

## **Financial Statement Comparability, Readability and Accounting Fraud**

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### **Abstract**

This study examines the association between two important characteristics of annual reports –financial statement comparability and readability, and the likelihood of committing accounting fraud. Prior research documents that the likelihood of accounting fraud is negatively associated with the quality of a firm’s information environment. We build on this literature, and show that firms with less comparable and less readable financial statements are more likely to commit fraud. We also examine whether managers respond to fraud by improving the quality of information they provide in their annual reports subsequent to accounting fraud, and find that readability and comparability improve four years after fraud.

### **Speaker Profile**

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