

ABSTRACT

THE EFFECT OF CORPORATE FINANCIAL CONDITION, DEBT DEFAULT, AND PREVIOUS YEAR GOING CONCERN AUDIT OPIONION TOWARDS ACCEPTANCE OF GOING CONCERN AUDIT OPIONION IN INDONESIA

By

RIVAN APRIYAN

This research aims to determine the effect of financial condition, debt default, and previous year *going concern* audit opinion towards acceptance of audit opinion *going concern*. Agency theory as sets there separation in ownership and controlling company will create an agency conflict. In solving this conflict, independent third party is necessary to mediate the principal and agent. Auditors will be able to harmonize the principal's (shareholders) interest and agent's (manager) interest in manage corporate finance.

Sample used in this research is all manufacturing companies listed in Indonesia Stock Exchange 2009-2011 period (137 companies each year) and having published independent report. This research use secondary data taken from Indonesia Stock Exchange (2009-2011) consist of independent auditor report and financial report.

The results shows financial condition variable is not significantly affect the acceptance of audit opinion going concern. This means hypothesis 1 which saying bad corporate financial condition negatively affect the acceptance of audit opinion going concern were rejected. While, hypothesis 2 and 3 which saying debt default and previous year going concern audit opinion positively affect the acceptance of audit opinion going concern were accepted.

Keywords : Going Concern, Corporate Financial Condition, Debt Default, Pervious Year Going Concern Audit Opinion.