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مستخلص

# **The Role of Accounting Information in Forecasting of Financial Risks**

## **"with the application in Saudi Industrial Companies"**

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### **Abstract**

The Role of Accounting Information in Forecasting of Financial Risks with the application on Saudi Industrial Companies.

This study was based on studying the role of accounting information in forecasting of financial risks, specially the risks that related with changes in interest rate. The study tried also to identify the practical definition of financial risks, determining types of financial risks, identifying strategies of companies in relation to the role of accounting information in predicting financial risks related to changes in interest rate, and determining how far can accounting information contribute in facing financial risks related to changes in interest rates.

According to data derived from questionnaires, and financial statements of sample's companies, it was evident that the most common concept of financial risks is represented in increasing loans and creditors' accounts. The most important types of the financial risks were the changes in interest rates followed by fluctuations in prices of goods as a result of inflation. The study has also shown a statistically significant correlation between financial leverage computed from the income statement and net profit of three companies. There was a statistically significant correlation between financial leverage computed from the cash flow statement and net profit of one company. Finally, the study has shown there is no linear relationship between financial leverage of income statement , and financial leverage of cash flow statement from one hand, and interest expense, invested capital, on the other hand.