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**Can an analytical model yield better fiscal
acuity for Ghanaian financial regulators?**



Abstract

The increase in corporate failures over the last decade has caused both economic and social hardships to the investing public and households at large. This called for this research study which aims at providing improved analytical models and tools which by themselves or in combination could be employed by Ghanaian financial regulators, which could detect possible manipulation in financial statements; and also would improve transparency and provide an understanding of corporate financial well being of listing and listed companies on the Ghanaian Stock Exchange period over period.

The research study used both quantitative and qualitative tools in the analysis to detect likely financial statement manipulation, corporate performance and changes in corporate health and, likely deception in the Chairman's report on the financial statements so published. The quantitative analytical tools used included, Modified Altman's Z-score, Pustynick's P-score, Chanos' Algorithm, and Beneish's Probability of Manipulation (PROBM) Score. The only qualitative tool used is the Content Analysis Technique by Churyk, Lee and Clinton (2008). The study revealed a link between financial statement manipulation, management compensation, and contract employment. The analysis also revealed that at least all the companies observed engaged in likely possible manipulation of their financial statements, and likely deception was also noted in at least one or more of the three years observed from the year 2008, 2009 and 2010.

The analytical models, when adopted by Ghanaian financial regulators would better equip them in detecting likely manipulation and deception in the financial statements; assess corporate performance and changes in corporate health before any financial catastrophe would otherwise be apparent.