

ABSTRACT

This study was conducted to analyze the use of financial ratios in detecting potential fraud in the financial statements of manufacturing companies listed on the Indonesia Stock Exchange (BEI). Fraud in financial reporting can damage the credibility of accounting information and mislead stakeholders in their decision-making. Therefore, it is very important to identify fraud early on. In this study, the financial ratios developed by Beneish will be used as indicators. These ratios are the Days Sales in Receivable Index (DSRI), Gross Margin Index (GMI), Assets Quality Index (AQI), Sales Growth Index (SGI), Depreciation Index (DEPI), Sales, General, and Administrative Expense Index (SGAI), Leverage Index (LVGI), and Total Accrual to Total Assets (TATA).

The sample in this study consists of financial statements of manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2022-2024, using purposive sampling. The analysis was conducted using logistic regression to identify the influence of these financial ratios on the potential occurrence of fraud.

The results of the study indicate that the DSRI, DEPI, LVGI, SGAI, and TATA financial ratios have a significant influence on the potential for fraud. DSRI, DEPI, SGAI, and LVGI has a positive correlation with the potential for fraud, indicating that an increase in LVGI will increase the potential for fraud. The TATA ratio has a negative correlation with the potential for fraud, indicating that a decrease in the TATA value will increase the potential for fraud. Meanwhile, other financial ratios such as GMI, AQI, and SGI do not have a significant influence on the potential for fraud.

Keywords: fraud, financial ratio, Beneish M-Score, manufacturing firms, fraud detection

