

ABSTRACT

Showing the best state of the company by publishing financial statements as the goal of all companies. So that the manager will do various ways to achieve these goals. Fraud in the financial statements causes the information contained in the financial statements to be irrelevant and cause material misstatement, which can mislead the users of financial statements.

This study aims to examine the effect of fraud in the pentagon theory (pressure, opportunity, rationalization, competence and arrogance) on financial statement fraud by using the restatement method on manufacturing companies listed on the Indonesia Stock Exchange for the period 2016-2017. Pressure is measured using an asset change ratio (achange), the opportunity is measured using the ratio of inventory change, rationalization is measured on the basis of an audit opinion provided by the auditor auditor, competence is measured on the basis of whether or not changes in directors are measured on the basis of whether or not there are multiple positions on CEO or president director.

The data used is secondary data obtained from financial reports and annual audited companies that are used as research samples. This study uses purposive sampling technique so that 92 manufacturing companies are obtained with a two-year research period, namely 2016-2017 or in other words there are 184 samples. Based on the boxplot test, there were 34 disruptive outlier data, so that it was excluded from this study sample to 150 samples. The data analysis technique used is descriptive statistical analysis and logistic regression analysis using Spss 25 software.

The results of this study indicate pressure, opportunity, rationalization, competence and arrogance have an effect on simultaneously on fraudulent financial statements. Partially the opportunity has a negative effect on fraudulent financial statements, while pressure, rationalization, competence and arrogance have no effect on fraudulent financial statements.

Keywords: *Restatement, Fraud, Fraud Pentagon, Financial Statement of Fraud*