

ABSTRACT

In financial reporting there are principles to create a report that one of them is the principle of accounting conservatism. The principle of conservatism is a principle of exclusion or modification in the event that these principles act as a limit on the presentation of accounting data that is relevant and reliable. The precautionary implied by recognizing the costs or losses will be complicated case, but did not immediately recognize revenue or profits that would come even though the possibility is great. Reporting that is prudence are often referred to accounting conservatism.

This study aims to obtain empirical evidence of the influence of the financial difficulties, the risk of litigation, and growth opportunities to accounting conservatism. The population in this study is a sub company of telecommunication sector listed in Indonesia Stock Exchange 2011-2015.

Mechanical sample selection using purposive sampling and acquired four companies that were included with the quarterly period by 5 years in order to get the 80 samples was observed. Model data analysis in this research is panel data regression using software Eviews 8.0.

From this study, the result of a combination of independent variables, the level of financial distress, litigation risks, and growth opportunities are able to explain the variation of the dependent variable is the conservatism of accounting for 26.3906% 73.6094% and the rest is explained by other factors were not involved in this model.

The results also showed simultaneous independent variable is the level of financial distress, litigation risks, and growth opportunities significantly influence accounting conservatism. From the test results obtained partial results showing variable levels of financial difficulty with negative direction have a significant effect on accounting conservatism. Variable litigation risk and growth opportunities no significant effect on accounting conservatism.