ABSTRACT

THE EFFECT OF PROFITABILITY LEVEL, FINANCIAL DISTRESS, AND REPORTING OF CLIENT'S NET LOSS TO AUDIT REPORT LAG OF MANUFACTURING COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

By

Ricco Francois Julien

The purpose of the research conducted by the author was to obtain empirical evidence that: (1) profitability level take effect on audit report lag, (2) financial distress take effect on audit report lag, dan (3) reporting of client's net loss take effect on audit report lag.

The data used in this research is the data of manufacturing companies listed in Indonesia Stock Exchange during the 2008-2011 period. The method of sample selection in this research is purposive sampling method, the sampled population is a population that meet certain criteria in order to obtain a representative sample in accordance with predeterminded criteria. The sample used was 100 company sample data obtain from 25 companies during the 4-year research period. This research uses multiple regression to analyze the data.

The result of the research demonstrade that: (1) negatively affect the profitability level of the audit report lag, (2) financial distress does not affect the audit report lag, and (3) reporting of client's net loss does not effect the audit report lag. Variables of profitability level, financial distress, and reporting of client's net loss are able to explain the dependent variable (the audit report lag) of 15.5% while the remaining 84.5% is explained or influenced by other variables not included in the regression model.

Keywords: Audit report lag, profitability level, financial distress, reporting of client's net loss