

ABSTRACT

Fraudulent financial reporting is an action taken by a company to intentionally mislead the users of financial statements by presenting and manipulating the material value of the company's financial statements.

This study This study aims to determine the factors of financial distress, profitability, and materiality that influence companies to commit fraudulent financial statements.

This study uses data from companies in the infrastructure, utility and transportation sectors listed on the Indonesia Stock Exchange for the 2015-2018 period. The technique used is purposive sampling. The method of analysis used in this research is logistic regression analysis.

Based on the result of testing using SPSS 25.0, the result of independence variables financial distress, protability, and materiality simultaneously influence fraudulent financial reporting. For partial testing, the result show that financial distress have negative influence for fraudulent financial reporting, whereas materiality have positive influence for fraudulent financial reporting. Profitability doesn't significantly influence fraudulent financial reporting.

The results of this test are expected to be used as guidelines for company management and investors to be more careful in making decisions and this research is expected to add insight and knowledge about fraudulent financial statements.

Keywords: Financial Distress, Fraudulent Financial Reporting, Materiality, Profitability