

## **ABSTRACT**

*Implementation of conservatism becomes one of the basic principles that must be met in the preparation of financial statements. Conservatism is a prudent principle in recognizing profits because of uncertain economic and business activities.*

*This study is intended to explain the factors that influence conservatism partially through the variables of profitability, liquidity, and leverage, and to determine whether these variables have simultaneous effects on conservatism.*

*The population of this research is the property and real estate sub-sector listed on Bursa Efek Indonesia during the period of research that is year 2013-2016. The method of determining the sample using purposive sampling method so as to get 15 sample company. Methods of data collection using non-participant observation method by downloading the audited annual financial statements of the sample on the official website of Indonesia Stock Exchange. Data analysis using data panel regression technique using software Eviews version 9.*

*The results showed that simultaneously profitability, liquidity, and leverage have a significant effect on conservatism. While partially, liquidity has a positive effect on conservatism. While profitability and leverage have no significant effect on conservatism.*

*Based on the results of research, the company is advised to evaluate the level of conservatism and liquidity that can be used as one of information to minimize the occurrence of manipulation that will occur. For investors and potential investors, it is advisable to be more selective in assessing whether companies increase or lower the principle of conservatism in investing.*

**Keywords:** *Profitability, Liquidity, Leverage, and Conservatism*