



The Role of Accounting Reservation through the Application of Liability Accounting System in Achieving Fairness of Palestinian Stock Exchange Listed Companies' Financial Statements for the Years (2010-2021)

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Abstract:

The study aimed to identify the role of accounting conservatism through the application of the responsibility accounting system in achieving the fairness of the financial statements of the industrial companies listed on the Palestine Stock Exchange for the years (2010-2021). To achieve the objective of the study, the quantitative descriptive approach was used. The industrial companies listed on the Palestine Stock Exchange were targeted through the published financial statements for the years (2010-2021), and the number reached (13) companies. Multiple regression and the correlation between the variables were analyzed. Through the application of the responsibility accounting system in achieving the fairness of the financial statements of the industrial companies listed on the Palestine Exchange. One of the most important recommendations is to motivate the management of Palestinian industrial companies, especially those with low conservatism, to exert more efforts to maintain the application of the principle of conditional accounting conservatism associated with the responsibility accounting system, due to its impact on the quality, credibility and fairness of financial reports.

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Key words: Accounting Reservation, Liability Accounting, Financial Fairness, Palestinian Stock Exchange, Financial Statements.

Jel Classification Codes : M40, M41

Introduction:

The concept of accounting conservatism has recently received a lot of attention from many literature of the academic accounting intellectual heritage, as the need for enterprises to adopt more objective accounting policies, especially with regard to the recognition of revenues and profits, which entails that financial reports become more conservative to protect the interests of other relevant parties, especially in the wake of the contemporary business environment of increasing cases of financial failures and collapses that affected many companies participating in the financial markets. Global, as a result of the negative practices of the phenomenon of profit management by the management of these establishments (Wafiq, 2021).

The accounting thought has paid great attention to the quality and fairness of the financial statements, due to the role played by financial information in the success or failure of the institution, and the degree of its growth and development in the field in which it is active, as this logically depends on the quality of the accounting system and accounting practices adopted by the institution, and it has become the most famous and adopted accounting language, as its application in the preparation and presentation of fair financial statements results in useful

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financial information characterized by a set of qualitative characteristics, on which it is often based. Researchers to judge the quality and fairness of financial statements (Hafasa, 2021).

Accounting conservatism is the essence of transparency and fairness in the financial statements, because of its impact on reducing the asymmetry of information between related parties, as it limits the management's ability to maximize some items of the financial statements, which can increase the risks resulting from investors' expectations about the return, and push them to demand a greater return to meet these risks, and the importance of accounting conservatism appears in reducing the cost of capital, increasing opportunities for management to obtain external sources, and increasing financing cash flows, which Helps to better increase the investment of available resources and increase operating cash flows (Al-Nuaimi, 2021).

The responsibility accounting system is one of the forefront of progressive tools for modern management, as it works to link the different administrative levels in the production units with those who are interested in monitoring performance within their production units, and identify the problems that hinder the implementation of their plans, while linking the goals to all levels of the organizational structure, and showing the final analysis of the contribution of each member of the organizational structure in the organization in achieving the goals (Muhanna, 2022).

Study problem and questions:

The problem of the study arises by identifying its phenomena, where the accountant in the Palestinian industrial companies is responsible for providing accounting information within the financial statements about the current economic and financial events for decision makers and users of information, and the measurement of these events is usually linked to estimates made and the state of doubt that requires the use of conservative accounting policies when reflected on the fairness of the financial statements through the adoption and application of liability accounting, as many Palestinian industrial companies resort to accounting reservation in certain situations to show the commitment of Caution when measuring and evaluating such events in uncertain circumstances, to provide information in their financial statements that is appropriate and reliable to achieve the purpose for which they were prepared, i.e. to achieve fairness in the presentation of their information.

Palestinian industrial companies justify the practices of accounting conservatism and test its motives and effects on the fairness of the financial statements and on the decisions of users by following responsibility accounting, and the conservative role of accounting appears from management's choices to postpone the recognition of profits and take potential losses into account by not announcing the expected gains, and thus affect the fairness of the financial statements.

The problem of the study can be summarized as follows: What is the role of accounting conservatism through the application of the liability accounting system in achieving the fairness of the financial statements of companies listed on the Palestine Exchange for the years-2010) ?(2021

Several sub-questions emerge from this main question:

- 1.What is the role of conditional accounting conservatism through the application of the liability accounting system in achieving the fairness of the financial statements of companies listed on the Palestine Exchange for the years?(2021-2010)
- 2.What is the role of unconditional accounting conservatism through the application of the liability accounting system in achieving the fairness of the financial statements of companies listed on the Palestine Exchange for the years?(2021-2010)
- 3.What is the role of positive accounting conservatism through the application of the liability accounting system in achieving the fairness of the financial statements of companies listed on the Palestine Exchange for the years?(2021-2010)

Objectives of the study:

The study aims to achieve the main objective, which is to identify the role of accounting conservatism through the application of the liability accounting system in achieving the fairness of the financial statements of companies listed on the Palestine Exchange for the years (2010-2021), in addition to achieving the following sub-objectives:

1. Identify the role of conditional accounting conservatism through the application of the liability accounting system in achieving the fairness of the financial statements of companies listed on the Palestine Exchange for the years.(2021-2010)
2. Identify the role of unconditional accounting conservatism through the application of the liability accounting system in achieving the fairness of the financial statements of companies listed on the Palestine Exchange for the years.(2021-2010)
3. Identify the role of positive accounting conservatism through the application of the liability accounting system in achieving the fairness of the financial statements of companies listed on the Palestine Exchange for the years.(2021-2010)
4. Reaching recommendations on urging industrial companies listed on the Palestine Exchange to apply accounting conservatism that contributes to achieving fair financial statements.

Hypotheses of the study:

The study seeks to examine the following null hypotheses:

The first main hypothesis: There is no statistically significant correlation at the significance level ($\alpha \leq 0.05$) between the role of accounting conservatism through the application of the liability accounting system and the achievement of fairness of the financial statements of companies listed on the Palestine Exchange for the years.(2021-2010)

This main hypothesis has several sub-hypotheses:

There is no statistically significant correlation at the significance level ($\alpha \leq 0.05$) between the role of conditional accounting conservatism through the application of the liability accounting system and the achievement of the fairness of the financial statements of companies listed on the Palestine Exchange for the years (2010-2021).(

There is no statistically significant correlation at the significance level ($\alpha \leq 0.05$) between the role of unconditional accounting conservatism through the application of the liability accounting system and the achievement of fairness of the financial statements of companies listed on the Palestine Exchange for the years (2010-2021).(

There is no statistically significant correlation at the significance level ($\alpha \leq 0.05$) in the role of positive accounting conservatism through the application of the liability accounting system in achieving the fairness of the financial statements of companies listed on the Palestine Exchange for the years (2010-2021).

1. Research methodology

Study methodology:

The two researchers relied on the quantitative descriptive approach, in order to achieve the objective of the nature of the study, and the type and information to be obtained, to determine the role of the accounting reservation through the application of the liability accounting system in achieving the fairness of the financial lists of companies listed on the Palestine Stock Exchange for years (2010-2021), a descriptive approach is an effective approach that relies on studying and accurately describing the study's variables, Expressing their relationship and accurately articulating their characteristics, and relying on quantitative descriptions by presenting figures that reflect variables, Quantitative figures and measures that determine the degree to which those variables relate to each other and thus the quantitative descriptive approach is appropriate for achieving the study's objectives accurately and objectively.

Methods and sources of data collection

The data of the sample study were collected from the annual financial reports of the industrial companies listed on the Palestine Stock Exchange (2010-2021). The financial reports were

obtained from the website of the Palestine Stock Exchange and also reviewed scientific articles and periodicals related to the topic of the current study.

study population

The study community consists of all the financial reports of the companies listed on the Palestine Stock Exchange (2010-2021). The data related to the role of accounting reservation through the application of the liability accounting system in achieving the fairness of the financial lists of the companies listed on the Palestine Stock Exchange, as the researchers know.

study sample

The sample study consists of the financial reports of the industry companies listed on the Palestine Stock Exchange (2010-2021) and included (conditional reservation, unconditional reservation, positive reservation, system of accounting of liability through return, fairness of financial lists), thus, the default sample size is 72 views (12 years * 6 items).

2.First: Theoretical Framework:

2.1 Definition of accounting conservatism:

Accounting conservatism is defined as recording losses before they are realized and recognizing them in the financial statements even if the supporting bond is medium or weak, while the accountant does not take profits before they are realized and the existence of the supporting bond on their occurrence, and it is also defined as the choice of accounting methods and policies provided by accounting standards to report on the lower values of assets and revenues and the higher values of obligations and expenses, which results in a decrease in the net book value of the right of ownership from the market value (Barbakh, 2019).

While Givoly & Hayn believe that the most descriptive definition of accounting conservatism is that it is a criterion for choosing between accounting principles in cases of uncertainty, so that this results in the valuation of assets and income at the lowest values, as well as having little impact on equity, accounting conservatism is defined as the tendency of an accountant to obtain a high degree of verification to recognize good news (profits) more than those he requires to admit bad news (Al-Idlibi, 2021).

Accounting conservatism refers to underestimating the value of assets and revenues and overestimating liabilities and expenses, as losses must be recognized when they are assumed to occur even in the absence of a legal claim for this, and gains must be recognized on the other hand only when there is a legal claim for this, and accounting conservatism is defined as a decrease in the book value of net assets, relative to their market value, and the International Accounting Standards Board defined accounting conservatism as taking caution and not overvaluing assets or Profits, and failure to undervalue obligations or expenses (Bin Sheikha, 2020).

The researchers believe that accounting conservatism plays an important role in reducing asymmetric information and improving control over management behavior, that the concentration of ownership has a negative impact on the return on assets, while accounting conservatism reduces this negative impact.

2.2 Types of accounting conservatism:

There are several entry points for determining the types of accounting reservation, the most important of which are:

First: In terms of binding: the accounting reservation in terms of binding may be classified into two types, namely (Samari et al., 2019):

1.Positive compulsory reservation: It arises from responding to the requirements of certain accounting regulations, laws regulating business activity, etc., i.e. this type of reservation is made on the basis of decisions beyond the organization's control.

2.Optional reservation: It is established by internal decisions often determined by the company's management, in pursuit of certain objectives by choosing between alternatives to measurement and accounting disclosure.

Second: In terms of connection with events: this classification is perhaps the most common division in studies of accounting reservation, where studies have indicated that accounting preservation appears in Abu Hamida, 2017:

Unconditional reservation: A reservation independent of certain events or news. The accounting policy to be used at the beginning of the recognition of assets results in book values that will be lower than the market values of those assets over their productive life. Depreciation of fixed assets by accelerated depreciation is considered "diminished depreciation" compared to their economic depreciation as an example of this type of conservation.

Subsequent reservation or news-based preservation is also called, meaning that net asset book values are reduced when certain undesirable events occur, while these values are not increased when desired events occur.

In the researchers' view of the foregoing presentation of types of accounting conservation, there is no clear agreement among researchers in the accounting qualification on a standardized classification of accounting qualification, which can be classified into many types, depending on different views and areas of interest in different accounting research.

2.3 Definition of fairness of financial statements:

In order to be reliable, financial information must genuinely reflect the financial operations and other events that have occurred in the facility and the phenomena that must be expressed and conceived, i.e. useful financial information must reflect the phenomena they represent, and even genuinely depict financial information events, operations and phenomena must be complete, impartial, and error-free (Bo Kashur and Ibeina, 2020).

The "fair presentation" indicates that the financial statements present fairly the financial position, performance and financial flows of the enterprise, requiring fair presentation, genuine representation of the effects of transactions, events and other circumstances in accordance with the definitions and criteria for the recognition of assets, obligations, income and expenses contained in the IASB (Dahilis and Ben Younis, 2020).

The fairness of the financial statements is to be reviewed by an independent third party financial statements ", a party known as the auditor, which examines the financial statements and expresses its opinion on whether these financial statements reflect fairly all important aspects of the financial position of the Bank and its results, and that they were prepared in accordance with accepted accounting principles, without that independent auditor's opinion, External decision makers may find no other way of identifying whether financial statements will serve their purposes and can be relied upon (Bo Kaddoum, 2020).

In the researchers' view, IAS has an important impact on enhancing the fairness and credibility of financial lists, owing to the stringent procedures applied by their respective bodies, as well as having more credibility than internal methods.

2.4 Definition of accountability:

The liability accounting system defines that each manager, regardless of his or her level, is responsible for a liability centre and the Centre of Responsibility is a part or sub-unit of organization, so that a manager can be held accountable for the set of activities specified therein. The higher the managerial level of the Director, the wider the centre of responsibility he or she oversees and manages and the higher the number of reports he or she receives from his or her subordinates, Accountability is therefore a system that measures plans by means of budgets and performance with the actual results of each liability centre (Al-Rabi 'i, Abdul-Mutalib, 2020).

Accountability is the practical application of decentralized decision-making and performance appraisal Performance reports that enable the measurement of the results of the activity leading to the decisions taken to identify the authorities in the organizational structure. Under this system, the objectives to be achieved for each centre of responsibility are determined, which grants the necessary powers to enable it to implement the objective and hold it accountable for deviations and evaluate the efficiency of performance through the results achieved (Al-Janabi and Juburi, 2016).

Accountability is defined procedurally as a system of concepts and methods that can be used to prepare reports on the efficiency and effectiveness of departmental and departmental managers, after which the centres of responsibility will include elements that the manager can control.

2.5 The role of accounting reservation through liability accounting system in achieving fair financial statements:

The principle of accounting reservation based on the liability accounting system tends to be gains that tend to be more durable than losses s net assets at the time of their occurrence, They are recognized during future periods when the cash flows that generate these increases are realized. as it is expected to generate additional future cash flows, Earnings will be recognized in the future when this increase in cash flows actually materializes. This means that the gains tend to be more continuous (Al-Khalidi and Abu Galilee, 2021).

The phenomenon of widespread and increased conservatism based on the application of the accounting system on financial lists is also one of the most controversial issues in contemporary accounting thinking that has been the focus of many accounting literature. in which the preservation helps to protect the rights of shareholders, creditors and other stakeholders in the business, This is notwithstanding the strong criticism that it is subjected to because it conflicts with certain qualitative characteristics of accounting information, such as; Impartiality, genuine and appropriate representation, especially after the emergence of concepts of fair value, remains one of the basic concepts and elements determining the characteristics of financial reporting. This is particularly important in the light of research and intellectual developments that led to the measurement of this characteristic within the framework of contemporary accounting research in the financial markets; The measures provided for the accounting qualification were numerous and the areas in which they were used; To clarify the impact of this right, its causes and its role in determining the benefit of financial reports, their tax, contractual, regulatory and other uses (Abu Hamida, 2017).

In exercising the principle of reservation based on a system of accountability, companies tend to try to increase the level of suitability of financial lists, confront uncertainty, and take caution against inflating income and reducing expenses (Burbach, 2019).

In the view of the researchers, as a result, the company's management finds itself more committed to enhancing the quality and credibility of financial reports, in adjusting its optimism to make its cash flow forecast more realistic, and in avoiding the subsequent publication of accounting information that may be inappropriate.

Second: Previous studies:

There are several previous Arab and foreign studies:

First: Arab Studies:

A study (Murad, Agha, 2021) entitled "The impact of the asymmetry of information on the relationship between the accounting reservation and the possible collapse in the share price of Egyptian shareholders: an empirical study:"

The study aimed to test the impact of the information asymmetry on the relationship between the accounting reservation and the potential collapse in the share price of Egyptian shareholders In order to achieve this goal, the analytical descriptive approach has been drawn upon, The results showed a negative moral correlation between the accounting reservation based on the application of the liability accounting system and the potential collapse in the share price. and the results also demonstrated a negative moral relationship between the interaction between both the accounting reservation based on the application of the liability accounting system and the information's asymmetry over the likelihood of a collapse in the share price, The study recommended that businesses should adhere to the practice of accounting qualification based on the application and disclosure of liability accounting in the preparation of financial reports, reflecting improved quality.

Study (Abdelrahim, 2021) entitled "Study and test the impact of the levels of accounting reservation and corporate social responsibility on tax avoidance practices in companies listed in the Egyptian Index of Corporate Responsibility EGX 30"

The study aimed to test the impact of both the level of accounting reservation and social responsibility on tax avoidance practices, as well as the interactive impact of both the level of accounting reservation and corporate social responsibility on tax avoidance practices, and to achieve the study's objective and then conduct an applied study on a sample of companies listed in the Egyptian Corporate Responsibility Index EGX 30 from 2014 to 2018. One of the most important findings is the moral negative impact of both the level of accounting reservation and corporate social responsibility on tax avoidance practices. It also finds that there is no moral impact of the interactive impact of the levels of accounting qualification and corporate social responsibility on tax avoidance practices.

Study (Ben Youssef, Zubair, 2021) entitled "Measuring the Impact of Adopting an Accounting Reservation Policy to Reduce Manipulation of Financial Lists - Field Study at Sontarac Noumer Branch of Gardia State:"

The study aimed to measure the impact of adopting an accounting qualification policy to reduce the manipulation of financial lists in order to achieve fairness and quality of financial lists and to examine accounting practice during the system's principles as a mechanism for determining the accounting qualification and its impact on the quality and fairness of financial statements, Using the analytical descriptive curriculum, where the study found that the institution in question applied the minimum accounting qualification when preparing financial statements within the limits imposed by the financial accounting system, Affecting the fairness and quality of financial statements. The study recommended that companies should be bound by an acceptable level of accounting qualification. Increased control of the financial market and stakeholders to ensure the transparency and credibility of financial listings.

Study (Al-Tawal, 2021) entitled "Measuring the degree of accounting qualification in preparing the financial lists of services companies listed on the Palestine Stock Exchange and indicating its impact on the dividend policy:"

The study aimed to measure the degree of accounting reservation based on the liability accounting system when preparing financial lists and demonstrating their fairness to service companies listed on the Palestine Stock Exchange, and to indicate its impact on the dividend policy for the period from 2014 to 2018 in fair financial lists. The analytical descriptive approach was followed to suit the nature of the study. The study concluded a series of findings, the most important of which were: The financial reports issued by the service companies listed on the Palestine Stock Exchange are not qualified by the Basu model. The companies exercise the accounting reservation. However, the level of their practice is low by the BTM model of book value to market value. The study came out with a series of recommendations, the most important of which are: The need to promote policies that increase the level of accounting qualifications in financial lists and are appropriate for service companies listed on the Palestine Stock Exchange.

Study (Hibeh, Musawi, 2019) entitled "Impact of the accounting qualification on the financial statements of shareholders under the application of the financial accounting system":

The study aimed to demonstrate the extent to which accounting qualification policies affect the fairness of financial lists under the application of the SCF financial accounting system, which included the concept of caution and caution with the use of the analytical descriptive approach, the study found a statistically significant impact of the accounting qualification on the quality and fairness of financial statements through its strong impact on both disclosure and transparency of accounting information. quality of accounting profits, quality of accounting information, effectiveness of corporate governance, cost of owned funds The study recommends that the competent authorities should oblige companies to adopt accounting custody practices

when preparing financial reports and that the rights of shareholders and relevant parties be protected. It also recommends that the competent professional bodies disseminate specific and comprehensive content of the accounting qualification and its pros in order to increase accountants' awareness and knowledge, management committee members and auditors.

Second: Foreign Studies:

Study (Beatriz & Khalilov, 2019) entitled "Accounting Conservatism and the Profitability of Corporate Insiders"

The study aimed to learn about the impact of the principle of accounting reservation on speculative expectations of insiders of good news and bad news and thus on the profitability of trading from within and its reflection on the fairness of financial lists and used the analytical descriptive curriculum, and the study found that conditional and unconditional reservation was linked to reduced or increased profitability of sales insiders The study found a limited correlation to the impact of the principle of accounting conservatism on profitability from purchases accessible through the fairness of the financial lists prepared, Such results correspond to the hypothesis about the role of the reservation's various conditional and unconditional information The study's recommendations include the need to operationalize the role played by the Financial Market Supervisory Authority with a view to activating control over the financial disclosure process and obliging companies to increase levels of reservation and within reasonable levels that would increase the reliability of information for all users of financial statements.

Study (Zadparvar, 2019) entitled "The Investigation of Accounting Conservatism's effects Exchange Stock Tehran the in Value on Firm"

The study aimed to learn the relationship between the principle of accounting conservatism and corporate value standards from 2004 to 2008 and its reflection on the quality and fairness of financial lists. In order to achieve the objectives of the study, the study used the analytical descriptive curriculum. (earnings per share, long-term commitments and capital expenditures) and the independent variable "principle of accounting qualification", as well as fairness of financial lists, the study recommended that attention be paid to further research into the relationship between leverage and the principle of accounting qualification, as well as the relationship between types of companies and the principle of accounting qualification.

Study (Li, 2018) entitled "Accounting Conservatism and the Cost of Capital: An International Analysis":

The study aimed to clarify the benefits derived from the application of the principle of accounting conservatism in the preparation of fair financial reports to capital markets in addition to international debt markets. In order to achieve the study's objectives, the study used the analytical descriptive approach. The results of the study were found to be the most important of which was a reverse relationship between the degree of accounting qualification and the cost of capital and a positive relationship between accounting qualification and the fairness of financial statements; The study recommended an increase in the level of the principle of accounting reservation in application that would reduce the cost of borrowed capital.

Study (Caskey and Laux , 2018) entitled "Corporate governance, accounting conservatism and manipulation"

The study aimed to develop a model for analysing the role of corporate governance on the Board of Directors on the equity options of U.S. corporate financial reporting and managers' incentives that may be used to prevent financial reporting manipulation In order to achieve the study's objectives, the analytical descriptive curriculum was used, and the study found that robust oversight and effective institutional governance led to significant conservative accounting policies and prevented departments from manipulating s ability to manipulate figures that affect the tests of the principle of accounting conservatism in order to achieve the best investment efficiency through reliance on fair financial statements.

Third: Commentary on previous studies:

The present study is similar to some previous studies in addressing its areas and components. The current study examined the role of accounting reservation through the application of a liability accounting system in achieving the fairness of the financial lists of companies listed on the Palestine Stock Exchange for years. (2010-2021), and by addressing the types of accounting reservation as a study (Murad, Agha, 2021) and a study (Ben Youssef, Zubair, 2021) and the study (Li, 2018) which focused on conditional and unconditional accounting and positive accounting reservations. The current study also resembles some previous studies in the methodology used, namely the analytical descriptive curriculum and through reliance on the identification tool, and through the use of statistical analysis using the statistical program (SPSS), such as the study (Ben Youssef, Zubair, 2021) and the study (Hibeh, Musawi, 2019).

While the current study differed from previous studies in addressing the study tool, the current study relied on quantitative analysis of the years' financial statements (2010-2021) as a tool while foreign studies relied on the analysis of the financial information chain through financial lists and for several periods of time such as the study (Caskey and Laux, 2018 and Study (Li, 2018), and the current study differed from some previous studies in its areas where it addressed the study (Murad, Agha, 2021) The subject of the information asymmetry affects the relationship between the accounting reservation and the possible collapse in the share price of Egyptian shareholders: An Empirical study, while a study (Al-Tawil, 2021) examined the measurement of the role of accounting reservation through the application of a liability accounting system in achieving fairness of the financial lists of companies listed on the Palestine Stock Exchange for the years 2010-2021 and outlined its impact on the dividend policy.

The current study of previous studies has been distinguished by the fact that it addressed the research gap not addressed in previous studies, namely the three areas of accounting reservation, whereas previous studies have dealt with accounting reservation without dividing it by its types, and the current study has benefited from previous studies in the preparation of the study's tool.

Measuring study variables

This section shows how to measure the study variables that include dependent change (fairness of financial lists), the independent variable (accounting reservation) and the intermediate variable (liability accounting system).

First: Measuring the dependent variable:

Table 1: Measurement of variables

Variables	Type of Variable (Independent, Dependent, Mediating)	Measurement Mechanism
Conditional Accounting Conservatism	Independent	Accounting Income from Financial Statements
Unconditional Accounting Conservatism	Independent	Book Net Assets from Financial Statements
Positive Accounting Conservatism	Independent	Market Value/Book Value of Shares
Responsibility Accounting System	Mediating	Degree of Implementation through Audit Reports, takes on value 1 if implemented and value 0 if not implemented
Financial Statements Fairness	Dependent	Type of Auditing Firm through Audit Reports

Equation of study model

The study model presents all the variables of the study under consideration. In order to examine the relationship between the study variables, the multiple regression model is used, which is an equation that shows the extent to which a group of variables affects only one variable (independent variable), where the formula can be formulated as follows:

$$Y_{1t} = \beta_0 + \beta_1 X1_{it} + \beta_2 X2_{it} + \beta_3 X3_{it} + \beta_3 z_{it} + e_{it}$$

Where:

Y_{1t} : is the dependent variable that represents the fairness of the financial lists.

$X1_{it}$: is the independent variable that represents a conditional accounting reservation.

$X2_{it}$: is the independent variable representing the unconditional accounting reservation.

$X3_{it}$: is the independent variable that represents a positive accounting reservation.

z_{it} : It is the intermediate variable that represents the liability accounting system.

e_{it} : it is the extent of random error due to the model equation not including the rest of the variables influencing in Y_{it} .

β_0 : is a constant regression factor that represents the value of the dependent variable when independent variables are not affected.

Study hypotheses test

Main hypothesis: There is no statistically significant correlation at the indicative level ($\alpha \leq 0.05$) between the role of accounting reservation through the application of the liability accounting system and the fairness of the financial lists of companies listed on the Palestine Stock Exchange for the years.(2021-2010)

There are several sub-hypotheses:

How to test the first study hypothesis (H_{01})

The first study hypothesis (H_{01}) states that there is no statistically significant correlation at the indicative level ($\alpha \leq 0.05$) between the role of conditional accounting reservation through the application of the liability accounting system and the fairness of the financial lists of companies listed on the Palestine Stock Exchange for the years.(2021-2010)

In order to examine the validity of this hypothesis we must look at the probable value of the (T) test which concerns the variable $X1_{it}$. if the probability value is less or equal to 5%, then the hypothesis of non must be rejected (H_{02}) Thus accepting the alternative hypothesis that there is a statistically significant correlation between the role of conditional accounting reservation through the application of the liability accounting system and the fairness of companies' financial lists for the years 2010-2021 and vice versa.

How to test the hypothesis of the second study (H_{02})

The second study hypothesis (H_{02}) states that there is no statistically significant correlation at the indicative level ($\alpha \leq 0.05$) between the role of unconditional accounting reservation through the application of the liability accounting system and the fairness of the financial lists of companies listed on the Palestine Stock Exchange for the years (2021-2010).

In order to examine the validity of this hypothesis we must look at the probability value of the (T) test that relates to the variable $X2_{it}$. If the probability value is less than or equal to 5%, then the non H_{02} hypothesis must be rejected and therefore the alternative hypothesis of a statistically significant correlation between the role of unconditional accounting reservation through the application of a liability accounting system and the fairness of companies' financial statements for the years 2010-2021 and vice versa.

How to test the third study hypothesis (H_{03})

The third study hypothesis (H_{03}) states that there is no statistically significant correlation at the indicative level ($\alpha \leq 0.05$) in the role of positive accounting reservation through the application

of the liability accounting system in achieving the fairness of the financial lists of companies listed on the Palestine Stock Exchange for the years (2021-2010).

In order to examine the validity of this hypothesis we must look at the probability value of the (T) test that relates to the variable $X3_{it}$. If the probability value is less than or equal to 5%, then the hypothesis of nowhere (H_{03}) and thus the alternative hypothesis of a statistically significant correlation in the role of positive accounting reservation must be rejected through the application of a liability accounting system in fairness of companies' financial statements for the years 2010-2021 and vice versa.

Metrics of descriptive statistics

In order to statistically describe the study's variables, the following statistical metrics will be used through STATA:

1. Average arithmetic and standard deviation, lower value and higher value.
2. Multiple regression and binding equation.
3. Natural data distribution test.

Results of statistical description of study variables:

The following table presents a statistical description of the study's variables. We note that the number of annual views of the dependent variable (y) of fair financial lists, the independent variable representing the accounting qualification and the intermediate variable of its liability accounting system (Z) has reached (16) annual views as follows:

Table 2: Results of Statistical Description of Study Variables

Variables	Number of Observations	Mean Standard	Deviation	Minimum Value	Maximum Value
Y	72	0.7157	0.07282	0.0002	0.6219
X1	72	1.6700	1.77022	63656	98007
X2	72	1.2300	1.56070	29461	92807
X3	72	1869502	2289705	7183	11007
Z	72	2051625	2462226	8451	11707
Y :Financial Statement Fairness ·X1 :Conditional Accounting Conservatism ·X2 :Unconditional Accounting Conservatism ·X3 :Positive Accounting Conservatism Z :Responsibility Accounting System					

This indicates that the accounting reservation plays a role in achieving the fairness of the financial statements by relying on the accountability system of Palestinian industrial companies listed on the Palestine Stock Exchange, and the accounting medium is equal to (0.7157) The positive figure indicates that the accounting reservation has a significant impact and role to play in the fairness of the financial statements through the application of the liability accounting system in those companies, on average, and that the value of the standard deviation is (0.07282), which indicates the extent to which the accounting reservation has a role in the fairness of the financial statements and is of minimal value (0.0002) which was the share of plastics industry company which has a low accounting reservation that achieves fairness of the financial statements, and the highest value was (0.6219), which belonged to Bear Zeit Pharmaceutical Company, demonstrates the positive impact of the accounting reservation on the fairness of the financial statements through the liability accounting system.

Natural Distribution Test:

The Natural Data Distribution Test has been used to eliminate abnormal values and the (skewness) test and (kurtosis) test have been relied upon. The table for the results of the Natural Data Distribution Analysis is as follows:

Table 3: Results of natural data distribution

Variables	Number of Observations	skewness	kurtosis
Y	72	3.19627	6.2542
X1	72	1.88551	6.4121
X2	72	2.69297	3.2542
X3	72	1.56851	4.9125
Z	72	1.54784	4.8324
Y :Financial Statement Fairness ·X1 :Conditional Accounting Conservatism ·X2 : Unconditional Accounting Conservatism ·X3 :Positive Accounting Conservatism Z :Responsibility Accounting System			

Table (3) shows that the test values (skewness) and all independent, follow-up and intermediary variables were lower than (3). This indicates that the distribution of data was natural and there were no anomalous or extreme values. The results of the (kurtosis) test were lower than (7), confirming that there were no extreme and anomalous values as they followed natural distribution.

To ensure the normal distribution of data, the (**Doornik-Hansen**) test was used. The following results are presented:

Table 3: Natural Distribution Test Results (Doornik-Hansen)

Variables	Number of Observations	Coefficient	Deviation	t-test	p-value
-hat	72	320.224	6.1523	0.33	0.614
-hatsq	72	-0.0255	0.0002	-0.38	0.525
-const	72	-9.325	7.3652	-0.38	0.722

Chi (2) = 0.152

Table (7) shows that (Doornik-Hansen's) test value is (22.42%). This percentage is considered an acceptable ratio because it is greater than (5%), indicating that there are no problems with natural distribution of data.

Pearson's association matrix for the relationship between study variables:

The following table shows Pearson's association matrix for the relationship between all independent, dependent and intermediate variables and the results of the regression analysis:

Table 4: Results of regression analysis among study variables

Variables	Y	X1	X2	X3	Z
Y	1				
X1	0.1988	1			
X2	*0.2119	*0.9508	1		
X3	*0.3334	*0.3307	0.1649	1	
Z	*0.3211	*0.3370	0.1698	*0.9978	1

From the previous table, it is clear that there is a peremptory correlation between the conditional accounting qualification and the fairness of the financial lists, i.e. the higher the conditional accounting qualification the fairer the financial lists of the industrial companies listed on the Palestine Stock Exchange and the greater the link between them.(0.2119)

There is also a positive correlation between the unconditional accounting reservation and the fairness of the financial statements, i.e. the higher the unconditional accounting qualification the fairer the financial lists of the industrial companies listed on the Palestine Stock Exchange and the greater the link between them (0.3334). While there was a positive correlation between a positive accounting qualification and the fairness of the financial statements, that is, the higher the positive accounting qualification, the fairer the financial lists of the industrial companies listed on the Palestine Stock Exchange (PSE) were (0.3370). There is also a positive correlation between the liability accounting system and the fairness of financial lists, i.e. the higher the

application of the liability accounting system the fairer the financial lists of the industrial companies listed on the Palestine Stock Exchange and the greater the link between them .(0.3211)

Study hypothesis test results:

The following table shows the results of the statistical analysis based on the multiple regression model to test the study's hypotheses, as we note that the number of sightings that have undergone statistical analysis (16) views, available from the final sample of the study, and the results of the following table show this:

Table 5: Study Hypothesis Test Results

Y	Regression coefficient	t-test	p-value for t-test	effect	decision
X1	-17.062	2.22	0.0026	Negative significant	Rejecting the null hypothesis
X2	97.34	2.23	0.0012	Positive significant	Rejecting the null hypothesis
X3	0.00016	2.18	0.0018	Positive significant	Rejecting the null hypothesis
Z	5.39002	1.71	0.089	Positive significant	Rejecting the null hypothesis
الثابت	40154.36	2.16	0.0071		
Number of Observations	72				
F-test	5.73				
p-value of F	0.0225				
Coefficient of determination	0.3369				
Y :Financial Statement Fairness ‘X1 :Conditional Accounting Conservatism ‘X2 :Unconditional Accounting Conservatism ‘X3 :Positive Accounting Conservatism Z :Responsibility Accounting System					

On the other hand, the interpretation coefficient (0.3369) indicates that the independent variable (X1, X2, X3) representing the accounting reservation efforts of its variables explains 33% of the change in the behaviour of the dependent variable (Y), which is fairness of the financial statements, and this ratio is statistically significant because the probable value (0.0225) of the test (F) (5.73%) was not exceeding 5. This is clearly a statistically significant impact at the indicative level ($\alpha \leq 0.05$) of the role of the accounting reservation through the application of the liability accounting system in achieving the fairness of the Palestinian Stock Exchange's financial statements for the years 2010-2021.

First hypothesis test results (H01)

The hypothesis states that there is no statistically significant correlation at the indicative level ($0.05 \leq \alpha$) between the role of conditional accounting reservation through the application of the liability accounting system and the fairness of the financial lists of companies listed on the Palestine Stock Exchange for the years.(2021-2010)

Note from the previous table that there is a statistically significant correlation between the role of conditional accounting reservation through the application of the liability accounting system and the fairness of the financial lists of companies listed on the Palestine Stock Exchange for years (2010-2021), and it is important to note that this effect is moral because the probability value (0.0026) for the t test falls below 5%, so this result rejects the zero hypothesis that there is no moral effect between the two variables, and therefore accepts the alternative hypothesis that there is a statistically significant correlation at the indicative level ($\alpha \leq 0.05$) between the role of conditional accounting reservation through the application of the liability accounting system and

the fairness of the financial lists of companies listed on the Palestine Stock Exchange for the years 2010-2021.

Second hypothesis test results (H02)

The hypothesis states that there is no statistically significant correlation at the indicative level ($\alpha \leq 0.05$) between the role of unconditional accounting reservation through the application of the liability accounting system and the fairness of the financial lists of companies listed on the Palestine Stock Exchange for the years.(2021-2010)

Note from the previous table that there is a statistically significant correlation between the role of the unconditional accounting reservation through the application of the liability accounting system and the fairness of the financial lists of companies listed on the Palestine Stock Exchange for years (2010-2021), and it is important to note that this effect is moral because the probability value (0.0012) to test t less than 5%, so this result does not support the zero hypothesis that assumes no moral effect between the two variables, The zero hypothesis must therefore be rejected and the alternative hypothesis that there is a statistically significant correlation between the role of unconditional accounting reservation through the application of the liability accounting system and the fairness of the PSE's financial statements for the years 2010-2021.

Third hypothesis test results (H03)

The hypothesis states that there is no statistically significant correlation at the indicative level ($\alpha \leq 0.05$) between the role of positive accounting reservation through the application of the liability accounting system and the fairness of the financial lists of companies listed on the Palestine Stock Exchange for the years.(2021-2010)

Note from the previous table that there is a statistically significant correlation between the role of positive accounting reservation through the application of the liability accounting system and the fairness of the financial lists of companies listed on the Palestine Stock Exchange for years (2010-2021), and it is important to note that this effect is moral because the probability value (0.0018) to test t less than 5%, so this result does not support the zero hypothesis that there is no moral effect between the two variables, The zero hypothesis must therefore be rejected and the alternative hypothesis that there is a statistically significant correlation between the role of positive accounting reservation through the application of the liability accounting system and the fairness of the financial lists of companies listed on the Palestine Stock Exchange for the years 2010-2021.

results:

After presenting the results of the study's analysis, I have reached the following results:

1. A statistically significant correlation exists between the role of conditional accounting reservation through the application of the liability accounting system and the fairness of the financial lists of companies listed on the Palestine Stock Exchange for the years (2010-2021). This is explained by the fact that the announcement of the loss to Palestinian industrial companies is accelerated directly. Industrial companies are recognizing the low value of fame directly through accountability tools. Palestinian industrial companies are immediately advertising their profits in order to attract investors to invest in them.
2. A statistically significant correlation exists between the role of unconditional accounting reservation through the application of the liability accounting system and the fairness of the financial lists of companies listed on the Palestine Stock Exchange for years (2010-2021), which is explained by the fact that Palestinian industrial companies subsequently recognize research and development expenditures and show them in the income list as an expense based on a liability accounting system. Palestinian industrial companies also treat the cost of establishing intangible assets internally as expenses rather than capitalizing them, and Palestinian industrial companies continue to apply the historical cost basis for recording and showing assets on the budget list.

3. A statistically significant correlation exists between the role of positive accounting reservation through the application of the liability accounting system and the fairness of the financial lists of companies listed on the Palestine Stock Exchange for the years (2010-2021). This is explained by the fact that Palestinian industrial companies record the recognition of certain revenues for as long as possible in circumstances of uncertainty on the basis of the liability accounting system. The accountant tends to overestimate the amounts of technical allocations as more caution and caution. The industrial companies are also keen annually to form regulatory reserves to meet possible future commitments.

4. There is a role of accounting reservation (conditional, unconditional, positive) through the application of a liability accounting system in achieving fairness in the financial lists of PSE-listed industrial companies accountability ", which is explained by the fact that Palestinian industrial companies are addressing the decline in tangible and intangible long-term asset values based on the liability accounting system, Publicity and advertising expenses are subsequently recognized and shown in the income list as an expense in addition to the recognition by Palestinian industrial companies of certain immediately confirmed expenses.

Recommendations:

After presenting the findings, the study found several recommendations:

1. To stimulate the management of Palestinian industrial companies, especially those with low reservations, to do more to maintain the application of the principle of conditional accounting qualifications associated with the liability accounting system, which has an impact on the quality, credibility and fairness of financial reports.
2. Directing the management of Palestinian industrial companies to adhere to the acceptable level of unconditional reservation associated with the accountability system within published financial lists and reports by raising the awareness of users of accounting information about the fairness of financial lists and their role in making rational decisions.
3. The need for Palestinian industrial companies to develop a measure of positive accounting qualifications associated with the liability accounting system and to make compliance with the level of positive accounting qualifications binding upon them when preparing financial reports to ensure an adequate level of accounting qualifications, which will contribute to enhancing the fairness of financial statements.
4. Legislators in Palestine impose laws that contribute to the application of the principle of accounting reservation associated with the system of accountability and control of the level of accounting qualification and its impact on the fairness of financial reports. Companies are urged to indicate the importance of applying the principle of accounting qualification to users of financial lists and its impact on the fairness of financial lists.

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