

Analysis Of Financial Statement Manipulation Detection Using Beneish M-Score Model In Trade And Investment Sector Companies Listed On Issi In 2024

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Abstract

Financial reports are a means of providing important information for both internal and external parties of a company. However, various cases of financial report manipulation are still found, both intentionally and unintentionally. This study aims to identify manipulation in the financial reports of companies in the Trading and Investment sector listed on the Indonesian Sharia Stock Index (ISSI), which then grouped the results of the company ratio calculations into the categories of manipulators, gray companies, and non-manipulators. This study uses a descriptive quantitative approach by utilizing secondary data sourced from the financial reports of companies in the Trading and Investment sector listed on the Indonesian Sharia Stock Index (ISSI). Data analysis was carried out through 8 financial ratios in the Beneish Ratio index method, namely the Days' Sales in Receivables Index (DSRI), Gross Margin Index (GMI), Asset Quality Index (AQI), Sales Growth Index (SGI), Depreciation Index (DEPI), Sales, General, and Administrative Expenses Index (SGAI), Leverage Index (LVGI), and Total Accruals to Total Assets (TATA). The results of the study indicate that in 2024, seven companies, or 20% of companies, were classified as manipulators, 27 companies, or 77.14% of companies, were classified as non-manipulators, and one company, or 2.86% of companies, was classified as a grey company. These results indicate that the majority of companies in the Trade and Investment sector registered with the ISSI in 2024 were not indicated to have manipulated their financial statements. However, several companies were still indicated to have manipulated, as well as companies that were classified as grey companies. Therefore, further monitoring and analysis of the quality of the presentation of companies' financial statements is necessary.

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IJEBIR, Volume 05 Issue 04, 2026



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Keywords: financial reports, manipulation, Beneish M-Score, Trading and Investment companies, Indonesian Sharia Stock Index (ISSI).

INTRODUCTION

Financial statements are the mainstay in economic decision-making by various stakeholders, whether investors who assess investment feasibility, creditors who consider credit risk, regulators who oversee compliance, or the wider community who assess corporate social responsibility, all rely on reliable and honest financial statements (Hasanaj and Kuqi, 2019). In the context of good corporate governance financial statements are not just accounting documents, but a reflection of the integrity and transparency of a business entity. However, in the reality of a business world that is full of competition and performance pressure, financial statements do not always reflect actual conditions. Company management is often faced with pressure to meet market expectations, maintain stock prices, or maintain a company's reputation, which in some cases can encourage them to manipulate or distort information in a financial report (Olayinka, 2022).

Preparation of financial statements to inform stakeholders about the financial status, operational performance, and cash flow of an entity in line with the objectives of PSAK No. 1 to provide such information. But in reality, there are times when certain parties manipulate financial figures. Many parties may suffer losses when public trust is eroded by the fraudulent or manipulative practices of Hans et (2023).

Fraud or manipulation is a major problem in industrialized and developing countries. Acts of fraud in financial statements can be interpreted as a form of incorrect presentation or omission of information intentionally to certain values or disclosures with the aim of misleading the user of the report (Sari and Sudiyana, 2022). Financial statement fraud is a form of manipulation of accounting data that makes the report appear better than it actually is, potentially causing harm to those who base their economic decisions on the report. According to the Association of Certified Fraud Examiners 2024 survey, the presentation of fraud is as following:





Source : www.acfe-indonesia.or.id

Figure 1: ACFE 2024 survey

Based on the facts shown in the photo above. The most common type of fraud involves the misuse of assets or wealth, this type of fraud accounts for about 89% of the total cases and causes losses of approximately USD 120,000. Next is the act of corruption which covers about 48% of cases with a loss value of about USD 200,000. Meanwhile, fraud related to financial reporting does have the smallest percentage, which is around 5%, but it causes the largest loss, which is around USD 766,000 (Association of Certified Fraud Examiners, 2024).

The case of manipulation of Parmalat's financial statements is one of the biggest financial scandals in the history of the trading sector company, an Italian multinational company engaged in the trade and distribution of dairy products. The problem of financial statement manipulation began to come to light in late 2003 when the company failed to meet its bond payment obligations, which then triggered an in-depth investigation into its financial statements. The results of the investigation showed that for many years Parmalat's financial statements did not reflect the actual financial condition, one of which was through the recording of large amounts of fictitious cash. The company claimed to have a cash balance of around €3.95 billion held at the Cayman Islands branch of Bank of America but after verification, the bank documents on which the records were based proved to be fake and the cash balance never existed. In addition, Parmalat also hides a very large amount of debt estimated at more than €14 billion by utilizing shell companies or special purpose entities, so that these obligations are not reasonably presented in the consolidated financial statements (Mgbemena et al, 2024).

The impact of these financial manipulations led to huge losses for investors and creditors, bankruptcy of companies, as well as loss of public confidence in the integrity of the financial statements of large corporations. Additionally, a number of Parmalat executives were sentenced to criminal penalties, and the case prompted regulatory reform as well as the strengthening of corporate governance and auditing practices in various European countries. The Parmalat case is clear evidence that manipulation of financial statements can occur even in large companies in the audited trade sector and operating internationally. This phenomenon shows that financial performance pressures, weak supervision, and the complexity of the company's structure can increase the risk of financial statement fraud.

A phenomenon that can reflect indications of financial manipulation in Indonesia is a case involving PT Kresna Graha Investama Tbk which is engaged in the investment and financial services sector, along with its affiliated entities that occurred in 2023. Companies engaged in this investment sector are associated with the problem of allocating and using investor funds without clear and transparent consent from investors. The funds raised are not managed in accordance with the initial agreement or risk profile presented to the customer, but are transferred to other high-risk and illiquid instruments, and are suspected to involve transactions with affiliated parties. The practice causes investors to not obtain adequate information regarding the actual use of funds and investment risks. As a result of this non-transparent Fund Management, the company experienced an inability to fulfill obligations to customers, resulting in investor losses estimated at around Rp337.4 billion (Masitoh and Kamilah, 2024).

The survey results show that there are differences between the Indonesian and global levels regarding the types of fraud that are considered the most harmful. This difference is due to the fact that financial reporting fraud, especially involving the Indonesia Stock Exchange and manipulation of tax data, is still rarely detected in Indonesia. This condition ultimately affects the respondent's approach in determining the type of fraud that has the greatest impact on losses.

The case of PT Minna Padi Aset Manajemen (MPAM), which is a financial sector company, especially as an investment management company, this case has occurred since 2019, after the Financial Services Authority found violations in the management and marketing of mutual fund products. Some managed investment products are suspected to contain conflicts of interest, improper transaction practices, and the use of affiliate shares that could potentially harm investors. As a result of the case, six mutual fund products managed by MPAM were dissolved by the Financial Services Authority



(OJK) which had a total *asset under management* (AUM) of more than Rp6 trillion in funds invested by customers were constrained by liquidation and potentially lost. Of this total, the first phase of payments distributed by MPAM is around 20%, so the remaining approximately Rp4.8 trillion has not yet been returned to investors (Roji a, 2023).

Further developments indicate MPAM has entered the realm of criminal investigation. In 2026, Bareskrim Polri officially named three people as suspects in alleged capital market manipulation practices involving transactions between mutual fund products through mutual fund accounts and affiliated party accounts. Investigators uncovered a pattern of transactions allegedly conducted to buy affiliate shares at low prices and resell them to other mutual fund products at higher prices, potentially harming investors and creating a picture of securities prices that does not reflect the true market value. In addition, investigators have blocked a number of securities sub-accounts belonging to MPAM and its affiliates as part of the investigation amounting to Rp467 billion (Priambodo and Monica, 2026).

The fraud case revealed in PT Tiga Pilar Food Tbk which is a trading sector company engaged in food and beverage processing. This event occurred in 2017-2018 which included accounts receivable and inventories recorded in excess of Rp4 trillion, revenue of Rp662 billion, and double book keeping to hide the true financial condition. In addition to the 12-year contractual relationship, the inability to detect 112 suspicious transactions and the unauthorized conduct of investigative audits by EY, the Public Accounting Firm violated the code of conduct in several other respects, further exacerbating the crisis of investor confidence. The real impacts of this event include investor losses of Rp 3.2 trillion, a decrease in the Investor Confidence Index (IKI) by 29 points, and non-performing loans in banks worth Rp 52 billion (Audita et al, 2025). Based on a number of cases of fraud that have occurred, it can be understood that these actions have a serious impact on the economy of a country, company, or individual. According to the company, fraud not only causes financial losses, but also non - financial losses, such as damage to the company's reputation that can affect the continuity of its operations.

The company is not the only one who is severely affected by this, everyone who has a relationship or interest with the company is also harmed. Fraud in the preparation of financial statements encourages the need for the use of detection instruments that are able to identify manipulation. *Diamond fraud approach* is more often applied than the *triangle fraud and pentagon fraud*. The *Fraud triangle* was first introduced by Cressey (1953), a scholar and criminologist who held the view that dishonest people have ulterior motives. Three main elements in fraud triangle is pressure, opportunity, and

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rationalization. Furthermore, the concept of *fraud diamond* was developed to add other variables that also influence the emergence of fraud (Ramdany, Musfita and Dervish, 2020). As a preventive measure, *fraud pentagon* seeks to identify and address the root causes of fraud. In addition to these three approaches, other detection methods that are also widely used include evaluating the effectiveness of internal audits, assessing auditor skepticism, and analyzing *red flags* or indicators of fraud in an entity (Ramadhan, 2020). Most of these methods are more focused on the analysis of individuals or parties who prepare financial statements, especially related to the motivation and pressure they face in committing fraud, then a detection method is needed that is more focused on the final results of the financial statements themselves, so that it can be known whether the report has been manipulated or not.

One approach that has proven effective in detecting indications of manipulation of financial statements is *the Beneish M-Score model*. *The Beneish M-Score Model* was developed by Messod Beneish in 1999 with the main objective of distinguishing companies that are most likely to manipulate their financial statements from those that do not (Pangestu et al, 2020). *M-Score* is the result of calculations based on eight financial ratios against manipulative behavior, such as the Days Sales in Receivables Index (DSRI), Gross Margin Index (GMI), and Accruals, each of which is designed to capture abnormal patterns in accounting activities. The advantage of this model lies in its ability to detect irregularities through a quantitative approach that relies on historical data and unnatural financial behavior.

The ability of *the Beneish M-Score model* to accurately detect manipulation or cheating has been demonstrated in several empirical investigations conducted in developed and developing countries. The relevance of this model in Indonesia is increasing in line with the occurrence of various financial scandals that cast doubt on the credibility of the company's financial statements, including in the closely monitored public sector. The application of *Beneish M-Score* has not touched all industrial sectors equally, especially in the context of Islamic companies that have different principles and governance from conventional companies (Puspitha et al, 2023).

Trading and investment sector companies listed on the Indonesian Sharia stock index are not like other businesses. Sharia principles support ethical norms such as honesty and justice and prohibit *riba*, *gharar* and gambling, which are normatively supposed to prevent manipulative behavior. But in practice, reality does not always coincide with these values. Intense business competition, the urge to keep attracting investors, as well as the need to maintain business sustainability amid global economic



fluctuations are also felt by Sharia companies (Nurhayadi et al, 2019). This opens up space for the emergence of the same incentives as conventional companies in engineering financial statements, although wrapped in the label “Sharia”.

Supervision of Sharia issuers is not necessarily stricter or more effective than conventional issuers, due to the limitations of specific detection mechanisms against companies operating under the Islamic value system. Therefore, the application of manipulation detection models such as *Beneish M-Score* in the context of Islamic companies is very important. Research in this context not only assesses the effectiveness of such detection tools, but also examines the consistency between Sharia values and the actual practice of the company, as well as reveals the possibility of ethical dissonance in Sharia financial reporting.

Previous research by Zulzilawati and Nanik Wahyun (2021) on manufacturing companies listed on the Indonesia Stock Exchange (IDX) found that some companies have an M-Score Value at the -2.22 threshold, which indicates the potential for manipulation of financial statements. The value indicates that some companies are in the category indicated as manipulators or companies doing manipulation. The results of this study prove that the Beneish model can be effectively applied in the context of companies in Indonesia as an early detection tool against possible financial statement fraud (Zulzilawati and Wahyuni, 2021).

Subsequent research conducted by Husein (2023) on state-owned enterprises (SOEs) which shows that some SOEs have an M-Score Value that exceeds the threshold of -2.22, so it is indicated as a company that has the potential to manipulate financial statements. The most influential ratios in indicating manipulation are the ratio of sales growth and accrual components. These findings indicate that although SOEs are under government supervision, there is still a potential risk of manipulation of financial statements so that tighter supervision and analysis is needed (Hussein et al, 2023).

Subsequent research conducted by Warseno, Sulistyaningsih, and Rafika (2023) on banking companies for the period 2014-2018 showed that there were several banks that had an M-Score Value that was at the threshold, so it was indicated to have the potential for manipulation of financial statements. Ratios such as changes in receivables, sales growth, and accrual components are the most dominant indicators in detecting potential fraud. The findings show that the Beneish M-Score model remains relevant and can be applied to the banking sector even though the characteristics of the industry are different from the non-financial sector (Sulistyaningsih and Rafika, 2023).



The next study conducted by Narsa (2023) on 284 manufacturing companies listed on the Indonesia Stock Exchange used the Beneish M-Score model modified with *the fraud triangle approach*. The results showed that leverage variables and changes in receivables have a significant influence on the practice of *earnings management* or profit management. The modification of the model improves the detection capability of potential manipulation of financial statements compared to the standard model. These findings indicate that combining financial indicators in the Beneish M-Score with pressure, opportunity, and rationalization factors can strengthen analysis in detecting financial statement fraud (Narsa, Afifa and Wardaningrum, 2023).

According to a number of previous studies, *the Beneish M-Score Model* can be used to identify signs of falsification of financial statements quite effectively, but its application is still dominated by the context of conventional companies with different sector characteristics. In addition, the study has not examined the ethical aspects and Islamic values in financial reporting practices, especially during the COVID-19 pandemic. The trade and investment sector was chosen because it has a high transaction turnover rate and revenue growth, potentially causing management pressure to manipulate financial statements in order to maintain investor performance and confidence. Therefore, there are still research gaps that need to be studied further, especially in integrating the quantitative approach *to fraud detection* with the perspective of Islamic values in order to obtain a more comprehensive understanding of the quality of financial statements (Warseno, Sulistyaningsih and Rafika, 2023).

This research is devoted to 2024, where the Indonesian economy is in a recovery phase after the COVID-19 pandemic, characterized by the recovery of production, consumption, and trade activities in various sectors. The ongoing recovery process from Pandemic pressures is reflected in Indonesia's economic growth which reached 5.11% in the first quarter of 2024, according to data from the Central Statistics Agency (BPS). In addition, the IMF through *Article IV Consultation 2024* also confirms that Indonesia is entering a period of stable recovery with projected growth of around 5.0% in 2024, supported by increased domestic demand and strengthening the trade sector (BPS, 2024). This suggests that 2024 can be categorized as a post-recovery period in which economic conditions begin to return to pre-pandemic levels. But it does not rule out that many committed fraud or manipulation of financial statements in the year.

Based on the problems that have been described and the results of previous research motivated the authors to conduct research again with the title “**analysis of the**



detection of manipulation of financial statements using the Beneish M-Score Model on trade and investment sector companies listed on ISSI in 2024”

Literature Review

Agency Theory

An agency relationship is basically an agreement between a manager (agent) and an investor (principal), which then incurs agency costs. Therefore, the ownership of shares by Managers serves as an encouragement for managers to utilize debt efficiently, so as to reduce agency costs to the maximum (Titisari, 2020). Agency theory is built on three basic assumptions, namely assumptions about human nature, organizational structure, and information. These three elements serve as the foundation of agency theory to outline the relationship between principal and agent. This is very related to various issues in the field of accounting, such as fraud, good corporate governance, corporate values, and audit activities (Titisari, 2020).

Cheating

ACFE (2020) in the 2020 Fraud Indonesia survey defines fraud as an act that violates the law and is carried out deliberately for certain purposes, such as manipulating or conveying incorrect information to other parties.

Financial Statements

Financial statements are simply reports that show the company's current financial condition or future periods (Kasmir, 2016). Financial statements generally consist of balance sheets, profit and loss calculations, as well as reports on changes in equity (Munawir, 2014).

Syariah Company

A Sharia company is an economic organization that fully complies with Sharia law in its financing, investment, operations, and reporting (Yazid and Prasetya, 2019).

Investment and Trade Sector Companies

The main purpose of investment is to obtain an *optimal rate of return* by considering the risks faced by investors (Tandelilin, 2017). In the Indonesian capital market, the trade and investment sector plays an important role in supporting economic growth because it serves as a liaison between producers and consumers and as a means of collecting and

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allocating funds for productive activities. Companies engaged in this sector are required to present reliable and transparent financial statements because financial information is the basis for investors in making investment decisions. Therefore, the quality of financial statements in companies in the trade and investment sector is a very important aspect to maintain the confidence of investors and other stakeholders (Sukamulja, 2022).

Beneish M-Score

Model Beneish M-Score dikembangkan oleh Messod D. Beneish (1999) as a quantitative tool to detect potential profit manipulation through eight financial ratios processed in the M-Score logistics formula. Beneish M Score itself is an analysis tool to find businesses that may be involved in income reporting fraud (Tarjo and Herawati, 2021). Based on the principles of Forensic Accounting and ratio analysis, this model uses indicators that reflect significant changes in the company's operations, often related to discretionary accounting policies that trigger earnings management.

Beneish Ratio Index

Beneish Ratio Index is an analysis method designed to assess whether a financial statement contains elements of fraud or not. Beneish (1999) developed this technique based on research comparing quantitative data between companies proven to have manipulated profits and companies that did not engage in the practice. In his study, Beneish analyzed the company's financial data by calculating a certain number of ratios as key indicators. The purpose of this approach is to detect any potential irregularities or manipulation in the financial statements. Beneish (1999) states that the practice of profit manipulation is usually characterized by a significant increase in revenue or a large decrease in company expenses when compared between the current year (t) and the previous year (t-1) (Tarjo and Herawati, 2021).

Methodology

This study used quantitative descriptive method. This approach is applied to the study of a specific population or sample, with data collection carried out through research instruments. Data analysis is carried out quantitatively or statistically, aiming to test hypotheses that have been formulated previously (Sugiono, 2023). The main goal of descriptive research is to accurately and systematically describe phenomena, their features and correlations between them (Gozhali, 2021).



Results and discussion**Results**

Based on the analysis of financial ratios, companies are classified into three main categories, namely *manipulators*, *non-manipulators*, and *gray companies*. Category *The manipulator category* refers to companies that are indicated to be manipulating financial statements, while *non-manipulators* indicate companies that are not indicated to be manipulating. The *gray company* is a company that is indicated to be manipulating, but in an immaterial or relatively small level. This grouping process is carried out with reference to previously established criteria. Here are the results of grouping companies based on the *Beneish M-Score model* in 2024.

Table 1: Company Grouping Results

No.	Kode	DSRI	GMI	AQI	SGI	DEPI	SGAI	LVGI	TATA	HASIL
	ACES	N	N	N	N	G	N	N	M	N
	AKRA	G	G	G	N	G	M	G	M	G
	APII	N	G	N	G	N	N	G	M	N
	ASGR	N	N	N	N	N	N	G	M	N
	BAYU	N	N	G	G	G	N	N	M	N
	BELI	G	N	N	G	N	N	N	M	N
	BLTZ	N	N	N	N	G	N	N	M	N
	BMSR	M	M	N	N	N	M	M	M	M
	BMTR	G	N	G	N	M	N	N	M	N
0	CSAP	N	N	N	N	N	N	N	M	N
1	DIVA	N	N	N	N	N	M	M	M	N
2	ECII	N	N	N	N	N	M	N	M	N
3	EMPT	N	G	N	N	N	N	N	M	N



4	ERAA	N	N	N	N	N	M	N	M	N
5	FAST	N	G	N	N	G	G	M	M	N
6	FISH	N	N	N	N	M	G	G	M	N
7	HERO	M	M	N	N	N	N	N	M	N
8	JTPE	M	N	N	N	M	M	N	M	M
9	LPLI	N	N	N	N	M	M	N	M	N
0	LPPF	N	N	N	N	N	N	N	M	N
1	MAPI	N	G	N	G	G	N	N	M	N
2	MCAS	M	N	N	N	N	M	N	G	N
3	MDIA	G	M	N	N	M	N	N	N	N
4	MFMI	G	G	N	N	M	M	M	M	M
5	MLPL	M	G	N	N	N	N	N	M	N
6	MNCN	G	N	N	N	G	N	N	M	N
7	MPMX	N	N	G	G	N	N	G	M	N
8	PALM	M	N	M	N	N	M	N	M	M
9	PSDN	M	M	N	N	M	M	M	M	M
0	RALS	N	N	N	N	G	N	N	M	N



1	RANC	N	N	N	N	N	N	N	M	N
2	SRTG	M	N	G	N	M	M	M	M	M
3	TGKA	G	N	N	N	N	M	N	M	N
4	TIRA	G	N	N	N	N	N	N	M	N
5	WAPO	N	M	N	M	M	N	N	M	M

Source: primary data processed, 2026

M = *Manipulator*

N = *Non-manipulator*

G = *Grey company*

Based on the table above, it can be seen that 7 companies are categorized as *manipulators*, 1 company is categorized as a *gray company* and 27 companies are categorized as *non-manipulators*

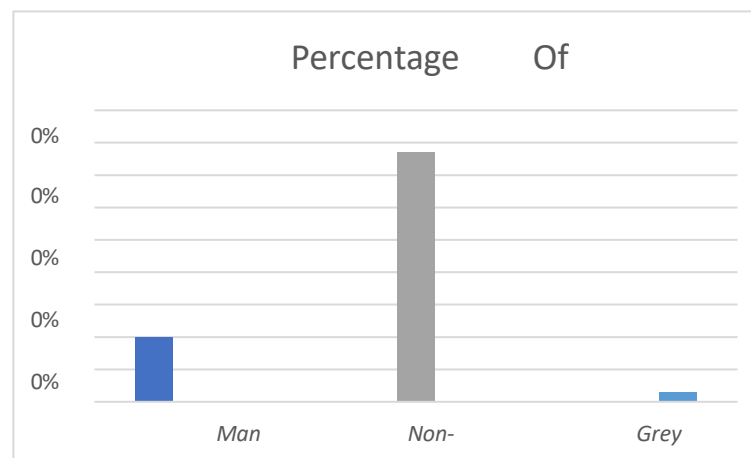


Figure 2: Percentage Of Companies

Based on the analysis using the *Beneish M-Score method* on 35 sample companies, it was found that as many as 7 companies or 20% were classified as



manipulators. This indicates the possibility of manipulation of financial statements, either through profit management or the presentation of financial information that does not reflect the actual economic condition of the company.

Furthermore, there is 1 company or 2.86% which is included in *the gray company Category*. This category indicates that the company is in a situation that cannot be identified with certainty, so that indications of manipulation of financial statements still require further analysis.

On the other hand, as many as 27 companies or 77.14% are categorized as *non-manipulators*. The results showed that the majority of the sample companies had no indication of manipulating the financial statements and tended to present financial statements reasonably in accordance with the actual conditions of the company.

DISCUSSION

Based on the analysis using *the Beneish M-Score method* on 35 sample companies, it was found that as many as 7 companies or 20% were classified as *manipulators*. This indicates the possibility of manipulation of financial statements, either through profit management or the presentation of financial information that does not reflect the actual economic condition of the company.

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On the other hand, as many as 27 companies or 77.14% are categorized as *non-manipulators*. The results showed that the majority of sample companies had no indication of manipulating financial statements and tended to present financial statements reasonably in accordance with the actual company conditions.

Discussion Of Manipulator Companies

Based on the analysis using *the Beneish M-Score model* from 35 companies during the 2024 period, 7 companies were found to be categorized as *manipulators* with a percentage of 20%. This shows that there are still a number of companies that are indicated to manipulate financial statements through profit management practices and financial statement engineering. Companies that fall into the manipulator category generally have a Beneish ratio value that exceeds a predetermined limit, thus indicating

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the existence of irregularities in several components of the financial statements, such as an increase in receivables, an increase in accruals, a decrease in asset quality, and changes in depreciation expenses.

The companies indicated as manipulators in this research are: WAPO, SRTG, PSDN, PALM, MFMI, JTPE, dan BMSR. The seven companies have a *Beneish M-Score* which indicates the existence of indications of manipulation of financial statements based on the parameters in the Beneish model *Beneish*. Such indications can be caused by a fairly high increase in accruals, revenue growth, which is not followed by a proportional increase in cash flow, as well as possible changes in accounting policies that affect the presentation of the company's profit. This condition indicates that the company's reported profit potentially does not fully reflect the actual economic condition (Widowati and Oktoriza, 2021).

Based on the results of ratio calculations, it is known that the TATA (Total Accruals to Total Assets) and SGAI (Sales General and Administrative Expenses Index) ratios have the highest average values as ratios that indicate manipulators. The high value of TATA indicates that the company's profit is more influenced by the accrual component than the real cash flow, thus potentially increasing the opportunity for management to make accounting adjustments to improve reported performance.

Meanwhile, the high value of SGAI reflects an increase in operating costs that is not proportional to the company's revenue growth. This condition can occur because the company seeks to display better financial performance than the actual condition in order to attract investors, maintain creditor confidence, and maintain the company's image in the market. This condition can cause pressure for management to maintain the company's performance image in front of investors and other stakeholders, thus encouraging the emergence of financial reporting practices (Purnamasari, 2023).

In addition, the pressure to maintain the stability of the company's performance can also be one of the factors that encourage the manipulation of financial statements. Companies that experience decreased profits, increased operating expenses, and competitive pressures tend to have motivation to improve the appearance of financial statements to remain visible both in the eyes of investors and creditors. Such actions are usually carried out through the acceleration of revenue recognition, the delay in recording expenses, or the increase in the accrual component so that the company's profit appears higher. Therefore, the existence of companies indicated *by manipulators* shows that the quality of financial statements still needs to be given more attention, especially regarding



the transparency and reliability of the financial information presented (Natalia and Kuang, 2023).

The results of this study indicate that *the Beneish M-Score model* is able to provide an initial overview of the possibility of manipulation of financial statements in the research sector companies. With companies that are indicated to be manipulators such as WAPO, SRTG, PSDN, PALM, MFMI, JTPE, and BMSR, investors and other users of financial statements are expected to be more careful in analyzing and making economic decisions. In addition, the company also needs to improve the implementation of good corporate governance in order to minimize the potential for manipulation of financial statements in the future.

Discussion Of Non-Manipulator Companies

Based on the analysis results using *the Beneish M-Score model* on 35 companies during the 2024 period, 27 companies were categorized as *Non-manipulators* with a percentage of 77.14%. The number of companies classified as *Non-manipulators* is much larger, when compared to the number of companies classified as *manipulators* and *Gray companies*. Thus, most of the sample companies in this study can be stated to have applied the provisions of financial accounting standards in the preparation of its financial statements. This condition is reflected in the audit results that show a reasonable opinion on all companies classified as *Non-manipulators*.

Basically, companies that are categorized as *Non-manipulators* are companies that do not show indications of manipulation of financial statements. Financial statements prepared by companies in this category are considered to meet the qualitative characteristics of financial statements, such as relevance, reliability, and reasonable presentation. This condition reflects that the company has a good level of credibility and reputation in the eyes of stakeholders. Therefore, companies that are included in *the Non-Manipulator category* can be used as a basis for consideration for investors and creditors in making investment decisions and distributing funds (Amalia, 2023).

Companies that fall into the category of *Non-manipulators* are considered to be able to increase the level of confidence of investors and creditors. This is because the financial statements presented reflect reasonable information and are free from the practice of Financial Reporting Fraud. Thus, the risk of losses that investors and creditors may suffer can be avoided. In addition, transparency and reliability of financial statements also have the potential to increase the rate of return on investment for investors and reduce the possibility of default on loans provided by creditors (Zahro, 2024).

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Discussion of *The Grey Company*

Based on the results of the analysis using the *Beneish M-Score model* on 35 companies during the 2024 period, 1 company was found to be categorized as a *gray Company* with a percentage of 2.86%. The *gray Company category* indicates that the company is in a condition that cannot be definitively classified as a *Manipulator* or *Non-Manipulator company*. This condition indicates that there are several financial ratios that show early symptoms of the practice of manipulating financial statements, but the level of indication is still at a certain threshold so that it is not strong enough to declare the company to manipulate significantly.

The existence of a company in the *gray Company category* can be caused by the existence of certain accounting policies that cause changes in the company's profit, receivable, and accrual components. In addition, the pressure to maintain financial performance, maintain profit stability, and improve the company's image in the eyes of investors and creditors can also be factors that influence the emergence of such indications. Although not yet classified as a *manipulator*, this condition still needs to be a concern because it has the potential to develop into a financial statement manipulation practice if the company does not apply internal controls and good corporate governance (Tridig and Santy Setiawan, 2022).

If this condition continues, it can have a negative impact on the level of investor and creditor confidence in the company. Poor quality financial information also has the potential to affect economic decision-making by stakeholders. Therefore, companies classified as *Gray companies* need to improve financial reporting transparency and strengthen the application of accounting principles and internal supervision so that the risk of financial statement manipulation can be suppressed (Ulya et al, 2024).

CONCLUSION

This study concluded: 1. Analysis of financial statement manipulation using *Beneish M-Score* in trade and investment sector companies listed on the Indonesia Stock Exchange (IDX) in 2024, it is known that there are 7 companies or 20% classified as *manipulators*. This indicates that there are still companies that have indications of manipulation in the presentation of financial statements; 2. Analysis of financial statement manipulation using *Beneish M-Score* in trade and investment sector companies listed on the Indonesia Stock Exchange (IDX) in 2024, it is known that there are 27 companies or 77.14% classified as *Non-manipulators*. This indicates that most companies are not detected manipulating financial statements. 3. Analysis of financial statement

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manipulation using *Beneish M-Score* in trade and investment sector companies listed on the Indonesia Stock Exchange (IDX) in 2024, it is known that there are 1 company or 2.86% classified as a *gray Company*. This indicates that the company is in a condition that cannot be categorized definitively as a *manipulator* or *non-manipulator*.

This study indicates that *the Beneish M-Score model* can be used as a *nearly warning system* in identifying potential manipulation of financial statements in the trade and investment sector companies. Thus, generated suggestions: 1. For investors and creditors, the results of this study can be used as a consideration in investment decision making and lending. However, it is recommended that related parties also consider other information outside the financial statements, such as the company's track record and operating conditions. This is because the research results in this thesis only serve as a predictive tool and do not directly prove that companies classified as *manipulators* or *gray companies* actually manipulate financial statements. 2. For further researchers, it is advisable to expand the scope of research through the addition of observation periods and the number of samples so that the results of the study are able to provide a more comprehensive picture of the practice of manipulation of financial statements in various sectors of the company. 3. For companies, it is expected to present financial statements that are in accordance with applicable standards and do not carry out any form of manipulation or fraud.

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