

**THE IMPACT OF FREE CASH FLOW  
AND LIFE CYCLE THEORY  
TO DIVIDEND POLICY  
(Empirical Study On Manufacturing Company Listed In Indonesia Stock  
Exchange Period 2008-2011)**

**A THESIS**

**Presented as Partial Fulfillment of the Requirements  
For the Degree of Sarjana Ekonomi (S1) In Accounting Program  
Faculty of Economics University of Atma Jaya Yogyakarta**



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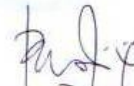


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**Hereby declare that I fully knowledge that my writings does not contain  
others' or part(s) of others' writings, except for those that have been cited  
and mentioned in the references.**

Yogyakarta, 3 June 2013



Corenta Prasetyaningrum

*“I can do all things through Christ who strengthens me”*

*Philippians 4:3*

*Just do your best and Let Jesus do the rest*



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I realize that this thesis is not perfect because of my limitation so, I would glad to accept suggestion, advise and critics that could help to repair and make it better.



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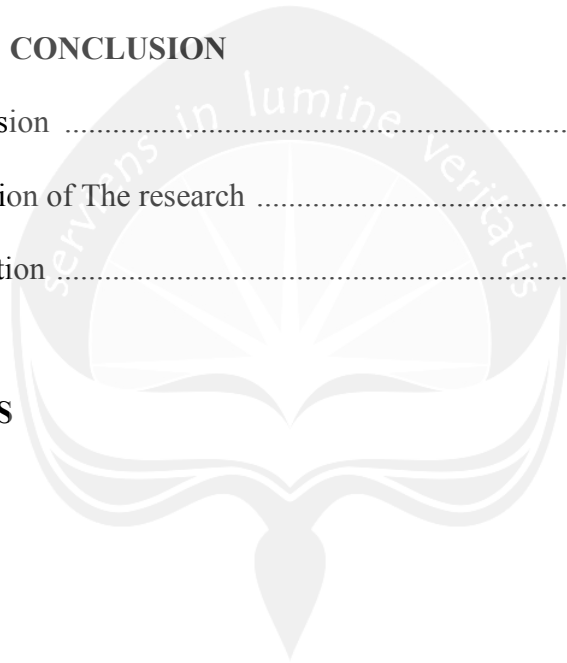
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**Abstract**

Dividend policy is a policy that relates to dividend payment by company, that is how much dividend will be distributed and retained earnings for company's interest (Levy and Sarnat, 1990). Dividend policy determined by The General Meeting of Shareholder will affect the amount of cash distributed as dividends. This is called the dividend payout ratio (DPR). The amount of dividend payout ratio (DPR) also based on various factors such as free cash flow and company's life cycle.

This research aims to test the impact of free cash flow and life cycle theory to dividend policy. The dependent variable in this research is dividend policy proxied by dividend payout ratio (DPR). The independent variable in this research free cash flow proxied by FCF/TA and company's life cycle proxied by RE/TE. Result show that independent variable free cash flow and company's life cycle positively impact dividend policy.

**Keywords: Dividend policy, Free cas flow, Life Cycle Theory**