ABSTRACT

The multitude of accounting manipulation case that caused bankruptcy of large company makes the accounting profession widely criticized. The shareholders demand the auditor to give an early warning about the prospect of the company before set an investment decisions. This is especially needed in the mining sector in 2009-2013 when the performance fluctuates due to global economic conditions. Auditor as an independent party who provide an assessment of the fairness of the financial statement has the responsibility to reveal about the survival of the company through their opinion. This research aims to examine the effect of of financial distress, sale of common stock strategy, company size, and profitability toward the going concern modified audit opinion, both simultaneously and in partially.

The sample are 15 mining companies listed in The Indonesia Stock Exchange 2009-2013. Samples obtained by using purposive sampling method. Data were analyzed using logistic regression.

The results of this research provide empirical evidence that simultaneously financial distress, sale of common stock strategy, company size, and profitability significantly influence to the acceptance of going concern modified audit opinion. In partially financial distress with a negative direction, company size with a positive direction, and profitability with a negative direction significantly effect to the acceptance of going concern modified audit opinion. While the sale of common stock strategy has no significant effect on the going concern modified audit opinion.

Keywords *: The going concern modified audit opinion, financial distress, the sale of common stock strategy, company size, and profitability*