

ABSTRACT

The condition of the company's stability can be seen from the good or bad financial statements. Therefore, it must make financial statements accurate and free from errors for the convenience of investors and users of financial statements in making decisions. Not all management can realize this. so that it makes management commit crimes in making financial reports so that they always look good.

Agency theory is an agency relationship that exists because the interaction between a capital owner (principal) and a capital manager (agent) is created because there is a conflict of interest (Conflict of Interest). In the relationship between agent theory and financial statement reports, (agents) have the responsibility to manage the company in order to produce good and correct financial reports. The company's financial statements will show the condition of the company that will be used by investors (principals) in making decisions.

This study aims to determine whether the independent variables have a significant influence on the financial statements. This study uses 175 data from 35 industrial goods and consumer companies listed on the IDX. The fraudulent financial statements were proxied using the F-score method. This research test was processed using SPSS 25 software.

In this study, there are two types of variables, namely the independent variable and the dependent variable. The independent variables consist of financial targets, external pressure, financial stability, nature of the industry, ineffective monitoring, auditor turnover, audit opinion, and director turnover. The dependent variable in this study is fraudulent financial statement.

Based on the test, the independent variables are financial targets, external pressure, financial stability, nature of industry, ineffective monitoring, changes in auditors, audit opinions, and changes in directors that simultaneously affect the fraudulent financial statement. This partially shows that financial targets, nature of industry, ineffective monitoring, changes in auditors, have effect fraudulent financial statement, and external pressure, financial stability, audit opinion, changes in directors have no effect on financial statement reporting.

Keywords: F-Score, Fraud Diamond, Fraudulent Financial Statements