ABSTRACT

Fraud is an act of deception or error made by a person or entity who knows that this mistake can cause some benefits that are not good for the individual or entity. Such actions can be handled in a way; preventing or detecting, one type of fraud is fraudulent financial statements which are intentional actions, where the company presents financial statements improperly by adding or subtracting some elements so that it can mislead the users of financial statements when making decisions.

This study aims to determine and analyze the effect of financial stability, nature of industry, auditor opinion, and changes in directors on the detection of fraudulent financial statements using the f-score model in the food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the period 2015-2017 .

The data used in this study are secondary data in the form of annual reports and financial statements which were sampled in this study. The sampling technique in this study was purposive sampling technique and obtained as many as 14 companies within 3 years to obtain 42 total sample companies. The analysis technique used in this study is logistic regression analysis using IBM SPSS 25 software.

The results showed that financial stability, nature of industry, auditor opinion, and changes in directors had a simultaneous effect on detecting fraudulent financial statements. Partially, it shows that financial stability, nature of industry, auditor opinion, and changes in directors have no effect on detecting fraudulent financial statements.

For investors to be more careful in terms of decision making given the risk of fraudulent financial statements. With the existence of this research, it is expected that the results of this study will be taken into consideration in making investment decisions.

Keywords: *Capability, Diamond Fraud, F-Score Model, Fraudulent Financial Reporting, Opportunity, Rationalization.*