

## **ABSTRACT**

*There are a lot of overstated accounting scandal that led to law. Accounting conservatism is one of accounting principles to secure from being overstated financial statement. Company will apply this principle because increase of litigation cost in the future. Implementation of conservatism will make assets and income as lower, inversely with debt and expenses that grow higher. Chemical and pharmaceutical industry sectors have investment value that constantly increase by the time, so this sector indicates has apply the principles of accounting conservatism.*

*This study aimed to analyze variables that affect to accounting conservatism such as information asymmetry, managerial ownership, and leverage. This study uses the chemical and pharmaceutical industry sector listed in the Indonesian Stock Exchange as a population. The sample selection technique using purposive sampling thus acquired nine companies in the years 2011-2015 with 45 samples were observed. The analytical method used is the panel data regression.*

*This research result shows that information asymmetry, managerial ownership, and leverage are simultaneously significant affect on accounting conservatism. While partially shows that information asymmetry and managerial ownership has significant influence with positive direction towards conservatism accounting. Leverage has significant influence with negative towards accounting conservatism.*

*Based on the result here the following recommendation that can be given such as, a) chemical and pharmaceutical industry sector to keep degree of information asymmetry, managerial ownership, and leverage b) investor; investor need to be smart and selective with regard level of informatito on asymmetry, managerial ownership, and leverage. c) regulator; to create standards related to accounting conservatism and monitoring information asymmetry, managerial ownership, and leverage.*

*Keywords : Accounting conservatism, Information Asymmetry, Managerial Ownership, leverage*