

ABSTRACT

Presentation of financial statements is important in supporting the sustainability of the company which is used as a means to deliver financial information that is relevant to various principles and one of them is the principle of conservatism. Conservatism is a precautionary measure that is implemented by recognizing the costs that may be incurred immediately and not immediately recognizing revenue even though it is likely to have a large objective aimed at avoiding uncertainty in the company.

This study aims to determine the effect of Financial Difficulties, Litigation Risk, and Political Cost to Accounting Conservatism. The population of this research is the food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2014-2018 period.

The sampling technique in this study used purposive sampling and obtained 10 (ten) companies in food and beverage companies with an observation period of 5 (five) years so that in this study obtained 50 observational data. The method used in this research is panel data regression analysis using EVIEWS 10 software.

The results showed that Financial Difficulties, Litigation Risk, and Political Cost simultaneously influence Accounting Conservatism. Partially, political cost has a negative effect on accounting conservatism, while financial difficulties and litigation risk do not affect accounting conservatism.

Suggestions in this study as a reference for academics and subsequent researchers to add insight and as a material consideration for investors and regulators in assessing companies that apply conservatism practices.

Keywords: *Accounting Conservatism, Financial Difficulties, Litigation Risk, Political Cost*