ABSTRACT

RESEARCH OBJECTIVES of this study is to find out the impacts of changes in goodwill accounting treatments toward earnings quality and management in Indonesia. RESEARCH METHODOLOGY AND RESEARCH OBJECT of this study is descriptive in quantitative approach using FCF, operating income, and discretionary accruals as variables. Samples are selected by using purposive sampling method on companies which had performed business combination activities in IDX. ANALYSIS on this study is performed by using paired sample test on SPSS 20. RESULT AND DISCUSSION is goodwill changes do not cause differences on FCF but causes differences on operating income and discretionary accruals. CONCLUSION of this study is changes in goodwill accounting treatment does not incur differences on earnings quality, but incurs differences to earnings management level in Indonesia. (JCG)

Keywords: goodwill, PSAK 22, discretionary accrual, earnings management, earnings quality