was applied to the research sample numbering (160) during the period From (1/6/2021) to (1/8/2021), and after completing the application of the questionnaire, the questionnaire was collected, organized, and data was unloaded to carry out statistical treatments to reach and discuss the research results

- Estimated degree.
- Estimated percentage
- Repetitions coefficient
- Pearson correlation coefficient
- Cronbach's alpha correlation coefficient.
- Ca 2

Fifth: Presentation, interpretation and discussion of results:

1. **Presentation, interpretation and discussion of the first question: What is the concept of accounting conservatism in sports institutions?**

Fourth: Statistical treatments:

In the statistical treatments of data within this study, the researcher used the Statistical Packages for Social Sciences (SPSS) program, using the following parameters:

**Table (5)
Estimated ratio and ca2 for the concept of accounting conservatism - research sample - (n = 160)**

N	Strongly Agree	Agree	neutral	Disagree	Strongly Disagree	The discretionary score	Estimated ratio	Ca 2
1	29	38	51	30	12	522	65.25%	25.312*
2	30	42	51	27	10	535	66.87%	30.438*
3	25	53	52	17	13	540	67.5%	46.125*
4	41	53	45	16	5	589	73.62%	52.375*
5	24	33	46	34	23	481	60.12%	10.812*
6	23	37	52	35	13	502	62.75%	27.375*

* Tabular value of (Ca2) at (0.05) = 9,49

It is evident from Table No. (5) that: There are statistically significant differences at the level (0.05), where the calculated (Ca2) was greater than the tabular, and the estimated percentage of the axis phrases was high and ranged from (60.12%) to (73.62%), which is a high percentage indicating On the importance of the axis

Where researchers believe that sports clubs must pay attention to accounting conservatism, caution and prudence in dealing with the financial matters of the club because of their great importance in increasing the value of the institution and the clubs' ability to significantly manage the profits that benefit the club

This is in agreement with the study (Ahmed et al, 2002), the study (Watts, 2003), the study (Watts and Zuo, 2012), the study (Artiaach and Clarkson, 2013), the study (Chen and Zhu, 2013), and the study (Abu al-Khair , Director, 2008) that conservatism means early recognition of events that result in a decrease in profit and assets and a delay in recognizing events that result in an

increase in profit, and that the boards of directors must pay attention to accounting conservatism, its application and use within clubs because of its great importance in managing funds within the club and the ability to increase Profits and reduce losses. Therefore, the concept of accounting conservatism within the clubs must be clarified and its importance. Accounting conservatism increases in

the financial report over time, and the companies that used conservative policies contributed to maintaining the volume of high investments

2. Presentation, interpretation and discussion of the second question: What are the mechanisms of governance and accounting conservatism in sports institutions?

Table (6)

Estimated ratio and ca2 of governance mechanisms and accounting conservatism - research sample - (n = 160)

N	Strongly Agree	Agree	neutral	Disagree	Strongly Disagree	The discretionary score	Estimated ratio	Ca 2
7	29	41	52	29	9	532	66.5%	32.125*
8	30	50	43	25	12	451	67.62%	28.062*
9	31	42	38	29	20	515	64.37%	10.062*
10	30	46	52	20	12	542	67.75%	35.750*
11	26	34	41	34	25	482	60.25%	15.438*
12	31	46	52	25	6	551	68.87%	41.312*
13	25	36	49	33	17	499	62.37%	18.125*
14	17	41	50	34	18	485	60.62%	25.938*
15	33	36	52	24	15	528	66%	24.062*
16	30	35	49	30	16	513	64.12%	17.562*
17	23	37	52	35	13	502	62.75%	27.375*
18	16	43	56	32	13	497	62.12%	41.062*
19	28	38	47	30	17	510	63.75%	15.438*
20	34	41	56	20	9	551	68.87%	41.688*
21	18	33	45	40	24	461	57.62%	15.438*
22	24	32	47	34	23	480	60%	11.688*
23	29	39	50	30	12	523	65.37%	24.562*
24	30	43	51	26	10	537	67.12%	31.438*
25	27	50	55	16	12	544	68%	47.938*

* Tabular value of (Ca2) at (0.05) = 9,49

It is clear from Table No. (6) that: There are statistically significant differences at the level (0.05), where the calculated (Ca2) was greater than the tabular, and the estimated percentage of the axis phrases was high and ranged from (57.62%) to (68.87%), which is a high percentage indicating On the importance of the axis

Where researchers believe that sports clubs must pay attention to governance and the mechanisms of its application and the mechanisms of applying accounting conservatism because of their great importance in the development of the club and the increase in its profits and its tremendous ability to manage its money in a wonderful way. On a phenomenal and outstanding performance for the club

This is consistent with the study (Lara, 2007), the study (Chi, 2009), the study (Al-Rasheed Al-Sayed Al-Hadi, 2009), the study (Imad Al-Zumar, 2011), and the study (Francis, 2013) that sports clubs and their boards of directors must deal with transparency and credibility. In clarifying and disclosing the accounting information and financial reports, it is necessary to have communication channels and websites to publish the news of the institution, and this greatly helps to take the decisions related to the board of directors in a sound manner. In companies, the

auditor is required to disclose in his report the extent of the company's compliance with the rules of governance and the financial reports of the institution.

This differs with the study (Issa Al-Ghanodi, 2002), in which the results of this study were the absence of governance, the absence of transparency, disclosure and confidence in the company's financial reports, so the investor was unable to make better investment decisions.

3. Presentation, interpretation and discussion of the third question: What is financial flexibility in sports institutions?

Table (7) Estimated Percentage of Financial Flexibility - Research Sample - (n = 160)

N	Strongly Agree	Agree	neutral	Disagree	Strongly Disagree	The discretionary score	Estimated ratio	Ca 2
26	42	45	34	18	21	549	68.62%	18.436*
27	30	40	53	27	10	533	66.62%	31.812*
28	43	30	38	34	15	532	66.5%	14.188*

29	37	29	58	23	13	534	66.755	36*
30	32	36	43	27	22	509	63.62%	11.188*
31	31	50	54	14	11	556	69.5%	49.188*
32	50	46	33	17	14	581	72.62%	33.438*
33	45	56	35	16	8	594	74.25%	49.562*
34	18	34	45	39	24	463	57.87%	15.062*

* Tabular value of (Ca2) at (0.05) = 9,49

It is clear from Table No. (7) that: There are statistically significant differences at the level (0.05), where the calculated (Ca2) was greater than the tabular, and the estimated percentage of the axis phrases was high and ranged from (57.87%) to (74.25%), which is a high percentage indicating On the importance of the axis.

Where researchers believe that sports clubs and their existing boards of directors must pay great attention to the financial resources in the club and be interested in the presence of financial regulations in them that are commensurate with their goals and work to achieve them, and that the club has high revenues that help in spending on many aspects of the activities it provides, and this is clear evidence On the importance of managing money within clubs in light of the tremendous development in sports, and that sports has become an important industry in all countries.

This is consistent with the study (**Imad Saeed Al-Zumar, 2011**), that the clubs must match their goals to be achieved with the financial reports associated with them, and that the clubs' budget achieves the goals and plans set for them.

This differs with the study (**Lee, 2011**) that companies that use high levels of conservatism suffer from low financial flexibility when managing liquidity and making investment decisions. Affects the quality of financial decisions.

Research results:

1. The descriptive results showed that the calculated (Ca2) value is greater than the tabular (9.49), for all the phrases of the governance and accounting conservatism questionnaire to support financial

Research Recommendations:

Based on the findings of the research, the researcher recommends the following:

1. The necessity of paying great attention to research on governance and accounting conservatism in the sports field.
2. The necessity of proper application of governance in sports institutions using modern technology.

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flexibility, as the calculated (Ca2) value ranged between (10.062: 52.375), which shows that there are significant differences Statistics in all terms.

2. The estimated percentage of the axes phrases is high, which indicates the importance of the phrases of the governance and accounting conservatism questionnaire axes to support financial flexibility (the concept of accounting conservatism - governance mechanisms and accounting conservatism – financial flexibility).
3. The necessity of sports clubs’ interest in clarifying the concept of accounting conservatism.
4. Attention to the development of governance mechanisms and accounting conservatism for sports institutions.
3. Issuing legislation that includes penalties for cases of manipulation and fraud that occur in the financial statements of sports institutions.
4. Encouraging the state to hold conferences and seminars on the concept of governance and accounting conservatism in sports institutions.
5. The need for sports institutions to apply the principles of governance.

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