

## **ABSTRACT**

This research purpose is to analyze the effect of leverage, free cash flow, and firm size on earnings management of mining companies listed on Indonesia Stock Exchange 2010-2014. Earnings management is managerial activity to intervene in financial statements to generate the desired profit level in income statement. This study uses discretionary accruals as a proxy for earnings management, and Jones model was used for calculation of discretionary accruals.

The population in this study are all mining companies registered in Indonesia Stock Exchange period 2010-2014. The samples used selected using purposive sampling method. Data were analyzed using panel data regression analysis.

The results of study showed that leverage, free cash flow, and firm size have a significant effect on earnings management simultaneously. In partial variable firm size have a significant effect on earnings management with a positive direction. While variable leverage and free cash flow have no significant effect on earnings management.

**Keywords :** Earnings Management, Leverage, Free Cash Flow, Firm Size