

## **ABSTRACT**

*This study examine factors affecting fraudulent financial reporting based on Crowe's fraud pentagon theory. Elements in fraud pentagon proxies by financial stability, financial target, external pressure, independent board of commissioners, auditor change, director change, and frequent number of directors' display picture in an annual report.*

*This study used a quantitative research design and secondary data gathered from annual reports and financial reports of companies in manufacturing sector that are listed on the Indonesia Stock Exchange during 2015-2019. Sampling technique used purposive sampling. Data analysis method tested using logistic regression analysis.*

*The results showed that financial stability and auditor change affects on fraudulent financial reporting. The results also show that financial target, external pressure, independent board of Commissioners, directors change, and frequent number of director's display picture in an annual report does not affect the fraudulent financial reporting.*

**Keywords:** *Fraudulent Financial Reporting, Fraud Pentagon, Presure, Opportunity, Rationalization, Competence, Arrogance.*