

## ABSTRACT

*Financial report describes the performance of a company. The information that presented in the report can be used to make a decision. Accounting conservatism makes accountants have to note the possibility of losses as soon as possible and also note the profit when it realized. This study is aimed to analyze the effect of financial distress, institutional ownership, and the profitability through accounting conservatism.*

*In this study, the independent variable is financial distress, institutional ownership, and profitability. The dependent variable in this study is accounting conservatism. This study is aimed to analyze the effect of financial distress, institutional ownership, and the profitability through accounting conservatism of food and beverages companies that listed in IDX (Indonesia Stock Exchange) in 2011 – 2015. The hypothesis of this study is figured that there is an influence between the variables toward financial distress, institutional ownership, and the profitability of the accounting conservatism either simultaneously or partially.*

*The population in this study is the food and beverages companies that listed in IDX (Indonesia Stock Exchange) in 2011 - 2015. The sampling method used in this thesis is Purposive Sampling method, in which the population sample are the companies that publishing its financial reports and annual reports for 5 periods started from 2011 to 2015. In the result it obtained a sample of 8 companies with 40 units of observation data analysis. The analysis method of data analysis used panel of data regression analysis by using E-views 8.0 software.*

*The results of this study shows that simultaneous variable financial distress, institutional ownership, and profitability have significantly influenced to accounting conservatism. Furthermore, in partial variable, financial distress and profitability have positive impact to accounting conservatism. Meanwhile, institutional ownership variable has no impact to accounting conservatism.*

*This observation shows that within 40 units of samples of food and beverages companies, the result indicates that none of the samples implementing accounting conservatism and shows the implementation of accounting conservatism of company is still low. For further research, the observer must add independent variables that predicted may affect accounting conservatism, such as managerial ownership, the audit committee, leverage, and firm size.*

*Keywords: Financial Distress, Institutional Ownership, Profitability, Accounting Conservatism*