

# **FUZZY THEORY IN ACCOUNTING OF PUBLICLY HELD COMPANIES (FORECASTING THE REASONABLE RANGE OF STOCK RETURNS)**

**<sup>1</sup>Mehdi Parvaresh\*, <sup>2</sup>Morteza Bavaghar, <sup>3</sup>Mohammad Mahmoudi, <sup>4</sup>Ali Hodayoun**

## **ABSTRACT**

This paper is regarded as an applied research in terms of objective and as a library research in terms of data collection. To collect data required for the research and data related to the variables, literature reviews and annual reports of Tehran Stock Exchange have been respectively applied. This paper aims at investigating whether one can forecast an accurate range of stock returns in the future years through using existing information in the current situation of companies and whether one can achieve a certain number in this range that has the maximum probability of occurrence for forecasting the companies' earnings. The main result of this paper is to determine an interval for forecasting earnings of companies in the given year through using fuzzy networks. In the following, certain numbers of companies' earnings will be offered by fuzzy methods.

<sup>1,2,3,4</sup>Department of Accounting, Roudan Branch, Islamic Azad University, Roudan, Iran **ARTICLE INFO**

### ***Article history***

Article history: Received 21 March 2014 Received in revised form 21 April 2014 Accepted 13 May 2014 Available online 1 June 2014

### ***Key words:***

Stock returns, fuzzy algorithm, forecast