

ABSTRACT

Conservatism is an issue that is still relevant to the current discussed. Accounting practices have long used the concept of conservatism in financial reporting. In addition to conservatism, corporate governance mechanism through the existence of board of commissioners and the existence of the audit committee is also important to mitigate information asymmetry. In addition, as generally encountered in Indonesian firms, the fairness of financial reporting also played a role in the corporate governance mechanisms. This study aimed to determine the association between board roteness, the audit committee as part of the corporate governance and the impact of accounting conservatism to financial reporting. Previous research using the method of measurement of conservatism on an accrual base. This study uses a different measurement of conservatism with previous research, which as done by Givoly and Hayn. As related with corporate governance mechanism and also related with conservatism principle, financial reports are an integrated report, which used by company's management as a tools to present useful financial information. One of them is to get additional fond from the investor. In order to make the information useful, consistency as a base of comparability must be applied, which relevancy must be watched Mining industries has been chosen because their high risk and indeterminancy nature. This study aims to give an opinion of consistency concepts in evaluate the mining's industry financial statements, which firing listed on the Indonesia Stock Exchange in 2008-2012.

Hypothesis testing results show that when using the accrual base measure of conservatism, there are of the major variables are little related to conservatism. Number of measurements conservatism suggests that conservatism is a topic that can be interpreted from various aspects. Impact on this study is the use of Accrual base measure of conservatism that the results of boards of commissioners are not so significant may be different when using another measure of conservatism. Future research should be use the measures that have not been used in this study, as a comparison.

Keyword: Conservatism, Board of Commissioners, the Audit Committee, financial reporting