ABSTRACT

Financial statement fraud is an intentional and fraudulent act of management in the form of material misstatements that adversely affect a company's financial statements. This study aims to determine the effect of financial ratios and corporate governance structures on financial statement fraud.

The population in this study is non-financial companies listed on the Indonesia Stock Exchange (IDX) in 2007-2015. The sampling used was purposive sampling method. The number of samples of this study were 40 companies, consisting of 13 fraud companies obtained from the Financial Services Authority (FSA) in 2007-2015 according to sanctions in the VIII.G.7 warning category and 27 non-fraud companies of the same size as fraud companies. The analytical tool used is logistic regression.

The test results show that capital turnover and the board of commissioners have a negative and significant effect on financial statement fraud, while for the variable leverage, profitability, accounts receivable ratios, inventory ratios, liquidity, and audit committees do not significantly influence financial statement fraud.

Keywords: fraudulent financial statements, leverage, profitability, accounts receivable, inventory, liquidity, capital turnover, board of commissioners, audit committee.