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EARNINGS MANAGEMENT AND FRAUDULENT FINANCIAL REPORTING: DISTINCTIVE CRITERIA OF SUSPICIOUS ACCOUNTING PRACTICES

ABSTRACT

The financial reports, as the final product of the accounting information system, need to be accurate in order to maintain the main purpose of financial reporting. Applied methods and techniques of recognition and measurement of financial positions should be in the purpose of realistic and transparent presentation of the financial performances of the entity. However, creative accounting techniques are often used in the process of preparing and presenting financial statements in order to manage earnings and manipulate financial values. Manipulation of financial statements seems to be a generally present phenomenon, and the paper aims to identify the criteria used by members of the accounting profession in the Federation of Bosnia and Hercegovina (FBiH) to distinguish earnings management techniques from fraudulent financial reporting. The research reflects the perception of accountants and auditors in the FBiH regarding the possibility of recognizing suspicious accounting practices in business entities. The research is based on distinctive criteria used in developed economies of the world: measurement subjectivity, the materiality of financial item and compliance of financial reporting with generally accepted accounting principles, but identifies specific distinctive measures used by respondents, too.

The results of the research reveal that the accounting professionals in the FBiH rely on distinctive criteria: materiality and compliance of reporting with International Financial Reporting Standards, including two additional measures: compliance of financial reporting with generally accepted practices and confidence of financial information. Respondents did not recognize subjectivity in assessment as a relevant measure of the distinction between earnings management and fraudulent financial reporting.

Keywords: *financial reporting, earnings management, creative accounting, fraudulent financial reporting, ethics of professional accountants.*

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1. INTRODUCTORY

Accounting is a business information system whose functioning through the mandatory form of financial reporting provides information on financial position, business performance, cash flows, changes in equity and other financial and non-financial information of a company. For financial statements to be useful, they must be accurate. Unfortunately, these reports often depend on subjective assessments, are subject to erroneous comparisons and are subject to manipulation due to inconsistent intentions (Sherman & Young, 2016).

Creating financial statements according to the wishes of reporting entity or according to the expectations of their users impairs the use-value of financial statements, undermining the role and importance that accounting should have in society. The creative accounting was originally conceived as a way to provide, in addition to a historical presentation of value, a realistic statement of the current (market) value of assets, liabilities and equity (Novalija Islambegović & Islambegović, 2015). However, over time, the creative accounting techniques begin to incorporate not allowed and illegal principles, methods and estimates, and such embellishment of the financial result becomes illegal and grows into forgery of financial statements. Accordingly, creative accounting can appear in two forms: without violating accounting rules and norms (within the regulatory framework) - the so-called cosmetic, where the reporting entity manipulates values without any consequences on cash flows, and by violating accounting rules and norms (outside the regulatory framework) - the so-called real, where applied techniques and methods affect to cash flows. This real creative accounting is much more worrying than cosmetic because often reduces the wealth of market actors (Cvetković & Bošković, 2017).

Also, cosmetic financial reporting is not harmless or without negative consequences, although persons without a basic understanding of the importance of true financial reporting for the general functioning of the socio-economic system may wonder whether manipulating numbers on paper without stealing cash or other assets can be harmful (Coenen, 2009). Unfortunately, the negative consequences of manipulation in the financial statements are reflected in many users: creditors because they approved risky loans, shareholders, because they invested in shares of questionable quality, government agencies because they are deprived of their income and employees because of their long-term employment and salaries are threatened, etc. On the other hand, only a few persons can benefit from fraudulent financial reporting in the short term, mostly the company's management rewarded for imaginary results and possibly existing shareholders who may unjustifiably collect dividends or sell their shares at inflated prices (Isaković-Kaplan, 2016).

The accounting profession seeks to answer the question: where is the line between positive and negative creative accounting, i.e. the allowed and not allowed (legally prohibited) use of accounting procedures. In this regard, the subject of research in this paper is to consider the factors that may facilitate the identification and differentiation of these dubious accounting practices.

2. Theoretical considerations of the accounting phenomenon: earnings management

Research on the quality of financial reports is always current and interesting to the scientific and professional public (Gabrić & Miljko, 2018). Many authors in our region have dealt with earnings management and accounting manipulations.

Gabrić and Bošnjak (2017) performed empirical analyzes of the characteristics of significant misstatements in the financial statements of companies in the FBiH. The results of their research suggest that conservative accounting policies have been applied while fair value is rare, but significant misstatements resulted in overvalued assets and overstated business results.

Earnings management through revenue recognition in the construction industry was investigated by the authors Serdarević and Muratović-Dedić (2021). The results of their research show that managers in construction companies are more inclined to report more conservatively and include revenue by underestimating the construction phases and suppressing revenue recognition in order to better align tax liabilities with expected cash flows. In another study, the same authors proved the connection between earnings management in periods when the company has increased needs for external financing, thus transferring the risk to the creditors. However, the tax burden and expected outflows through income tax exceed external financing as an incentive for more or less aggressive reporting (Serdarević & Muratović-Dedić, 2020).

The empirical studies conducted on a global level show that there are strong management motives to apply earning management techniques. These motives include: higher share prices, exceeding analysts' expectations, avoiding losses, showing better performance compared to previous periods, etc. (Strakova, 2020). Research on business practice in BiH shows that Bosnian companies create an imaginary financial result in order to meet banking requirements, while almost 80% of respondents agree to resort to a lower financial result in order to avoid tax liabilities (Isaković-Kaplan, 2016).

Analyzing theories of earnings management, starting from the title of the accounting phenomenon to the presence of techniques and influences on the performance of entities, it is concluded that revenue management techniques are primarily used in companies around the world to increase financial results.

However, research in BiH shows the application of conservative accounting policies in general, with even paradoxical result: equal representation of opposing earning management techniques: the technique of deferring expenses for future periods and the technique of early recognition of expenses. These techniques are used in entities in BiH according to the needs: the technique of early recognition of expenses is applied in periods with reporting entity has the intention to reduce the financial result, while the technique of deferred recognition is used in the period when the entity wants to increase the financial result. Presented results reveal the free use of creative accounting techniques in Bosnian companies. (Isaković-Kaplan, 2016).

Research conducted in Romania shows that the majority of Romanian listed companies (approx. 84%) manipulate their financial statements (Safta, et al., 2020). Author Griffiths (1986) in the introduction to his book “Creative Accounting” puts forward the thesis that all financial statements are based on business books that are either lightly boiled or completely baked. Phenomenon of earnings management is considered a significant “red flag” about the presence of manipulation over financial statements.

Many authors have developed models for distinguishing between negative creative accounting from earnings management. The most famous in literature is the M-score model of Professor Messod D. Beneish, which has found its application in research aimed at assessing the reliability of a company’s financial statements (Rajković, 2016). Authors Powell, Jubb (2005) examined measures or factors that distinguish aggressive accounting and earnings management from manipulation of financial statements. Their research is based on the auditor’s perception. The ability to distinguish aggressive earnings management from financial fraud is essential for auditors. It should be noted that the mentioned research was conducted in the territory of Australia where the Anglo-Saxon model of financial reporting is applied. This research identifies distinctive criteria: materiality (significance of reported positions), compliance with applied reporting standards and managerial motivation to present distorted data, and subjectivity in estimates. The aim of this paper is to examine whether in the FBiH territory, given the application of International Financial Reporting Standards (IFRS), the same distinctive criteria can be recognized and/or additional measures can be identified to help auditors and accountants to distinguish earnings management from fraud in financial statements.

3. Research methodology

The measures and factors that accountants and auditors use in the FBiH to distinguish earnings management from fraudulent financial reporting will be extensively considered in this research. “Expert sampling” technique by choosing for the respondents with a high degree of knowledge about the field of study was applied in research.

When used in this way, expert sampling is a simple subtype of intentional sampling (Taherdoost, 2020). A sample of this study includes accountants and auditors employed by accounting agencies or audit firms. The sample was collected by contacting accountants and auditors from the FBIH³ randomly through a questionnaire sent to the emails of experts taken from the website of the register of qualified persons at the Federal Ministry of Finance. Namely, questionnaires were sent to accountants and auditors from the register who own or work in agencies or auditing companies. When selecting a sample, internal accountants employed in large systems or companies engaged in activities other than accounting and auditing are excluded. The employment place was checked for each respondent on the website of the Association of Accountants, Auditors and Financial Workers of the FBiH through their list of certified accountants and certified auditors.

Given that the questions from the questionnaire were answered by the respondents who are most relevant to comment on this issue, the results of the analysis can be considered accurate and representative. Of the 323 experts contacted, 92 respondents accepted to participate in the survey, of which 79 were accountants and 13 auditors. Most of the respondents are female and most of them are employed in accounting agencies. Accountants are qualified and have a certificate of accounting (61 respondents) and even a certificate of auditor (8 respondents). In the sample of respondents, the largest number are experts with over sixteen years of work in the profession (35.87%), followed by experts with over eleven years of experience in the profession (32.61%), while the remaining 31.52% of respondents are with less than 10 years of work experience in the profession. When asked how many clients the respondents count in their work portfolio, the results are that the respondents keep the books or work for at least 1625 companies in the FBiH according to which they base their perception and create their views on this research.

4. Research results and discussions

Recognition and measurement of financial positions should be for the purpose of fair presentation of the financial performance of an entity. However, creative accounting techniques are often used in the process of preparing and presenting financial statements in order to manage earnings and manipulate financial values.

3 The survey was conducted in the FBiH in the period from October to December 2021, with aim to include respondents from all cantons, but there wasn't return data for Bosnia-Podrinje Canton and Canton 10. Study results from the remaining eight cantons were registered.

Based on the presented theoretical framework, the following hypotheses have been formulated and tested through paper:

H1: Compliance with standards is a distinctive criterion between earnings management and fraudulent financial reporting.

H2: Materiality and significance of the financial position are distinctive criteria between earnings management and fraudulent financial reporting.

H3: Degree of subjectivity in the assessment of financial positions is a distinctive criterion between earnings management and fraudulent financial reporting.

In the testing of the research hypotheses, quantitative research methods based on descriptive analysis were used, where based on measures of central tendency (arithmetic mean and mode) in accordance with the relevant literature containing theoretical considerations and analysis of respondents' answers, general conclusions on the distinctive criteria were applied. The qualitative method of induction is also important, which, starting from the answers of the respondents, draws a general conclusion about all the measures of differentiation that the respondents use in their work. In addition, non-parametric methods were used to analyze data expressed over nominal and ordinal scales. Thus, the Mann-Whitney U test (also known as the Wilcoxon sum range test) was used, which is applied in a situation where the dependent variable is measured at the ordinal level (Agić, 2018). With the mentioned test, the differences in perception for each of the measures of differentiation between the groups of accountants and auditors were examined. To clarify the first hypothesis, Kramer's V correlation coefficient was additionally used. This test is used to determine the correlation between categorical variables, and that is in testing H1 the size of entities, which the respondents keep the books for, in relation to recognizing the measure of compliance with standards as dominant in their perception. The third hypothesis, H3, was additionally tested using the Kruskal-Wallis test where it was examined whether there is a statistically significant difference in the perception of differentiation measures between accountants and auditors of different years of work or professional experience.

Respondents used the Likert scale of numbers (1 to 5) to rank according to their perception of the importance or relevance of the proposed measure of distinguishing earnings management techniques in relation to manipulations in the financial statements. The ranking number 1 denotes the measure of distinguishing they consider least relevant, number 2 denotes the measure of distinguishing that is less relevant in their perception, and so on until number 5 by which the respondents indicated the measure of distinguishing that they considered most relevant.

The answers of all respondents regarding the gradation of the measure of distinguishing earnings management techniques in relation to manipulations in the financial statements are presented in Table 1 and are presented through the average score calculated by the formula for calculating the arithmetic mean and values most commonly occurring central tendencies-mod.

Table 1: Relevance of the distinctive criteria of suspicious accounting practices

Distinctive criteria	Number of observations	Arithmetic mean	Standard deviation	Mod	Min	Max
Materiality/significance of position/error	92	3.14	1.46	5	1	5
Subjectivity in assessment of positions	92	2.80	1.10	3	1	5
Compliance with IFRS / IAS	92	3.45	1.37	3	1	5
Degree of confidentiality of information	92	3.29	1.30	3	1	5
Compliance with practices	92	3.35	1.27	3	1	5
Compliance with the practices of developed economies	92	2.61	1.16	3	1	5
Compliance with company goals	92	2.45	1.21	2	1	5
Compliance with consultant advice	92	2.71	1.09	3	1	5
Consistency with theoretical frameworks	92	2.87	1.14	3	1	5
Ambitious management and ethics	92	2.83	1.06	3	1	5

Source: *The result of the author's own research (Stata output)*

According to the average scores at the level of the whole group of respondents, the most relevant distinctive criteria are the materiality/significance of position/size error, compliance with IFRS/IAS, the degree of confidentiality of information and compliance with applied practices. A more detailed analysis of the relevant data related to the research hypotheses and recognized relevant additional distinctive criteria are presented in Table 2 and Table 3, observing the answers by subgroups of respondents, accountants and auditors.

Table 2: Accountants' perception of the distinctive criteria of suspicious accounting practices

Distinctive criteria	Number of observations	Arithmetic mean	Standard deviation	Mod	Min	Max
Materiality/significance of position/error	79	3.10	1.47	5	1	5
Subjectivity in assessment of positions	79	2.71	1.06	3	1	5
Compliance with IFRS / IAS	79	3.25	1.29	3	1	5
Degree of confidentiality of information	79	3.27	1.30	3	1	5
Compliance with practices	79	2.54	1.12	3	1	5

Source: *The result of the author's own research (Stata output)*

Respondents' answers show that accountants perceive the *Degree of information confidentiality* as the most important distinctive criteria between earnings management and fraudulent financial reporting, resulting in the highest score, expressed by the arithmetic mean, while the *materiality and significance of position/error* got mod 5. Due to rather inhomogeneous responses, the Materiality measure was not recognized as the most relevant despite the greatest mod.

Table 3: Auditors' perceptions of distinctive criteria for suspicious accounting practices

Distinctive criteria	Number of observations	Arithmetic mean	Standard deviation	Mod	Min	Max
Materiality/significance of position/error	13	3.39	1.39	5	1	5
Subjectivity in assessment of positions	13	3.39	1.19	4	1	5
Compliance with IFRS/IAS	13	3.92	1.04	5	1	5
Degree of confidentiality of information	13	3.46	1.33	4	1	5
Compliance with practices	13	3.00	1.35	4	1	5

Source: *The result of the author's own research (Stata output)*

Respondents' responses show that auditors perceive the IFRS/IAS Compliance measure as the most relevant measure with a multimodal data distribution where Materiality/significance of position/error was given mod 5 as well as IFRS/IAS Compliance. Due to the above, it can be concluded that compliance with IFRS/IAS is recognized as the most relevant measure at the level of auditor respondents.

Hypothesis Test 1: The basis for a true and fair presentation of the financial position and performance of the company are legal regulations and international professional accounting regulations. However, the existence of certain accounting transactions for which there are at least two and often more permitted accounting procedures in practices puts accountants in a position where their subjective choice for a particular procedure may affect greater or lesser reported results (Đorđević & Mitić, 2020).

According to the results of this research, the respondents chose *compliance with IFRS/IAS* as the most relevant measure or assessment of the distinction between earnings management techniques and fraud in financial reporting, which confirms Hypothesis 1. Additionally, the results of the analysis of data using Kramer's V correlation coefficient also show that there is a moderately strong correlation between the size (classification) of the companies with which respondents cooperate and the recognition of the measure of compliance with IFRS/IAS. This indicates that respondents who cooperate with entities classified as medium and large give more importance to the measure of compliance with IFRS/IAS as a factor in distinguishing earnings management in relation to fraudulent financial reporting compared to respondents that keep books for small and micro entities (Kramer's $V=0,2949$, $n=92$, $p=0,020$).

These results are expected because larger companies are subject to the audit of financial statements, so accountants are more aware that their financial statements will be audited or verified on the compliance of financial statements with the relevant legislative framework, which includes IFRS/IAS.

In addition, the Kruskal-Wallis's test examined whether there was a statistically significant difference in the perception of distinction criteria between respondents who primarily work for/supervise entities of different sizes according to the Law on Accounting and Auditing in FBiH. Kruskal-Wallis test confirmed that between the four groups ($n= 32, 39, 16$ and 5 means micro, small, medium and large enterprises, respectively) there are statistically significant differences in the perception of the relevance of the IFRS compliance technique as a measure of differentiation from with $\chi^2(3) = 8.000$, $p=0,0364$. The results show that perceptions are significantly different within the group of respondents who work with medium and large entities compared to respondents who primarily work with small and micro entities, which is the expected result given that micro and small entities following the new Law on Accounting and Auditing are not even obliged to apply the full set of IFRS/IAS. It should be noted, as can be seen from the previous table, that this research also has a limiting factor in the sense that only five respondents stated that their predominant domain is working with large entities.

Hypothesis Test 2: Materiality is a term closely related to the audit of financial statements and it can be viewed in terms of relative size, nature of individual items, absolute values and significance for users of financial statements, and assessment of materiality is performed at all stages of audit of basic financial statements (Vučkoja, 2007). Also in the accounting profession, the concept of the significance of a position, transaction or item is extremely important in terms of paying attention to a qualified person when examining the same.

The results of the research show that in accordance with theoretical expectations, respondents perceive that materiality and significance of financial position as relevant distinction criteria between the management of earnings and fraudulent financial reporting, immediately after compliance with IFRS/IAS, valued by the most commonly occurring central tendencies-mod.

The Mann-Whitney U test was used to examine whether there was a statistically significant difference in the perception of differentiation measures between respondents belonging to the group of accountants compared to respondents from the group of auditors. The results of this test show that there is no statistically significant difference between the perception of accountants and auditors in terms of materiality and significance as a measure of differentiation ($z=-0,647$, $p=0,5176$). Therefore, the materiality and significance of the position/error is one of the three most recognized measures at the level of the entire group of respondents, which implies that H2 is accepted.

Hypothesis Test 3: The beginning of the 21st century in the accounting framework brings changes in the field of valuation. The traditional principle of valuation - the principle of cost dating back to previous centuries, with all understandable resistance, is changing. The modern form of electronic trading imposes the need for true and fair information about the financial position and success of the company in shorter intervals, such as every day or every hour, etc. National and international committees (especially the US FASB or the International IASB) have developed accounting standards that introduce a new principle of valuing assets and liabilities known as fair value (Gulin, 2002).

If we consider that determining fair value in inactive and/or non-liquid markets using mark-to-model valuation techniques is often considered unreliable and subjective, historical cost information should be easier to verify and with a lower level of subjective estimates (Aljinović Barać, et al., 2015). Therefore, in the questionnaire, the respondents were offered a measure of distinguishing the degree of subjectivity as a measure of assessing the possibility of manipulation of positions in the financial statements. It should be noted that among auditors this measure was recognized as one of the three most important measures in relation to accountants who did not recognize this measure among the most relevant.

This conclusion was further tested by using the Mann-Whitney U test where it was examined whether there was a statistically significant difference in the perception of differentiation measures between respondents belonging to the group of accountants compared to respondents from the group of auditors. The results of this test show that there is a statistically significant difference between the perception of accountants and auditors in terms of the degree of subjectivity as a measure of differentiation ($z=-2.034$, $p=0.0420$). Also, using the Kruskal-Wallis test, it was examined whether there is a statistically significant difference in the perception of measures between accountants and auditors with different years of experience in the profession. The results show that there are no statistically significant differences in the perception of certain measures/factors of differentiation of earnings management techniques in relation to manipulations between accountants and auditors with different years of experience and work in the profession ($n= 9, 20, 30$ and 33 denotes respondents with work experience up to 5, 10, 15 and over 16 years working in the profession) ($\chi^2(3)=6,316$, $p=0,0789$). However, Dunn's post hoc test shows that perceptions within the most experienced respondents from the fourth group with over 16 years of experience in the profession and respondents from group 1 with 1-5 years of work in the profession are statistically significantly different ($D=-2.00$, $p=0,023$).

Such results are expected because auditors are more aware of the potential of introducing subjectivity offered by IFRS through the concept of fair value, and there were no auditors in the group of respondents with up to 5 years of work experience.

Applying the concept of fair value requires more expertise and a better understanding of the standards that come with years of work in the profession. Thus, Hypothesis 3 is rejected at the level of the entire group of respondents, noting that the sample limit is in a disproportionate relationship between the number of auditors and accountants, and additional tests should be conducted for a more accurate statement for auditors in future research. This difference from the theoretical framework is not surprising if we keep in mind that the concept of fair value is more prevalent in the Anglo-Saxon reporting system than in the continental reporting system.

Introduction of new distinction criteria: The results of this research have an additional contribution by highlighting two additional measures for distinguishing earnings management techniques in relation to manipulations in financial statements. According to the results of the research, accountants and auditors in the FBIH perceive compliance with practices and the degree of confidentiality of information as new measures to differentiate earnings management techniques in relation to fraud in financial reporting. If we take into account that confidentiality as a concept is closely related to professional ethics, we come to the conclusion that a higher degree of confidentiality carries a higher level of responsibility, professional competence and thus professional ethics in performing the tasks by respondents. The results of previous studies in the field of auditing show a positive relationship between professional ethics (confidentiality and impartiality, professional competence, responsibility and individual values) and the quality of auditing (Mahami & Mouloudj, 2020). Creative accounting techniques are usually carried out within the letter of the law and standard accounting practice, but deviate from the spirit of these rules and certainly do not ensure a true and fair view of the accounts (Oladipupo Olaoye & Adeniyi, 2020). Manipulations of financial statements and frauds committed are intended to remain hidden, so in this context, it is possible to understand the results of this research that the more sensitive transactions are to manipulation, the greater the degree of confidentiality of such information is.

The results of the research suggest that tax lawmakers and professional associations should define accounting rules as clearly and precisely as possible and give clear interpretations, because according to the prescribed rules of the profession, members of the accounting profession are guided when interpreting whether a disputed accounting situation is an example of fraudulent reporting. Supervisory practices need to be uniform and transparent as applied practices and experiences are shared among accountants through professional consultant companies and discussions.

CONCLUSION AND RECOMMENDATIONS

The financial statements represent a formal overview of the financial activities of the company at the end of the business period or business year. Given that the financial statements are prepared by experts - accountants and then audited by another group of experts - auditors, this research is based on their perceptions of measures or factors to recognize and distinguish the technique of earnings management (or so-called cosmetic creative accounting) from manipulation of financial statements (or so-called negative creative accounting).

The results of this research show that the most recognizable measures of differentiation among respondents are: materiality/significance of the position/error and compliance with IFRS/IAS. It should be noted that subjectivity in the assessment of measures is recognized by a group of auditors but not accountants, post hoc tests have shown that subjectivity is recognized by the most experienced accountants with over 16 years of work and experience in the profession. So, the first two hypotheses were accepted and the third research hypothesis was rejected. An additional contribution of this research is that two additional measures have been singled out to distinguish earnings management techniques in relation to manipulations over financial statements. According to the results of the research, accountants and auditors perceive compliance with practices and the degree of confidentiality of information as new distinction criteria to differentiate earnings management techniques in relation to fraudulent financial reporting.

Respondents believe that more significant transactions and materially significant positions are more manipulated than less significant positions. This could be understood in the context that all intentional changes, adjustments under the pressure of management are usually "subsequent" and retroactive where in more significant positions are manipulated to achieve the result of "hidden intention" of management. However, the reason for this result could be the subject of a future study and it is recommended to include forensic economic experts and tax inspectors in the sample in future research to compare attitudes, take into account other aspects and perceptions and experiences to obtain better research results.

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UPRAVLJANJE ZARADAMA I PREVARNO FINANSIJSKO IZVJEŠTAVANJE: RAZLIKOVNI KRITERIJI SUMNJIVIH RAČUNOVODSTVENIH PRAKSI

SAŽETAK

Finansijski izvještaji, kao finalni produkt računovodstvenog informacionog sistema, trebaju biti tačni, da bi koristili svojoj svrsi. Primijenjene metode i tehnike priznavanja i vrednovanja finansijskih pozicija trebaju biti u funkciji realnog i transparentnog iskazivanja finansijskih performansi društva. Međutim, nerijetko se u procesu izrade i prezentacije finansijskih izvještaja koriste tehnike kreativnog računovodstvenog obuhvatanja poslovnih događaja s ciljem upravljanja zaradama i manipuliranja finansijskim veličinama. Čini se da je manipuliranje finansijskim izvještajima sveprisutna pojava u društvu, a predmetni rad ima za cilj identificirati kriterije kojima se pripadnici računovodstvene profesije u Federaciji Bosne i Hercegovine (FBiH) služe prilikom razlikovanja tehnika upravljanja zaradama od prevarnog finansijskog izvještavanja. Istraživanje oslikava percepciju računovođa i revizora u FBiH u pogledu mogućnosti prepoznavanja sumnjivih računovodstvenih praksi u privrednim društvima, na bazi razlikovnih kriterija korištenih u razvijenim ekonomijama svijeta: subjektivnost pri vrednovanju, značajnost finansijske pozicije i usklađenost finansijskog izvještavanja sa općeprihvaćenim računovodstvenim principima, ali i identificira posebne razlikovne mjere kojima se ispitanici služe, također.

Rezultati istraživanja pokazuju oslanjanje pripadnika računovodstvene profesije u FBiH na razlikovne kriterije: značajnost pozicije i usklađenost izvještavanja sa Međunarodnim standardima finansijskog izvještavanja, uz identificiranje dvije dodatne mjere: usklađenost finansijskog izvještavanja sa općeprihvaćenim praksama i povjerljivost finansijskih informacija. Ispitanici nisu prepoznali subjektivnost pri procjenama kao relevantnu mjeru razlučivanja upravljanja zaradama u odnosu na prevarno finansijsko izvještavanje.

Ključne riječi: *finansijski izvještaji, upravljanje zaradama, kreativno računovodstvo, prevarno finansijsko izvještavanje, etika profesionalnih računovođa.*

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