Features of accounts manipulations in Croatia*

Željana Aljinović Barać1, Tina Klepo2

Abstract

Investors and other users of financial statements seek for the information that is less likely to be affected by possibilities of financial number games. Accounts manipulations have become an issue of critical importance in today’s capital markets and have been subject of many researches in several countries. However, their features in Croatia are still quite unexplored.

In this paper a survey was made with auditors about most frequent areas of accounts manipulations in Croatia. The questionnaire was sent to 274 auditors, but only 54 of them filled it out correctly and return it back. After that, obtained results were compared with archival data extracted from auditor reports published in abbreviate prospects of listing public companies. Prospects of 238 companies listing on the Zagreb Stock Exchange and Varaždin Stock Exchange were reviewed, but only 136 or 57.14% of them provided all data necessary for the analysis.

The evidence shows that accounting manipulations are very common praxis in Croatia, especially in area of depreciation policy, write-off of accounts receivable, asset impairments and long-term investments in financial instruments. Beside above mentioned items, auditors pointed out taxes, inventories, revenues, provisions and revalorization as very frequent areas of accounts manipulations.

Key words: financial reporting quality, accounts manipulations, audited financial statements, capital markets

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1. Introduction

Accounts manipulations have become an issue of critical importance in recent years. During the last decade of 20th century different hypothesis related to earnings management were investigated theoretically and empirically, but most of the related studies were applied to Anglo-Saxon countries and especially to US markets. In contrast, features of accounts manipulations in continental Europe and especially in Croatia are relatively unknown. Main reason for this lack of research is the problem of data availability arising from the fact of non-transparent markets and unwillingness of companies to publicly announce full set of their financial reports.

Despite the growing literature on the subject, still there is no common definition of the phenomenon. In most cases, accounts manipulations are defined as opportunistically used discretion over accounting numbers with intention to mislead users of the information. Schipper (1989:2) for example defines accounts manipulations as “a purposeful intervention in the external financial reporting, with the intent of obtaining some private gain (as opposed to say, merely facilitating the neutral operation of the process).” Healy and Wahlen (1999:386) consider it to occur “when managers use judgment in financial reporting and in structuring transactions to alter financial reports to either mislead some stakeholders about the underlying economic performance of the company or to influence contractual outcomes that depend on reported accounting numbers.”

Providing a complete list of the labels and definitions encountered in the literature is beyond the scope of this paper (for more details see Stolowy and Breton, 2003). However, for the purpose of the paper a concept of accounts manipulations is defined. Definition of this concept requires definition of its contents and range.

The contents of accounts manipulations implicate the ways accounting is used to alter numbers reported in financial reports in order to modify users’ perception of firm performance. The numbers can be manipulated by use of “pure” accounting choices (misusing alternative accounting choices and estimates); by opportunistically classifying and disclosing items; or by structuring and timing real transaction in order to achieve reporting goals. First and the last case can be defined as inter-period accounts manipulations, while the second case is intra-period accounts manipulations.

The range of accounts manipulations is mostly discussed within the context of legal and illegal actions (i.e. financial statement fraud). Gulin (2002: 34) points out that although label “manipulations” evokes negative connotations associated with illegal actions, not all manipulations are a priori illegal and negative. In most cases, manipulations are understood to be the legal end of a continuum, while financial state-

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2 The competing hypothesis in the literature is informative or signalling function of earnings management.
Account manipulation is at the illegal (see Dechow and Skinner: 2000). In general, the accounts manipulations can be defined as the manipulation of accounting numbers that are not in accordance with the concept of “true and fair view”. It is, as Jameson (1988:20) described, the process that operates within the letter both of the law and of accounting standards but it is quite clearly against the spirit of both. Although the distinction between accounts manipulations and financial statement fraud is not always clear, to label accounts manipulations fraud, one need to establish the fact that the “financial number game” has fooled users of the statements and the “game” has to be defined as fraud by administrative, civil or criminal procedures (see Mulford and Comiskey, 2002:3). Providing a complete list of previous research encountered in the literature is beyond the scope of this paper.

In order to investigate features of accounts manipulations in Croatia, two separate studies were conducted. A survey with auditors was conducted in the first stage of the research. Afterwards, obtained results were compared to archival data extracted from auditor reports published in abbreviate prospects of listing public companies.

The remainder of the paper is organized as follows. In the next section theoretical background of manipulative actions is discussed and research hypothesis are formulated. In the section 3 sampling strategy is presented, while in the section 4 research methodologies are described and obtained empirical results are analyzed. The paper ends with concluding remarks.

2. Accounts manipulations and underlying theory

Accounts manipulation represents complex process of interaction between conflict interests and goals that are taking place in the field of financial reporting choices and procedures. Stolowy and Breton (2003:11) argue that if the theory of accounts manipulation can be constructed, it will not refer to the techniques used to manipulate, but rather to the needs, opportunities and relationships existing between categories of market participants or stakeholders. In this way, the issue is mostly discussed within the conceptual settings of agency theory.

Agency theory observes firm as contractual coalition of principals and agents with diverge interests and explains fundamental dilemmas of corporate governance. “Overall, the domains of agency theory are relationships that mirror the basic agency structure of a principal and an agent who are engaged in cooperative behaviour, but have differing goals and attitudes toward risk.” (Eisenhardt, 1989:71) The theory further assumes that principals, because of information asymmetry (i.e. hidden information), cannot adequately observe actions that agents are taking in their benefit. Financial reporting is therefore developed as a tool to reduce agency costs. (Jensen and Meckling, 1976; Smith and Warner, 1979; Watts and Zimmerman, 1986).
As accounting information are used to measure, control and reward the actions of agents, both sides of the contractual arrangement share interests in presented information. This assumption significantly increases the importance of accounting information and raises the interest of agents for financial reporting. Having in mind fact that agents (managers) have certain level of discretion over the accounting procedures, it is possible to assume that they will misuse their discretion if motives of opportunism override the efficiency motives (see Watts and Zimmerman, 1990).

When agents (managers) are acting opportunistically, two different scenarios can take place:

1. Agents are acting opportunistically towards the corporation and stockholders,

2. Agents are acting opportunistically towards other stakeholders of the corporation.

In both cases, it is assumed that agents are managers. However, in the first case the relationship is direct, while in the second case it is indirect. In the second case it is assumed that managers are acting on behalf of corporation and stockholders, so they are both taking the role of agents in relation to other stakeholders (creditors, suppliers, buyers, government, etc).

The distinction between political costs, cost of capital and compensation plans can be used to define different actions that can be taken in agency-principal relationship within the firm: “accounts manipulation is defined as the use of management’s discretion to make accounting choices or to design transactions so as to affect the possibilities of wealth transfer between the company and society (political costs), funds providers (cost of capital) or managers (compensation plans). In the first two cases, the firm benefits from the wealth transfer. In the third, managers are acting against the firm” (Stolowy and Breton, 2003: 3). The relations can be seen in Figure 1.
Figure 1 shows that the nature of accounts manipulation depends on the nature of agency relationship. As corporations are complex creations, there are multiple and potentially conflicting motivations for accounting choices. However, the intensity of the relationship will be connected to relative importance of different opportunistic motives and on relative power of different interest groups related to the corporation.

Relying on the theoretical background, following hypothesis can be developed: *There are empirically testable relationship between manipulative motives and different groups of financial statement users that are considered to be targets of manipulative actions. The actions of manipulation are “operationalized” through specific accounting policy choices.*

Moreover, observing this problem in the context of the country specificity second hypothesis arises: *The relative importance of identified opportunistic motives and the relative power of different interest groups is related to the characteristics of institutional and market settings, contractual mechanisms, attitudes towards transparency and confidentiality and ownership structure.*

3. Sample selection and description

In order to investigate features of accounts manipulations in Croatia two separate researches were conducted. First, a survey with auditors about features of accounts manipulations in Croatia was conducted. Then, the areas of accounts manipulations were investigated from auditor reports published in abbreviate prospects of listing public companies.

3.1. Survey with auditors

The sample was formed from the data basis of audit firms and auditors that are registered as the members of The Croatian Association of Auditors (HUR). The data basis is accessible at the web pages [http://www.hur.hr](http://www.hur.hr). The questionnaire was sent to auditors because it had been assumed that they have best insights into features of accounts manipulations in Croatia and because they play important role in the reduction of agency costs. Also, according to Žager and Tušek, revised financial reports are more reliable source of information than reports that are not revised. “Financial statements become financial statements in real meaning of the word only after they are confirmed with the signature of an auditor in his report” (Tušek, Žager, 2006: 54).

After researching the data basis, final list of auditors was formed and the questionnaire was sent by post to 274 auditors. The questionnaire was organized into three
groups of questions. First group of questions was set up to investigate the *proportions* of accounts manipulation, second group was set up to investigate the *circumstances* and the third group was set up to investigate the *characteristics* of accounts manipulation in Croatia. All questions were of closed type.

The research was conducted in period of three months, from December 2004 till the end of February 2005. During this period, 54 questionnaires were correctly filled out and returned back. Therefore, the response rate was 19.71% and it can be considered to be statistically significant.

Majority of the participants (80%) in the final sample were older than 40 years and 60% of them had an average of 10 years and more experience in the auditing practice. This is considered to be positive, because more experienced auditors are supposed to have better insights into problem of accounts manipulations.

The limiting factors of the methodology are the fact that surveys measure beliefs which may not always coincide with reality and that some of the questions might be misunderstood. Even with these considerations, significant information about features of accounts manipulation in Croatia can be provided.

### 3.2. Archival research

The sample for archival research was formed from the data basis of listing public companies accessible at the web pages [http://www.zse.hr](http://www.zse.hr) and [http://www.vse.hr](http://www.vse.hr). In this process abbreviate prospects of 238 listing companies were reviewed, but only 136 or 57.14% of them comprised auditor reports and provided all data necessary for the analysis.

In the first step auditor reports were classified according to the type of audit opinion issued on the financial statements. After that, the most frequent accounting areas for which opinions with limiting and restricting circumstances are issued were examined. Finally, depending on the nature and materiality of the qualification, the effects of accounts manipulations on the main accounting categories – assets, liabilities, capital, revenues and expenditures were identified.

The main limiting factor in this research was unwillingness of companies to publicly announce full set of their financial reports in prospect. In spite the fact that the Accounting Law requires all joint stock companies and all large and medium sized limited liability companies to publish their financial statements in a newspaper and file those financial statements with the local registrar named FINA, the reality is different. Namely, it is common practice for companies to publish abridged versions of their financial statements - only the balance sheet and income statement, but not included cash flow statement, statement of changes in equity, notes to the financial statements or audit report.
4. Applied methodology and empirical results

4.1. Survey with auditors

To provide evidence about proportions of accounts manipulations in Croatia the participants were asked to estimate significance of the manipulative actions in Croatia. 72.2% of them have answered that the problem of accounts manipulations is significant or very significant. To confirm the results statistically, the hypothesis about unknown proportion of the population was tested. It was assumed that the proportion of the auditors that consider accounts manipulations to be significant or very significant is above 60%. As one-way “z” test on the upper bound showed up to be empirically significant at the level of 3.34%, the alternative hypothesis was accepted and it was concluded that accounts manipulations are significant problem in Croatia.

After estimating proportion, circumstances of accounts manipulation in Croatia were investigated. Therefore, the participants were asked to rank the users of financial statements according to perceived importance of them being the potential target of manipulative actions. The results are presented in Table 1.

Table 1: Users of financial statements as potential targets of manipulation

<table>
<thead>
<tr>
<th>Users’ group</th>
<th>Most frequent rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stockholders (owners)</td>
<td>1</td>
</tr>
<tr>
<td>Tax authorities</td>
<td>1</td>
</tr>
<tr>
<td>Creditors</td>
<td>2</td>
</tr>
<tr>
<td>Suppliers</td>
<td>4</td>
</tr>
<tr>
<td>Customers</td>
<td>5</td>
</tr>
<tr>
<td>Financial analysts</td>
<td>6</td>
</tr>
<tr>
<td>Others</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Authors’ elaboration

Table 1 indicates that three most important groups of users addressed as potential targets of manipulation are stockholders, tax authorities and creditors; while financial analysts are not considered to be important. The results can be explained with institutional background, legal system and the role of financial markets in providing capital.
Namely, when differentiating between international financial accounting systems, the classification of micro-user and macro-user orientations has been accepted widely (see: Mueller, 1967; Nobes, 1983; Doupnik and Salter, 1993; Craig and Diga, 1996). An accounting system with a micro-user orientation aims to provide useful financial information to shareholders and creditors, while an accounting system with a macro-user orientation aims to safeguard the dispersion of assets by requiring companies to use conservative and comparable accounting methods. These institutional differences affect the role of financial reporting in capital markets and taxation.

Croatia belongs to the group of macro-user orientated countries. It has a civil law system and the importance of the stock market is relatively low. This is why creditors are considered to be more important targets of manipulative actions than financial analysts.

High rank of tax authorities can also be explained by the particular orientation of the accounting system. In accounting systems with a macro-user orientation, which is the case of Croatia, accounting and tax rules are similar in order to ensure the alignment of accounting with macroeconomic objectives (see Income Tax Law, 2004).

The same conclusions can be derived when analyzing the most important motives of manipulative actions.

Table 2: Potential motives of manipulative actions

<table>
<thead>
<tr>
<th>Motive</th>
<th>Most frequent rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hiding bad performance</td>
<td>5</td>
</tr>
<tr>
<td>Minimizing fiscal and political costs</td>
<td>5</td>
</tr>
<tr>
<td>M&amp;A, management buyout, etc.</td>
<td>4</td>
</tr>
<tr>
<td>Getting better terms of crediting by banks</td>
<td>3</td>
</tr>
<tr>
<td>Avoiding breaking debt covenants</td>
<td>3</td>
</tr>
<tr>
<td>Maximizing managers compensations</td>
<td>3</td>
</tr>
<tr>
<td>Minimizing cost of capital by issuing securities on capital market</td>
<td>2.5</td>
</tr>
<tr>
<td>Reaching analyst forecast consensus about EPS figure</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Authors’ elaboration

3 For example, firms in Croatia used external financing by bank credits 32, 61 times more than by issuing stocks on capital markets in the year 2004.
The results presented in Table 2 also indicate that banks play important role in providing funds in Croatia while capital markets are not considered to be so important. This can be related to the high rank of creditors as potential target of manipulation and the low rank of financial analysts as potential target of manipulation. Similarly, high rank of owners (shareholders) can be connected with high rank of motive to hide bad performance; while high rank of tax authorities can be related to high rank of motive to minimize fiscal and political cost.

Further, high rank of M&A and management buyouts can be explained with the process of privatization and with ownership structure of Croatian firms. The research conducted by Čengić (2001:43) implies that there are two dominant types of corporate-control in Croatia: (1) absolute control of few major stockholders and (2) existence of managerial control that is usually combined with participation in ownership structure. The research pointed out (Čengić, 2001:63) that common feature of managers in Croatia during the process of privatization is intention to gain more participation in ownership structure. The findings can be used were to explain high rank level of M&A and management buyout motives and relatively low rank level of compensation plan driven motive.

In order to test potential statistical significance of relationships between main types of financial statement users and identified opportunistic motives Kendall’s coefficient of correlation was used. The results confirmed that:

(1) There is statistically significant link between motive of hiding bad performance and all types of users. For the three first-ranked groups of users the level of significance is almost same (50.9%; 47.1%; 51.1%) because all types of users equally ranked bad performance as important motive for manipulation.

(2) The correlation between fiscal motives and tax authorities is statistically significant at the level of 1%.

(3) The correlation between motive of getting better terms of crediting and creditors is statistically significant at the level of 5%.

To provide evidence about characteristics of accounts manipulations in Croatia the participants were asked to rank accounting measures according to their significance as potential target of manipulation.

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4 Compensation plans are considered to be very important motive for opportunistic behaviour according to the positive accounting theory. See: Watts and Zimmerman (1986).
The results reveal that major accounting measures which are identified as potential targets of manipulative actions are different categories of earnings numbers. The cash flow measures are considered to be manipulative targets of second order importance, while measures connected to the structural risk are not perceived to be very significant. This is consistent with prevalent findings in literature.

In order to find out how accounting numbers are manipulated the participants were asked to assess the most frequent areas of accounts manipulation. The results are presented in Table 4.

Table 4: Most frequent areas of accounts manipulation

<table>
<thead>
<tr>
<th>Area of manipulation</th>
<th>Most frequent rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>5</td>
</tr>
<tr>
<td>Write-off of accounts receivable</td>
<td>5</td>
</tr>
<tr>
<td>Taxes</td>
<td>5</td>
</tr>
<tr>
<td>Inventories</td>
<td>4</td>
</tr>
<tr>
<td>Revenues</td>
<td>4</td>
</tr>
<tr>
<td>Provisions and contingents</td>
<td>4</td>
</tr>
<tr>
<td>Long-term assets revalorization</td>
<td>4</td>
</tr>
<tr>
<td>Recognition and measurement financial instruments</td>
<td>3</td>
</tr>
<tr>
<td>Investment in associates</td>
<td>3</td>
</tr>
</tbody>
</table>
The results show that the most frequent areas of accounts manipulation in Croatia are depreciation policy, writes-off of accounts receivable and taxes (rank 5). This can be explained with high influence of opportunistic fiscal motives that are related to financial reporting. Until very recently, tax regulations (see: Income Tax Law, 2004) had conditioned that the use of high depreciation rates for tax purposes must be applied in accounting also. This opportunity had been used to underestimate financial result. In the case of write-off of accounts receivable, tax regulations can also be used to underestimate financial result. The high rank of taxes as important area of manipulation further confirms the high importance of opportunistic fiscal motives.

Inventories, revenues, provision and contingents, and long-term asset revalorization were also identified as very frequent areas of accounts manipulation (rank 4), while financial instruments, investment in associates, related-party disclosures and foreign currency where ranked as mid-frequent areas of areas of accounts manipulation.

The results also reveal that low ranked areas of accounts manipulations are mainly connected with complex business transactions and structures (business combinations, consolidation policy etc.) and with accounting procedures that are typical for “new economy” businesses (i.e. internally developed intangibles). The findings can be explained by the dominant features of Croatian corporations.

4.2. Archival research

After the survey with auditors had been conducted, the areas of accounts manipulations from auditor reports published in abbreviate prospects of listing public companies were investigated and obtained results were compared.
In the archival research auditor reports were divided in the four main categories according to the type of audit opinion issued on the financial statements.

First category refers to standard or unqualified audit opinion which is the opinion without any restrictions and limitations.

Second category refers to unqualified audit opinion with explanatory note. Namely, certain circumstances require auditors to add explanatory language to the standard report. Auditors usually add explanatory note to indicate an inconsistency in the application of accounting principles or to refer to an uncertainty that could have a material impact on the financial statements. Carmichael (1972) suggests to auditor “not to issue explanatory note for an isolated uncertainty, even of very large relative magnitude, unless the issue imperilled the continued existence of the company”. In this kind of opinion auditor modifies unqualified opinion by adding a final paragraph to point out the uncertainty.

Third category is qualified opinion, which states that except for the matter(s) to which the qualification relates, the financial statements present fairly the financial position, results of operations, and cash flows of entity in conformity with generally accepted accounting principles.

Fourth category is adverse opinion, which states that the financial statements do not present fairly the financial position, results of operations, and cash flows of entity in conformity with generally accepted accounting principles.

The last category is disclaimer of opinion, a type of opinion which states that auditor does not express an opinion in financial statements. It also should include a separate paragraph stating the auditor’s reasons for disclaiming an opinion.

The results of this classification are shown in the table below.

Table 5: Classification of auditor reports

<table>
<thead>
<tr>
<th>Type of audit opinion</th>
<th>Number of reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unqualified</td>
<td>76</td>
</tr>
<tr>
<td>Unqualified with explana-</td>
<td>23</td>
</tr>
<tr>
<td>tory note</td>
<td></td>
</tr>
<tr>
<td>Qualified</td>
<td>35</td>
</tr>
<tr>
<td>Adverse opinion</td>
<td>2</td>
</tr>
<tr>
<td>Disclaimer of opinion</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>136</td>
</tr>
</tbody>
</table>
As the figures show, in 76 companies auditors expressed unqualified opinion and in 60 companies auditors issued some disclaimer on their opinion.

The reasons for unqualified opinion with explanatory note that had appeared in 23 auditor reports were examined first. It was found that in most cases explanatory note refers to ability of a company to continue as a going concern and conditions that usually cause auditors to question the going-concern assumption include negative cash flows and indebtedness.

After that, the most frequent areas for issuing qualified and adverse opinion were examined. The results are presented in Table 6. However, it has to be pointed that one qualified or adverse audit opinion usually contains notes to few accounts manipulation, so the number of observed cases (59) is larger than number of qualified and adverse opinions (37).

Table 6: Most frequent areas for issuing qualified audit opinion

<table>
<thead>
<tr>
<th>Area of manipulation</th>
<th>Number of cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>12</td>
</tr>
<tr>
<td>Long-term financial assets valuation</td>
<td>12</td>
</tr>
<tr>
<td>Long-term assets valuation</td>
<td>8</td>
</tr>
<tr>
<td>Write-off of accounts receivable</td>
<td>8</td>
</tr>
<tr>
<td>Provisions and contingencies</td>
<td>7</td>
</tr>
<tr>
<td>Expenditures</td>
<td>4</td>
</tr>
<tr>
<td>Classification of liabilities</td>
<td>4</td>
</tr>
<tr>
<td>Impairment of assets</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>59</strong></td>
</tr>
</tbody>
</table>

The results show that the most frequent areas of accounts manipulation and thus areas for issuing a qualified audit opinion in Croatia are depreciation policy, long-term asset and long-term financial asset valuation and writes-off of accounts receivable. This is consistent with prevalent findings in survey with auditors (see table 4) and can be explained with high influence of opportunistic fiscal motives that are related to financial reporting. Namely, very large number of companies use depreciation policy...
policy and long-term valuation methods to underestimate financial results and thus to pay less tax. Provisions and contingencies are also identified as very frequent area for issuing qualified audit opinion because company often use provisions and contingencies policy for tax payment prolongation. These findings are in compliance with results obtained in the survey with auditors which identified tax authorities as very frequent potential target of manipulation (see table 1).

Auditors issued adverse opinion for two companies - in the first case reason was overestimation of the assets and in the second case auditor pointed out write-off of accounts receivable as doubtful category.

Finally, depending on the nature and materiality of the qualification an effort was made to identify the effects of accounts manipulations on the main accounting categories. Unfortunately, it was unable to accomplish this analyses for all 35 qualified opinions because of lack of detail explanation in auditor reports.

Analysis shows that the main purpose of applying the above mentioned accounts manipulations are to underestimate the assets and overestimate expenditures. These facts put again taxes in the first plan – both managers and owners have the same goal - to underestimate financial result with the aim of paying less tax to the government.

5. Conclusion

Markets require high quality accounting information to function efficiently. If the quality of the information is perceived to be low, market participants will be confronted with higher information risk in making investment decisions and assessing stewardship function of managers. Today, “financial number games” are considered to be main threat for the quality of accounting information and therefore the main obstacle for efficiently functioning of the markets. The objective of accounting manipulations is the desire to influence the market participants’ perception of the risk associated with the firm. Indirectly, manipulative actions are means of acquiring certain material and/or statutory benefits that are connected to accounting variables.

As the features of accounts manipulations in Croatia are still quite unexplored, the research was conducted with the aim of financial reports’ quality improvement.

In order to get some insights in the proportions, circumstances and features of accounts manipulation in Croatia, empirical research in the form of survey with auditors was conducted. The results showed that problems of accounts manipulations in Croatia are very significant, especially in the way of getting certain fiscal benefits, better terms of indebtedness and hiding bad performance. The research also pointed out that accounts manipulations are very common praxis in area of depreciation.
policy, write-off of accounts receivable, taxes, inventories, revenues, provisions and contingencies, revalorization, asset impairments and long-term investments in financial instruments. The results obtained by archival research in the form of analysis of auditor reports support findings of the survey. Most frequent areas of accounts manipulation are identical to those that auditors pointed out in the survey and aims of accounts manipulation emphasise tax authorities as very frequent target of manipulation.

Future research should aim to develop more comprehensive theory of accounts manipulation and more powerful models for detecting the practice. The research should also provide further explanations of weather or not market participants can be mislead with accounts manipulations and how do they process financial information.

The financial reporting quality results from quality cooperation between parties involved in the financial reporting process, namely standard setters, managers, accountants, auditors, financial analysts and financial statements users. However, taking into consideration the flexibility of contemporaneous international accounting rules, the ability of identifying accounts manipulations practice in the accounts of a particular firm will remain the privilege of auditors in foreseeable future.

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Obilježje računovodstvenih manipulacija u Hrvatskoj

Željana Aljinović Barać1, Tina Klepo2

Sažetak

Svi korisnici financijskih izvještaja, a posebice ulagači u stalno su potraži za informacijama koje su što manje podložne “igranju s brojevima”. U današnje vrijeme, računovodstvene manipulacije su postale važan problem na tržištu kapitala i stoga su predmet mnogih istraživanja u različitim zemljama. Međutim, njihova obilježja u Hrvatskoj su još uvijek nedovoljno istražena.

U ovom radu su obrađeni rezultati ankete s revizorima o najčešćim područjima računovodstvenih manipulacija u Hrvatskoj. Upitnik je poslan na adrese 274 revizora, ali od vraćenih upitnika samo 54 su u potpunosti točno ispunjeni. Nakon toga, rezultati dobiveni anketerijom revizora su uspoređeni s povijesnim podacima izvedenim iz revizorskih izvješća objavljenih u skraćenim prospektima listanih poduzeća. Analiza povijesnih podataka obuhvata je 238 poduzeća koja su listana na Zagrebačkoj burzi i na Varaždinskoj burzi, no samo je 136 (57,14%) pregledanih skraćenih prospekata sadržavalo sve podatke potrebne za analizu.

Rezultati dobiveni u oba istraživanja pokazuju da su računovodstvene manipulacije vrlo učestala pojava u Hrvatskoj, posebno u područjima politike amortizacije, otpisa potraživanja, umanjenja vrijednosti dugotrajne imovine i dugoročnih ulaganja u financijske instrumente. Uz spomenuta područja, revizori su istaknuli poreze, zalihe, prihode, rezerviranja i revalorizaciju kao učestala područja računovodstvenih manipulacija.

Ključne riječi: kvaliteta financijskog izvještavanja, računovodstvene manipulacije, revidirana financijska izvješća, tržište kapitala

JEL klasifikacija: M41, M42

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