ABSTRACT

Objectives
The objective of this research is to study the extent to investigate whether Indonesian companies that include in KOMPAS 100 applies earning management on their reported earnings. The evidence of this research is the members of KOMPAS 100 non-financial listed companies. The given periods of this research are 2007 and 2008. The variables of Earning management which will be utilized are (1) Change in sales; (2) Cashflow from operation; and (3) Property, plant and equipment.

Method
The data will be analyzed using Total accrual equation, one sample T-test and multiple regression of Accrual.

Result
The result of the analysis shown that, the variables of the model affect the accrual significantly. T-test result that, the null hypothesis is accepted.

Conclusion
Based on the result of the analysis can conclude that there are no earning management practices in KOMPAS 100.

Key words
Earning management, Accrual, and Discretionary accrual.