Pakistan Journal of Life and Social Sciences
www.pjlss.edu.pk

https://doi.org/10.57239/PJLSS-2024-22.2.001134

RESEARCH ARTICLE

The Impact of Inflation on the Financial Statements of Banks in Sudan: The Case Study of Bank (S)

Nagwa Mohamed Bahreldin Abubaker

College of Business Administration, Department of Accounting, Northern Border University ,Kingdom of Saudi Arabia

ARTICLE INFO

Received: Sep 18, 2024

Accepted: Nov 19, 2024

Keywords

Inflation

Financial statements

Banks

***Corresponding Author:**

nagwa.ababaker@nbu.edu.sa

ABSTRACT

The research examined the impact of inflation on the financial statements of banks in Sudan. The research problem was that ignoring the effect of the rise in the general level of prices (inflation) when preparing traditional (historical) financial statements leads to the inaccuracy and unreality of these lists and the decisions based on them, and their incomparability. The importance of the research stems from the fact that accounting information has become a strategic input into the decision-making process and, accordingly, its shortcomings and unrealism negatively affect decision-making related to investment and various economic development plans. The research aimed to study and know the impact of the rise in the general level of prices on the financial statements and to demonstrate the importance of these lists as a source of information for making rational decisions. To solve the research problem and achieve its objectives, the research relied on the descriptive and analytical approach. The case of Bank (S) was studied, and it was concluded that there are fundamental differences between the numbers of the traditional financial statements and the numbers of the modified financial statements, which reflects the lack of validity and suitability of the traditional financial statements. The research reached a number of results, the most important of which is that: Preparing financial statements based on historical cost does not reflect the truthfulness and realism of the business results and financial position. It is not consistent with the concept of capital preservation.The research concluded with several recommendations, including the need to consider inflation's impact when preparing financial statements.

INTRODUCTION

Although inflation is a socio-economic phenomenon, it has cast a shadow over accounting science. Accounting is a social science and a service activity concerned with providing financial data about the economic unit to various groups to help them make economic decisions to achieve their goals (Mustafa, 2019). The importance of accounting stems from the complementary relationship between the effectiveness of a particular decision and the suitability of financial statements to achieve the objectives of this decision. This does not hide the importance of financial statements representing economic variables in the decision-making environment to achieve its goals (Elhussein and Osman, 2019). Moreover, accounting is based on three basic principles: the concept of the (nominal) monetary unit as a unit of measurement, historical cost as a basis for evaluation, and capital

preservation (Mennawi and Ahmed (2020). The (nominal) monetary unit of measurement is mainly used for recording in accounting books and records as a means of exchange and a measure of values for various elements of the financial statements, which are considered the outputs of the accounting system, assuming the purchasing power of the monetary measurement unit is constant (Mabil, 2019). However, the economic reality contradicts this because the economies of most countries of the world, with their different systems and levels of progress, are exposed to the wave of inflation to varying degrees from one country to another, which has led to the instability of the purchasing power of the unit of monetary measurement (Mennawi and Ahmed, 2020). Accordingly, using the nominal monetary unit of measurement as a measure of values has become unstable as prices change upward and the purchasing power of money decreases, which refutes the assumption of its stability (Chol, Nthambi, and Kamau, 2019). Since inflation affects the valuation of assets, obligations, and income streams, it considerably affects banks' financial statements. Lower buying power and possible impairment losses on monetary assets result from rising prices and declining money's purchasing power (Chol, Nthambi and Kamau, 2020). The purpose of central banks' interest rate rises is to counteract price inflation, which might increase interest revenue from investments and loans but can also result in higher borrowing costs, which would decrease demand for loans and slow the development of interest income (Elhussein and Eldawaha, 2024). Aside from making it more difficult to effectively reflect the underlying economic value of assets and overall financial performance, inflation can further complicate the assessment of banks' profitability because certain assets may not appreciate in nominal terms during inflationary times.

Relating the financial statements of banks in Sudan, which are considerably impacted by inflation, impacts asset valuation, interest income dynamics, and profitability evaluations. According to Mustafa (2021), the declining purchasing power of money due to rising prices affects the real worth of assets like cash holdings and investments. To slow down price increases, central banks modify interest rates, which could increase interest income for banks while decreasing demand for borrowing. Interest rate fluctuations also impact the fair value reporting on banks' balance sheets by influencing the valuation of fixed-rate financial instruments (Elhussein and Osman, 2019). It is essential to modify financial reporting procedures to match economic reality since the shifting value of assets during inflationary times makes evaluating banks' profitability more difficult.

Likewise, this research's importance is to measure accounting thought and the importance of harmonizing the results of accounting measurement with economic reality in a way that supports the confidence and credibility of financial statements as a source of information for various users, i.e., internal and external, to make sound decisions. Therefore, the significance of this research resides in demonstrating the degree to which the banking industry is interested in accounting for the effects of inflation on financial statement data throughout the preparation of these statements and the significance of understanding the benefits derived from this. The study aims to explore the impact of inflation on financial statements in a bank of Sudan through the case study.

1.1 Research problem

The problem with the research is that the financial statement information that is prepared based on historical cost and the assumption of constant purchasing power of the monetary unit of measurement while ignoring the effect of inflation does not reflect its reality and its ability to be compared objectively, leading to unreal results. Therefore, this information loses its appropriateness and reliability in making rational decisions; with the consequences, it is clear that these lists are incorrect, unrealistic, and incomplete.

The research problem can be formulated in the form of the following questions:

- How does inflation impact the truthfulness and fairness of the historical financial statements of banks in Sudan?

- What are alternative methods to address the problem of historical financial statements lead to improving financial statement information?

1.2 Research Objective

To know and study the effects of not including the influence of inflation when preparing financial statements in the banks of Sudan.

1.3 Research Hypothesis

The research has adopted the assumptions for this study to explore the impact of inflation on financial statements in banks of Sudan, which are;

The research hypotheses were as follows:

- The financial statements prepared based on the historical cost of banks in Sudan in light of inflation do not reflect the truthfulness and fairness of these lists.
- Using the historical cost model adjusted for the general level of prices in evaluating the elements of banks' financial statements leads to a better determination of business results and financial position.

RESEARCH METHODOLOGY

This study used a descriptive-analytical method to investigate how inflation impacts the financial statements of Sudanese banks. The study evaluates the interest rate modifications, financial reporting, and the impact of inflation on the bank's purchasing power. Cash reserves, investment portfolios, and general profitability are susceptible to inflation. Moreover, the intricacies of inflation-driven fluctuations in interest rates, which can affect the bank's interest revenue from loans and investments, are also examined in the study. The results are intended to contribute to a more sophisticated knowledge of the ways in which inflation affects financial statements and to the understanding of the economic difficulties facing the banking industry.

Search Strategy:

The study used a search strategy to address the phenomenon. It focused on studying the impact of inflation on the financial statements of the banking sector in Sudan and is limited to studying the case of one of the banks (judgmental sample) from 2020 - 2021.

2.2 Data collection sources

The study collected data from multiple sources, including books, scholarly articles, financial statements, periodicals, and studies related to the research topic.

Theoretical framework

The theoretical framework of the research deals with the concept of inflation, its types, and its impact on financial statements.

3.1 The concept of inflation

There is no unified definition in financial and economic thought for inflation. Therefore, the definitions varied according to the different viewpoints and perspectives on which this phenomenon is based and the time it occurred. The concept of inflation has been linked to the increase in prices, but not every price rise is a case of inflation. A steady increase in prices means inflation, which is confirmed by researchers and authors who defined inflation: "Inflation is the increasing and continuous rise in the general level of prices" (Abd Al-Asadi and Al, 2022). Additionally, it referred to inflation as "Inflation, in essence, due to a disturbance in the productive forces and their inadequacy in meeting the increasing needs of individuals. Or, more precisely, inflation arises due to an imbalance

between production and consumption, saving and investment. As a result of weak productive capacities in the national economy" (Amin, 2021). Moreover, inflation has been defined as "an economic phenomenon that represents an increase in effective demand for resources available in the national economy" (Jaravel, 2021). Inflation was also defined from a purely monetary point of view as "the pursuit of a large amount of money for a smaller amount of goods and services" (Musarat, Alaloul and Liew, 2021).

Equally, one author pointed out that inflation is a monetary phenomenon that arises in a monetary economy due to the growth of the nominal quantity of money (Nominal Money Supply) at a rate faster than the growth rate of demand for real money balance (Ekpeyong, et al., 2020). In comparison, another author defined inflation as "an increase in the general level of prices paid for goods and services" (Egger, et al., 2022). Similarly, the author defined inflation as "a rise in the general level of prices resulting from an imbalance between the monetary and commodity flows" (Nalin and Yajima, 2021). It is also defined as "a rise in the general level of prices of goods and services accompanied by a decline in the purchasing power of the monetary unit" (Huerta de Soto, Sánchez-Bayón and Bagus, 2021). Furthermore, inflation is defined as "a decrease in the purchasing power of money, which leads to an increase in the general level of prices" (Abdo, 2020). Similarly, one author defined inflation as "a continuous increase in the general level of prices of goods and factors of production" (Al-Harbi, 2020).

By reviewing the different definitions of inflation, the researcher concludes that, despite their number and diversity, there are common features among them, which are an increase in the supply of money in circulation, an increase in total demand over the total supply, a decrease in the purchasing power of the monetary unit, and the circular relationship between the prices of goods and services and the prices of factors of production which also noted by Ibrahim and SI (2020).

3.2 Types of Inflation

The diversity and variation of inflation concepts have led to its many types. Therefore, inflation can be divided into several types, as it can be determined based on the speed with which prices rise into creeping, persistent, current, and runaway (Ha, Kose, and Ohnsorge, 2023). It can also be determined based on the factors that affect the supply of money and the demand for goods and services, leading to excessive money supply, cost inflation, deficit inflation, and runaway inflation (Fallick, Villar, and Wascher, 2022). Inflation can be determined based on the time component, including wartime, post-war, and peacetime inflation. Inflation can also be determined based on the range of comprehensive inflation and partial (temporary) inflation (Gnan, et al., 2022). It can be determined based on countries' control over prices into open (loose) inflation and repressed (restrained) inflation (Al-Harbi, 2020).

3.2.1 Opinions of academics and professional organizations on the phenomenon of inflation

The topic of inflation has aroused the interest of accountants, researchers, writers, accounting professional organizations, and those interested in the field of accounting due to the discrepancy between the results of traditional accounting measurement and economic reality, which results in a loss of confidence in the integrity and fairness of financial statements as a source of information. On the academic level, many researchers have contributed to analyzing the problem, identifying its effects, and proposing ways to address it. The American researcher Livingston Middleditch proposed the idea of adjusted accounts at prices, profits, and monetary losses in a research he published in February of the year (Zeff, 2024). In 1918, the German researcher Schmidt proposed valuing assets based on market value while treating the difference between the market value and the historical cost of the assets as a capital account to be included in the budget (Sahk, 2022). In 1919, his compatriot Schmalbach proposed using a general index number to adjust the values of establishment assets, and the Dutch researcher Lemberg in 1932 proposed valuing assets on the basis of replacement value,

and many contemporary authors and researchers have made valuable contributions (Živkov, Kovacevic and Loncar, 2020).

Moreover, at the governmental level, for example, the French government issued several decrees allowing companies to adjust the value of assets and depreciation using government record numbers in the period between1945-1959 (Touchelay, 2023). These companies were exempted from paying taxes on the increase in the value of their assets due to the amendment under special conditions. Then, decrees were issued in 1977-1978 by which they obligated companies that sell their shares on the stock exchange to evaluate their fixed assets based on current value (O'Donovan, 2021). The Brazilian government issued a law in 1978 that obligated joint stock companies to adjust the value of fixed assets, their depreciation, deferred assets, investments, and shareholders' equity using a virtual currency unit that reflects inflation in the form of a bond denominated in the original currency issued by the government and announcing its value monthly (Schoueri and Galdino, 2023). In Egypt, the unified accounting system includes partial treatment of the impact of inflation, as it stipulates managing the difference between the replacement value and the historical cost of fixed assets to maintain the productive power of the money invested in the economic unit (Lassou, Hopper and Ntim, 2021). It provided that the difference in the replacement value is considered a general reserve when distributing profits, and it appears within the reserves (reserve for rising asset prices) (Amin, 2021).

Similarly, in 1974, the US Financial Accounting Standards Board (FASB) proposed using the historical cost basis modified by using the commodity price index (Akgün, 2020). Likewise, in the same year, both the British Accounting Standards Committee (ASC) (Tweedie, Cook, and Whittington, 2024) and the Australian Institute of Chartered Accountants proposed using the fixed monetary unit basis in preparing financial reports (Ratnatunga, 2021). A similar proposal was made by the Canadian Institute of Chartered Accountants (CICA) in 1975 (Murphy, 2020). The International Accounting Standards Committee also allocated three accounting standards to address inflation: Standard No. (6) In 1977, Standard No. (15) in 1981, and Standard No. (29) in 1989, amended in 1994, then 2000 (Zeff and Dyckman, 2020).

Likewise, at the professional and scientific organizations level, the American Institute of Certified Public Accountants issued (AICPA) in 1989, Accounting Research Series No. (6), entitled "Accounting for the Financial Effects of Price Level Changes," recommends amending the accounting information using a fixed monetary unit, provided that it be attached to the notes attached to the financial reports" (Zekany, 2020). The US Securities and Exchange Commission (SEC) also issued Decree No. 190 in March 1976, under which large companies were obligated to publish reports attached to the annual financial statements submitted to the Authority showing the replacement cost of inventory, the cost of sales, land, machinery, buildings, and depreciation (Newman and Trautman, 2021). Correspondingly, in March 1980, the British Accounting Standards Committee issued Standard No. (16) British companies could prepare main financial statements based on current value, provided that financial statements were attached to them relating historical cost (Pinto, Morais and Quick, 2020). It also allowed the preparation of main financial statements based on historical cost, provided that financial statements were attached and prepared based on current value (Schroeder, Clark, and Cathey, 2022). In November 1981, the International Accounting Standards Committee issued Standard No. (15) On information that reflects the effects of price changes (Napier and Stadler, 2020). In the United States, the first study in this field was presented by Henry Sweeney (Henry Sweeny) 1936 in his book entitled "Stabilized Accounting", where he suggested adjusting historical financial statement data with changes in the general level of prices. He also explained the failure of traditional historical cost accounting in preserving the purchasing power of capital (Graves, 1987).

3.2 Previous studies

Although Sudan is one of the countries affected by inflation and still is, this phenomenon has not received sufficient attention from studies and research in the accounting field. Some studies have dealt with the phenomenon of inflation, including Jabbara's study (1995) discussed the impact of hyperinflation on items of fixed assets, depreciation, and foreign liabilities and how to show them in the financial statements of business establishments in Sudan. The study was limited to the impact of inflation on these three items and concluded to ignore the effects of inflation on them due to the lack of accurate indicators for measuring inflation and current prices and the lack of qualified human resources in the current cost accounting system.

Furthermore, Adam Muhammad and Al-Hadi (2003) dealt with accounting for price changes. The problem was that the financial statements prepared based on historical cost under conditions of changing price levels did not reflect a true picture to the reader and user of those lists. He recommended searching for an alternative that reflects the effect of changing the price level on the financial statements in light of inflation. He also suggested following current value accounting during the period of rising prices. In addition, the study of Suleiman Ibrahim and Asilat (2000) addressed the impact of inflation on long-term investment decisions. It discussed the problem of price changes and contemporary models for dealing with them. It aimed to know the effects of inflation on financial statements and shed light on the impact of inflation on investment decisions. The study concluded that relying on historical cost in light of inflation does not achieve the objectives of the financial statements because it leads to the establishment obtaining incorrect information that does not benefit it in making long-term investment decisions. It recommended considering the impact of expected inflation on the discount rate and cash flows and its implications on adjusting both the net present value and the rate of return on investment.

3.3 Inflation Impact on the Financial Statements

Financial statements are considered a primary source of financial data to analyze and evaluate performance and create indicators for future predictions. It is regarded as one of the tools of accounting systems that are used to display the results of its effectiveness and activities in the economic unit, where the establishment's performance is summarized in the form of an income statement, and its financial position is depicted in the form of a statement of financial position. It is presented to various groups to make economic decisions (Al Badarin, Khries, and Al-Jarrah, 2024). It is worth noting that there are multiple definitions of financial statements. One of the first definitions that was developed and is still largely prevalent now is the definition of financial reports by the Certified Public Accountants of America, which states that "financial statements are a collection of recorded data, the application of generally accepted principles in accounting, and personal and long-term estimation" (Brief, 2020). The soundness of the personal estimation element depends on the extent of the ability and experience of the people preparing the statements and the extent of their comprehension and understanding of generally accepted accounting principles (Metwaly, et al., 2023).

Moreover, financial statements are prepared following a set of generally accepted accounting assumptions and principles; one of the most important of these assumptions and principles related to inflation is the imposition of the monetary unit of measurement (Revsine, Collins, and Johnson, 2021). Also among the principles of inflation is the principle of historical cost. For this research, the researcher will address the impact of inflation on the income and financial position statements, as they are the most widespread in the published financial statements and are easy to understand and comprehend by most users of these lists.

Additionally, inflation affects the elements of the statement of financial position, represented by assets (assets), liabilities (liabilities), and property rights (Chambers, 2020). In comparison, fixed

assets appear in the balance sheet with accounting values that differ from their real value in light of inflation as a result of the passage of a long period since their acquisition in addition to the rise in the general level of prices, as showing the values of the components of these assets under a single number for an item whose items were acquired during different periods with strong monetary values (Bossone and Costa, 2021). Different purchases lose their homogeneity and are considered a collection of numbers with no expressive meaning. The depreciation of fixed assets is also affected by inflation due to the decline in the values of historical fixed assets. Thus, the total values of their installments decrease from their real values (Salisu, Raheem and Ndako, 2020). Since the depreciation expense is one of the elements of operating expenses, its decrease leads to an increase in profit and, thus, the tax rate.

One of the effects of inflation on the income statement is the appearance of inflated profits due to the time difference between the occurrence of revenues and the expenses that contributed to achieving these revenues, i.e., comparing current revenues with historical expenses (Olayinka, 2022). As a result, this leads to the inflation of taxable income. In addition, if a portion of these profits is distributed, it is considered a distribution of a portion of invested capital, which leads to the erosion of capital and negatively affects property rights and the self-financing ability, which is regarded as an indicator of the inefficiency and effectiveness of the facility's performance and thus negatively affects investment decisions (Guzel, 2021).

As a result of the shortcomings of historical financial statements in light of inflation, and to address, most accounting literature has agreed that there are two models to address the effects of inflation on financial statements:

1- Historical cost adjusted by changes in the general level of prices.

(General Price – Level Adjusted Historical Cost)

2- Current cost

3.4 Historical Cost Model

The change in the general level of prices or general level accounting modifies the historical cost model. It is sometimes known as the unified "fixed" purchasing power accounting model (Barker, et al., 2020). It is considered one of the oldest models presented to accounting thought and is based on modifying the unit of measurement without prejudice to the basis of measurement. That is, rejecting the hypothesis of the stability of the unit of monetary measurement in light of inflation and modifying it with an economic unit of measurement with a unified general purchasing power, and then expressing the components of the financial statements in homogeneous monetary units, which facilitates the process of compiling numbers and making comparison between them for different periods, and aims to preserve the invested capital of shareholders (Drury, 2013). The modified historical cost model uses general index numbers to alter the monetary unit of measurement. The elements of the statement of financial position are classified into two types of items: cash items and non-cash items, as the change in the general level does not affect the cash items, and their valuesare not modified, while the opposite is true in non-cash items where their values are modified (Banker, et al., 2018). The current cost model is based on abandoning the basis of traditional accounting measurement, which is historical cost, and replacing it with the basis of current value. This model adjusts the financial statements based on specific price indicators to preserve economic capital (Jaijairam, 2013). This model is considered relatively modern, as it was used in Britain for the first time in the early seventies, and many countries subsequently adopted it as a basis for preparing their published financial statements (Sinambela, Darmawan, and Gardi, 2022).

Despite the theoretical justification for the comparison between accounting models, the complete conviction on the part of preparers and users of financial statements of the usefulness of these models

and their preference over the traditional basis, as well as facing application problems, undoubtedly requires more academic efforts in this field (Mennawi and Ahmed, 2020). There has also been a trend towards searching for simpler and less expensive accounting methods for inflation. In this context, one of the researchers searched for a method that provides sufficient information that can be interpreted based on the quantitative method of inflation accounting models, aiming to arrive at a developed model for accounting for inflation (Metwaly, et al., 2023). In this context, the researcher has adopted a proposal to establish a general model for accounting for inflation that would be done outside the traditional accounting framework, meaning that it begins where accounting ends based on historical cost, provided that the accounting results display the effects of inflation in lists attached to the traditional financial statements. This is because the goal of inflation accounting is to provide information that enables investors to improve their expectations of future cash flows and enables management to draw up a profit distribution policy in light of capital maintenance objectives and then suggest reserving allocations that ensure the preservation of capital and the continuation of the project in light of inflation. These objectives can be achieved through the financial statements attached to the traditional statements.

Accordingly, the net profit adjusted for the general level of prices and distributable after maintaining the purchasing power of the invested capital can be calculated according to this model as follows:

Table 1. Calculation of Net distributable profit

Total	**partial**	**Statement**
xxxx		Historical net profit(t)
		(+) Profits that magnify the possession of non-monetary assets:
	Xxx	Inflated profits on holding fixed assets (Δs)
xxx	Xxx	Inventory holding inflation profits (Δh)
xxxx		Net profit adjusted for the general price level.
		Poses:
	xxx	In exchange for maintaining the purchasing power of capital (ΔL)
	xxx	In exchange for maintaining the purchasing power of reserves (Δ i)
xxx	xxx	In exchange for maintaining the purchasing power of retained earnings
xxxx		Distributable adjusted net profit(R)

Source: Mohamed Hamed Tamraz, 1994

Therefore, R = R+ (Δ W + Δ K) - in exchange for maintaining capital (Δ L) purchasing power.

This proposed model is considered a development of the historical cost model adjusted for the general level of prices and does not differ much from it. It is characterized by simplicity, ease of application, and clarity of interpretive meaning (Jaijairam, 2013). It reflects the impact of inflation and how to preserve capital and allows comparison between financial statements for different periods with objectivity and transparency. Therefore, the researcher agreed with this model, which was used to amend the financial statements of Bank (S), which is the subject of the research.

The following are the procedures for amending and analyzing the financial statements of Bank (S) according to the proposed model:

The adjusted net distributable profit is calculated after maintaining the purchasing power of capital 12/31/2020 AD. Based on the data in Table 1, the non-cash items in the Bank (S) balance sheet are adjusted as they are on 12/31/2020 AD as follows.

First: Calculating the inflation profits of holding non-cash assets

Non-monetary assets are adjusted by multiplying their historical value by a ratio whose numerator is the index number for the current financial year (measurement year) in which the financial statements are prepared, and its denominator is the index number for the year the asset was purchased (base year). Accordingly, the value of non-cash items of assets represented in commercial operations (goods), fixed assets, long-term investments, and property rights (capital, reserves, and retained earnings) is adjusted according to the following equation;

Adjusted item cost = historical item cost x index number for the year of measurement

Base year index

Based on the data regarding index numbers for the research period,

The conversion factor for the year 2020 AD = 29579.16/100 = 295.792

As for commodity inventory (goods), although it is a non-monetary asset, its conversion factor differs from that of other non-monetary items (fixed assets and property rights), because the inventories are characterized by continuous replacement during the year, so the conversion factor consists of a ratio whose numerator is the average index number. Measurement for the year 2020 AD of measurement;

= (29579.16 + 100) /2 = 14,839.58

Accordingly, the inventory conversion factor for the year2020 AD =

14,839.58/100 = 148.4

Adjusted value of fixed assets in 2020 = 1,974,159 x 295,792 = 583,940,438.93

583,940,438.928 =538,940,439

(-) Historical value of fixed assets (1,974,159,)

Profits inflate the holding of fixed assets = 581,966,280

2. Adjusted value of long-term investments in 2020 = 229,250 x 295,792 =67,810,316

(-) the historical value for investments long Term in 2020 AD = (229.250)

earnings Inflation Possession Investments =67,581,066

3. Adjusted cost of goods = goods at the end of the historical period x goods conversion factor.

Therefore, the modified goods in 2020 AD = 573,737 x 148.4 = 85,142,570.8

(-) Historical value = (573,737)

Profits inflate possession of goods =84,568,833.8

Second: Shareholders' rights are adjusted as follows;

Cash amount of adjusted capital = 2,635,791 x 295,792 = 779,645,891.47

(-) Amount before adjustment = (2,635,791)

The amount that must be reserved to maintain the purchasing power of capital = 777,010,100.47

Since the general 2020 AD is the date of the establishment of Bank (S), according to the researcher's assumption. Accordingly, profits are realized at the end of the financial period, and this does not require adjustment, as well as reserves due to their connection to profits.

Accordingly, profits and losses in 2020 AD (not adjusted) = 273.872

Reserves = 1,156,211

Accordingly, the adjusted net distributable profit after maintaining the purchasing power of capital consists of two items;

(a) Historical net profit (earned profits).

(b) Profits that increase the acquisition of non-monetary items are equal to the profits of the possession of non-monetary assets minus the value of maintaining the purchasing power of capital. This classification is consistent with the principle of disclosure, as the realized profits are disclosed in a separate item from the item of possession profits (unrealized).

Gains on holding non-cash items (unrealized) =

Profits from holding non-monetary assets (-) in exchange for maintaining the purchasing power of capital.

Gains from holding non-cash assets in 2020 AD =

Profits on the possession of fixed assets + profits on the possession of investments + profits on the possession of goods.

581,966,279.93 + 67,581,066 + 84,568,833.8 = 734,116,179.73

(-) In exchange for maintaining the purchasing power of capital (777,010,100.47)

Losses on possession of non-cash items (42,893,920.74)

By comparing the values of the balance sheet elements of Bank (S) in12/31/2020 AD

Before and after the (historical) amendment, the following is noted:

Increase in the adjusted value of total fixed assets, which amounted to 583,940,438.93. A significant increase compared to the book value 1, 974,159. This is due to the researcher's assumption that the origin of the acquisition of these assets is the beginning of 2020 AD due to the inability to obtain documents for their acquisition in addition to the nature of these assets (acquired for long periods) and the high level of prices during the period. Therefore, adopting historical cost reduces the value of these fixed assets and, thus, their accumulated depreciation, which does not cover the cost of replacing worn-out assets due to high prices.

As for the goods, although they are non-monetary assets, they are characterized by continuous replacement and do not remain in the bank's possession for a long period; therefore, their constant movement does not allow for a large difference between their cost and their new prices. If this happens (as in the 2020 budget), it will result in a large increase in prices, and the gap between their historical value and reality widens; in this case, the value of the goods appearing in the budget is misleading and unreal, and it is difficult to replace the goods in light of the high prices.

As for shareholders' rights, they are also affected by inflation, as their book value (in the historical budget) is far from their adjusted value, and therefore, their value shown in the historical budget does not honestly and fairly reflect the shareholders' rights in the bank.

Adjusting the financial statements according to the change in the general level of prices is useful in determining the fair selling value of the stock in addition to preserving the purchasing power of the invested capital.

Referring to the table (1);

Total shareholders' equity before adjusting =

2,635,791 + 1,156,211+273,872 = 4,065,874

Sales value per share = total shareholders' equity/number of shares

=4,065,874 / 9,450,000 = 0.43 pound

Total shareholders' equity after adjusting =

779,645.891.47+1,156,211+273,872 =781075974.47

Fair selling value of the stock = 781075974.47 / 9,450,000 =82.6 pound

By comparing the selling values of the stock according to the historical cost basis and the fair selling value of the stock according to the general level of prices, the researcher notes that the fair price for selling this bank's shares within the year 2020 AD is supposed to be 82.6 pounds , not 0.43 pounds , the difference between them is so large . This large difference is due to the researcher adopting the beginning of the year 2020 AD as the date of acquisition of the bank's fixed assets, as well as profits and reserves, which were achieved at the end of this year only, in addition to the increase in the value of non-cash assets in the bank's possession as a result of the rise in the general level of prices.

Therefore, the bank's old shareholders will be harmed if the bank sells the stock for an amount of 0.43 pound as a result of not taking the impact of the rise in the general level of prices into consideration, which reflects that adjusting the statement of financial position to the general level of prices is better for the old shareholders and the bank alike.

The adjusted net distributable profit was calculated after maintaining the purchasing power of capital12/31/2021 AD as follows;

The profits from the acquisition of non-cash assets are calculated in 2021 AD as follows:

The value of fixed assets adjusted for purchasing power in 1-1-2021 AD is 583,940,438.93; it is adjusted by the change in the general level of prices over the year 2021 AD, where it reached the general level. For prices 32138.65, and thus, the adjusted purchasing power of these assets in 2021 AD is as follows;

Conversion factor =32,138.65 / 29,579.16 = 1.087

Adjusted value of fixed assets on 1-1-2021 AD =

583,940,438.93 x 1,087 = 634,743,257

(-) Historical value of fixed assets = (583,940,439)

Gains from holding assets = 50,802,818

Added to this are the profits from the acquisition of fixed assets purchased within the year **2021** AD, which is equal to the value of the assets on 12/31/2021 AD minus their value on 1/1/2021 AD, which is 2034497 – 1974159 = 60,338

And it is modified = 60,338 x 1.087 = 65,587

(-) Historical value of purchased assets = (60,338)

Gains from holding assets = 5,249

Total fixed assets = 634,743,257 + 65,587 = 634,808,844

Total gains on holding assets = 50,802,818 + 5,249 = 50,808,067

Long-term investments

Modified in1\1\2021 AD = 67,810,316 × 1,087 = 73,709,813

(-) Historical value of long-term investments = (67,810,316)

Profits inflate holding = 5,899,497

Investments within a year 2021 = 229,295 – 229,250 = 45

And it is modified = 45 x 1.087 = 49

Historical value of investments = (45)

Valuation gains (holding) = 4

Total adjusted investments = 73,709,813 + 49 = 73,709,862

Total investment holding inflation gains = 5,899,497 + 4 = 5,899,501

Commercial operations (goods):

Goods conversion factor = 30858.905 / 29579.16 = 1.043

The value of the goods adjusted in1/1/2021 AD = 85,142,570.8 x 1,043 = 88,803,701.34

(-) Historical value of the goods = (85,142,570.80)

Gains from possession of goods = 3,661,130.54

Goods purchased within the year **2021** AD; = 1,915,462 - 573,737 = 1,341,725

And it is modified = 1,341,725 x 1,043 = 1,399,419

(-) Historical value of the goods = (1,341,725)

Profits on possession of goods =57,694

Total adjusted merchandise in the year 2021 AD **=** 88,803,701.34 + 1,399,419 =90,203,120.34

Total profits from holding merchandise in the year 2021 AD =3,661,130.54 + 57694 = 3,718,824.54

Secondly, Ownership rights are adjusted as follows:

Adjusted capital in1-1-2021 AD = 779,645,891 × 1,087 =847,475,084

(-) Historical amount of capital = 779,645,891

In exchange for maintaining the purchasing power of capital = 67,829,193

And capital during 2021AD = 3000955-2635791= 365164 x 1.087 =396933

(-) Historical = 365164

In exchange for maintaining the purchasing power of capital = 31769

Total adjusted capital in the year 2021 AD = 847,475,084 + 396933 = 847,872,01

Total value for maintaining the purchasing power of capital =

67,829,193 + 31769 = 67,860,962

Adjusted reserves

Adjusted reserves in1/1/2021 AD = 1156211 x 1.087 = 1256801

(-) Historical value of reserves = 1156211

In exchange for maintaining the purchasing power of reserves = 100590

Reserves within a year 2021 AD = 1161968 – 1156211 = 5757

Total reserves in 2021 AD = 1,256,801 + 5,757 = 1,262,558

Third: Profits that inflate the possession of non-monetary items in 2021 AD =

Profits from holding non-monetary items - in exchange for maintaining the purchasing power of capital.

Gains (losses) on the acquisition of non-cash assets = Profits on the possession of fixed assets + profits on the possession of investments + profits on the possession of goods =

(50808067+5.899.501+3.718.854) - (100590+67860962) = (67860962+100590)

Possession losses = 60426393 – 67961552 = (7,535,158.92)

By comparing the values of the balance sheet elements of Bank (S) in12/31/2021 AD. Before (table 1) and after the amendment, the following is noted;

To compare the various items, the beginning balances (carried over from...2020) on 1/1/2021 AD according to the conversion factor in 2021 AD.

Likewise, the balances purchased during the year are adjusted and combined after harmonizing the unit of measurement (conversion factor).

The adjusted value of fixed assets increased to 634,808,844 pounds, compared to 2,034. 497 pounds is a large increase attributed to the rise in the price level and, consequently, an increase in the value of the modified assets.

This is in addition to considering the year 2020 AD as the date of the inception of the acquisition of these assets, in addition to the profits from the possession of these assets.

These factors contributed to this significant increase in adjusted fixed asset values compared to historical ones.

Furthermore, shareholders' equity rose to 798,973.862 pounds, compared to 4,955,661 pounds in the historical budget.

Referring to the comparative statement of financial position (historical + amended), the following becomes clear:

Sales value per share = total shareholders' equity = 4,955,661 /9,450,000 = 0.52 pounds

Number of shares

The fair selling value of the stock = 798,973,862/9,450,000 = 84 pounds.

By comparing the selling value of the stock according to the historical cost basis and the fair selling value of the stock according to the concept of the general price level, the researcher notes that the fair selling value of the stock is 84 pounds , not 0.52 pounds,. This is due to the researcher adopting the beginning of the year 2020 AD as a base year and the high level of prices, so if the bank sells the share for 0.52 pounds, the old shareholders will be harmed because the bank followed unrealistic historical evaluation foundations by ignoring the impact of high prices and by comparing... The fair selling value of the stock in 2021 AD (84 pounds) with the fair selling value in 2020 AD (82.6 pounds). The researcher notes a convergence in the fair selling value compared to historical values. In addition, it is possible to compare them to harmonize the unit of measurement after amending the financial statements.

All previous steps have been performed in adjusting the historical financial statements for 2020 and 2021, and similar results were reached.

From the above, and through modification and analysis, the researcher concludes that adjusting non-monetary items with changes in the general level of prices led to the homogeneity of the monetary unit of measurement. Thus, this helped in the possibility of collecting and summarizing the values of

these items for various periods and comparing them objectively, which gives them expressive meaning and clarity of meaning and interpretation. Adjusting property rights leads to maintaining the purchasing power of capital. The fair selling value of the share contributes to rationalizing investment decisions and preserving shareholders' rights. The amended financial statements provide information that leads to a better determination of the facility's financial position and the results of its work. The importance of preparing financial statements on the basis of historical cost adjusted for the general level of prices proves the validity of the two research hypotheses which were :

H1 : The financial statements prepared based on the historical cost of banks in Sudan in light of inflation do not reflect the truthfulness and fairness of these lists.

H2: Using the historical cost model adjusted for the general level of prices in evaluating the elements of banks' financial statements leads to a better determination of business results and financial position .

DISCUSSION

The historical cost model, modified for changes in the general price level, is known as the unified "fixed" purchasing power accounting model (Elhussein and Eldawaha, 2024). This model adjusts monetary units to reflect inflation, facilitating comparisons across periods and preserving shareholders' invested capital. Using general index numbers, it distinguishes between cash items (unaffected by inflation) and non-cash items (affected by inflation). A developed model for accounting for inflation proposes adjustments outside the traditional framework, displaying inflation effects in supplementary lists attached to conventional financial statements. This model aims to provide better information for investors and management, helping maintain capital and continue operations in an inflationary environment. For instance, adjusting non-monetary assets and shareholders' rights for inflation at Sudan Bank (S) in 2020 and 2021 showed significant increases in their values compared to historical figures, reflecting a more accurate economic valuation. This adjustment leads to a fair selling value of shares, protecting shareholders from undervaluation and ensuring clearer financial positions and better investment decisions. Thus, adjusting financial statements for inflation enhances the accuracy and utility of financial information, benefiting shareholders, management, and investors.

Moreover, financial reporting procedures may be greatly impacted by inflation. Since inflation gradually reduces the purchasing power of money, assets and liabilities reported at historical cost may not correctly reflect their current value, making historical cost accounting a useful tool for hiding the true economic realities that organizations face (Guzel, 2021). The concept of capital preservation is compromised by this disparity, making it difficult to compare financial data across time periods unbiasedly (Olayinka, 2022). By analyzing the amended financial statement data and comparing it with historical financial statement data, the following was reached:

Preparing financial statements based on historical cost does not reflect the truthfulness and realism of the business results and financial position. It is not consistent with the concept of capital preservation.

Preparing financial statements based on historical cost in light of inflation leads to the impossibility of objective comparison between the elements of these statements for several periods due to the difference in purchasing power of the monetary unit.

Applying the historical cost model adjusted for the general level of prices provides objective information that reflects the soundness of business results and financial position and positively affects the decisions of users of these lists.

Recommendations

Based on the analysis and discussion of the results, the researcher recommends the following:

There is a need to consider the impact of inflation when preparing the financial statements of banks in Sudan.

It is necessary to apply the historical cost model adjusted for the general level of prices and disclose it in the attached lists.

There is a need for researchers, professionals, and academic organizations to pay attention to the issue of inflation accounting.

Conclusion

To protect shareholders' invested capital, the unified "fixed" buying power accounting model modifies monetary units to reflect inflation. Between cash and non-monetary items, it makes a distinction. The effects of inflation are displayed in supplemental lists that are appended to financial statements by a defined approach for accounting for inflation. Fair selling values, more transparent financial positions, and better investment choices are all ensured by this model, which enhances information for investors, management, and investors. The banks in Sudan need to incorporate inflation knowledge into the financial statements to make financial decisions better.

REFERENCES

Abd Al-Asadi, Y.A. and Al, Z.H.A.A.J., 2022. Analysis of the trends of fiscal policy and its monetary effects in the Iraqi economy for the period 2003-2020. *World Economics and Finance Bulletin*, *15*, pp.52-69.

Amin, G.A., 2021. *Egypt's economic predicament: A study in the interaction of external pressure, political folly and social tension in Egypt, 1960-1990* (Vol. 51). Brill.

Chol, B.B., Nthambi, E.K. and Kamau, JN, 2019. Ownership structure, bank stability and the financial performance of commercial banks in South Sudan. *International Journal of Research in Business and Social Science (2147-4478)*, *8*(6), pp.31-39.

Chol, B.B., Nthambi, E.K. and Kamau, J., 2020. Ownership structure, bank stability and the financial performance of commercial banks in South Sudan. *Integrated Journal of Business and Economics*, *4*(1), pp.1-13.

Elhussein, N.H.A.E. and Osman, O.E.E.O., 2019. Exchange rate fluctuations and financial performance of banks: Evidence from Sudan. *International Journal of Economics and Finance*, *11*(12), pp.1-15.

Elhussein, N.H.A. and Eldawaha, A.A., 2024. Are The Sudanese Banks Financially Sound?. *International Journal of Financial Research*, *15*(1).

Jaravel, X., 2021. Inflation inequality: Measurement, causes, and policy implications. *Annual Review of Economics*, *13*(1), pp.599-629.

Mabil, A.N., 2019. Investigating effects of accounting ethics on quality of financial reporting of an organization: case of selected commercial banks in South Sudan. *Mediterranean Journal os Social Sciences*, *10*.

Mennawi, A.N.A. and Ahmed, A.A., 2020. Influential factors on profitability of Islamic Banks: evidence from Sudan. *International Journal of Economics and Finance*, *12*(6).

Musarat, M.A., Alaloul, W.S. and Liew, M.S., 2021. Impact of inflation rate on construction projects budget: A review. *Ain Shams Engineering Journal*, *12*(1), pp.407-414.

Mustafa, O.A., 2019. Assessment of the financial performance of Islamic commercial banks in Sudan under credit risk and inflation pressures (1995-2017). *Journal of Islamic Banking and Finance*, *7*(1), pp.14-26.

Mustafa, O.A.O., 2021. History of Banking in Sudan (Conventional and Islamic): A Critical Review (1903-2019). *International Finance and Banking*, *8*(1), pp.29-51.

Ekpeyong, A., Charles, E., Olugbemi Kolawole, O. and Ita, I.R., 2020. Money supply, inflation and economic growth in Nigeria. *International Journal of Banking and Finance Research*, *6*(2), pp.40-52.

Egger, D., Haushofer, J., Miguel, E., Niehaus, P. and Walker, M., 2022. General equilibrium effects of cash transfers: experimental evidence from Kenya. *Econometrica*, *90*(6), pp.2603-2643.

Nalin, L. and Yajima, G.T., 2021. Commodities fluctuations, cross border flows and financial innovation: A stock-flow analysis. *Metroeconomica*, *72*(3), pp.539-579.

Huerta de Soto, J., Sánchez-Bayón, A. and Bagus, P., 2021. Principles of monetary & financial sustainability and wellbeing in a post-COVID-19 world: The crisis and its management. *Sustainability*, *13*(9), p.4655.

Abdo, M.M., 2020. Factors Affecting Banks' Profitability: Evidence from Sudan. *Journal of Applied Financial Econometrics*, *1*(1), pp.45-53.

Al-Harbi, A., 2020. Banks' profitability in an Islamized financial system: Comparative study between Iran and Sudan. *International Journal of Islamic Banking and Finance Research*, *4*(1), pp.8-14.

Ibrahim, A.H. and SI, D.M.M., 2020. The major factors behind the economic and financial crisis in Sudan. *Saudi Journal of Economics and Finance*, *4*(12), pp.597-601.

Ha, J., Kose, M.A. and Ohnsorge, F., 2023. One-stop source: A global database of inflation. *Journal of International Money and Finance*, *137*, p.102896.

Fallick, B., Villar, D. and Wascher, W., 2022. Downward nominal wage rigidity in the United States in times of economic distress and low inflation. *Labour Economics*, *78*, p.102246.

Gnan, E., Messner, T., Rieder, K., Rumler, F. and Salish, M., 2022. The return of inflation. *Monetary Policy & the Economy, Q3*, *22*, pp.59-70.

Zeff, S.A., 2024. Tracing Intellectual Origins in Accounting. *Accounting Historians Journal*, *51*(1), pp.111-125.

Sahk, K., 2022. Standardized Valuation of Real Estate Reflecting Cyclical Economic Development: Experience of the Last Two Decades. In *Property Valuation and Market Cycle* (pp. 113-133). Cham: Springer International Publishing.

Živkov, D., Kovacevic, J. and Loncar, S., 2020. Is Inflation a Monetary Phenomenon in the East European Economies?–Multifrequency Bayesian Quantile Inference. *Ekonomicky Casopis*, *68*(8), pp.787-810.

Touchelay, B., 2023. Tax evasion as seen by French tax administrations from the 1920s to the 1970s: pragmatism in action. In *Tax Evasion and Tax Havens since the Nineteenth Century* (pp. 317-335). Cham: Springer International Publishing.

O'Donovan, N., 2021. One-off wealth taxes: theory and evidence. *Fiscal Studies*, *42*(3-4), pp.565-597.

Schoueri, L.E. and Galdino, G., 2023. 20. Corporate taxation in Brazil. *Research Handbook on Corporate Taxation*, p.329.

Lassou, P.J., Hopper, T. and Ntim, C., 2021. Accounting and development in Africa. *Critical Perspectives on Accounting*, *78*, p.102280.

Akgün, A.İ., 2020. Restrictions in The Conceptual Framework for Financial Reporting: A Review of The Literature. *Global Journal of Economics and Business Studies*, *9*(18), pp.50-67.

Tweedie, D., Cook, A. and Whittington, G., 2024. *The UK Accounting Standards Board, 1990-2000: Restoring Honesty and Trust in Accounting*. Routledge.

Ratnatunga, J., 2021. The Impotence of Australia's Accounting Regulators. *Journal of Applied Management Accounting Research*, *19*(2), pp.19-26.

Murphy, G.J., 2020. A chronology of the development of corporate financial reporting in Canada: 1850 to 1983. In *A History of Canadian Accounting Thought and Practice* (pp. 519-550). Routledge.

Zeff, S.A. and Dyckman, T.R., 2020. Accounting and Business Research: the first 50 years, 1970–2019. *Accounting and Business Research*, *50*(4), pp.360-395.

Zekany, K.E., 2020. Curricular Study of AACSB Accounting Programs: What Core Accounting Courses are Required to Earn an Accounting Generalist Degree?. *The Accounting Educators' Journal*, *30*.

Newman, N.F. and Trautman, L.J., 2021. Securities law: overview and contemporary issues. *Ohio St. Bus. LJ*, *16*, p.149.

Pinto, I., Morais, A.I. and Quick, R., 2020. The impact of the precision of accounting standards on the expanded auditor's report in the European Union. *Journal of International Accounting, Auditing and Taxation*, *40*, p.100333.

Schroeder, R.G., Clark, M.W. and Cathey, J.M., 2022. *Financial accounting theory and analysis: text and cases*. John Wiley & Sons.

Napier, C.J. and Stadler, C., 2020. The real effects of a new accounting standard: the case of IFRS 15 Revenue from Contracts with Customers. *Accounting and Business Research*, *50*(5), pp.474-503.

Graves, O.F., 1987. Accounting for inflation: Henry Sweeney and the German gold-mark model. *Accounting Historians Journal*, *14*(1), pp.33-56.

Jabara, Najm Al-Din, 1995. The impact of hyperinflation on items of fixed assets, depreciation, and foreign liabilities and how to show them in the published financial statements of business establishments in Sudan, Master's in Accounting, University of Khartoum.

Adam Muhammad, and Al-Hadi, 2003, Accounting for Price Changes. Intellectual framework and applied field.

Suleiman Ibrahim, and Asilat, 2000. The Impact of Inflation on Long-Term Investment Decisions, Master's in Accounting, Omdurman Islamic University.

Al Badarin, A.M., Khries, N.S. and Al-Jarrah, M.F., 2024. كفاية رأس المال ومحدداتها في البنوك الإسلامية والتقليدية الأردنية. *Jordan Journal of Economic Sciences*, *11*(2), pp.140-154.

Brief, R.P., 2020. The accountant's responsibility in historical perspective. In *The Evolution of Audit Thought and Practice* (pp. 155-167). Routledge.

Metwaly, A.Z., El Haron, E.O., Hassan, N.A. and Albaz, M.M., 2023. The role of forensic accounting in detecting misstatements in the financial reporting: A theoretical framework and descriptive modeling. *World Research of Business Administration Journal*, *3*(1), pp.19-27.

Revsine, L., Collins, D.W. and Johnson, W.B., 2021. *Financial reporting & analysis*. McGraw-Hill.

Chambers, R.J., 2020. Accounting for inflation. In *Forerunners of Realizable Values Accounting in Financial Reporting* (pp. 268-303). Routledge.

Bossone, B. and Costa, M., 2021. Money for the Issuer: Liability or Equity?. *Economics*, *15*(1), pp.43-59.

Salisu, A.A., Raheem, I.D. and Ndako, U.B., 2020. The inflation hedging properties of gold, stocks and real estate: A comparative analysis. *Resources Policy*, *66*, p.101605.

Olayinka, A.A., 2022. Financial statement analysis as a tool for investment decisions and assessment of companies' performance. *International Journal of Financial, Accounting, and Management*, *4*(1), pp.49-66.

Guzel, A., 2021. Risk, Asset and Liability Management in Banking: Conceptual and Contemporary Approach. In *Financial Ecosystem and Strategy in the Digital Era: Global Approaches and New Opportunities* (pp. 121-177). Cham: Springer International Publishing.

Barker, R., Penman, S., Linsmeier, T.J. and Cooper, S., 2020. Moving the conceptual framework forward: Accounting for uncertainty. *Contemporary Accounting Research*, *37*(1), pp.322-357.

Drury, C.M., 2013. *Management and cost accounting*. Springer.

Banker, R.D., Byzalov, D., Fang, S. and Liang, Y., 2018. Cost management research. *Journal of Management Accounting Research*, *30*(3), pp.187-209.

Jaijairam, P., 2013. Fair value accounting vs. historical cost accounting. *The Review of Business Information Systems (Online)*, *17*(1), p.1.

Sinambela, E.A., Darmawan, D. and Gardi, B., 2022. Production Cost Calculation Analysis Using Variable Costing Method. *International Journal of Service Science, Management, Engineering, and Technology*, *1*(2), pp.13-16.

Mohamed Hamed Tamraz, 1994. Research in Contemporary Accounting Problems, Helwan University, Cairo, p. 185

APPENDIX:

Table (1) bank (s). Balance sheet as of 12/31/2021 (Amounts in thousands of pounds)

Statement	2021	2020
Assets :		
Cash and its equivalent	3,861,666	2,044,483
Deferred sales receivables - net	1,264,381	1,008,203
Investments in Mudaraba and Musharaka	2,252,935	1,325,365
Ending Inventory	1,915,462	573,737
Long term investments	229,295	229,250
Net fixed assets	2,034,497	1,974,159
Total Assets	11,558,236	7,155,197
Liabilities and equity		
Liabilities :		
Current accounts	3,776,649	2,309,361
Other liabilities	1,945,595	521,472
Allocations	880,331	258,490
Total liabilities	6,602,575	3,089,323
owner's equity :		
Paid in Capital (A number of shares: 9,450,000 shares)	3,000,955	2,635,791
Reserves	1,161,968	1,156,211
Retained earnings	792,738	273,872
Total owner's equity	4,955,661	4,065,874
Total liabilities and owner's equity	11,558,236	7,155,197

Source:. Statement of Financial Position of Bank (S) ,12/31/2021 AD