**ABSTRACT**

Tannia Alvionita / 38140266 / 2019 / The Effect of Good Corporate Governance Mechanism and Profitability on Accounting Conservatism in Manufacturing Companies Listed in Indonesia Stock Exchange from 2014 to 2017 / Advisor : Ari Hadi Prasetyo, Drs, M.M, M.Ak.

Accounting conservatism is a principle of prudence in preparing financial statements. This precautionary action is implied by recognizing costs or losses that will likely occur, but not immediately recognizing future revenues or profits even though the possibility of them is large. This will cause a low value of income and profits and a high value of expenses and obligations. The principle of accounting conservatism is applied to anticipate uncertainties that occur in company activities.

The theory in this study uses agency theory. Agency theory explains how the relationship between the principal and the agent and explains the agency problem that arises because of a conflict between the principal and the agent so that it can lead to the emergence of information asymmetry caused by differences in interests.

The object of this study were 37 manufacturing companies listed on the Stock Exchange in the period 2014-2017. The sampling technique used in this study was purpose sampling. The analytical method used is the similarity coefficient test, descriptive statistics, classic assumption test and multiple linear regression analysis.

The result of the first hypothesis research, namely the independent board of commissioners showed a value of sig t 0.692. The result of the second hypothesis study, namely the size of board commissioners showed a value of sig t of 0.684. The result of the third hypothesis research, namely the frequency of audit committee meetings showed a value of sig t of 1.193. The result of the fourth hypothesis research, namely the profitability shows a value of sig t 0.043. The result of the study of the control variables namely *Leverage* and *sales growth* each showed a value of sig t of 0.447 and 0.037

The conclusions from the results of this study indicate that the independent board of commissioners, the size of the board of commissioners, the frequency of audit committee meetings, and leverage are not proven to have a significant effect on accounting conservatism. While the profitability and sales growth variables proved to have a significant effect on accounting conservatism