



Final Research Thesis

"Earning Manipulation in Karachi Stock Exchange (KSE)"

(m-score model)

As per course requirement of MBA (1.5 years)

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Abstract:

The Beneish M- Score method created by Professor Messod Beneish, it is basically a mathematical model that uses eight different financial ratios that indicate whether the company has manipulated its earnings or not. Different variables are constructed from the financial statements of the company and then it creates a score that describes the intensity of the manipulation in the company, higher the score higher the manipulation and vice-versa. Five out of fifteen companies are selected whose share prices dropped drastically due to the financial crisis of 2008 in the Karachi Stock Exchange. Then these companies are examined through the Beneish M-score model, either these companies manipulated their earnings or this drop in share prices is due to some other reasons.

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