

## CHAPTER 5

### CONCLUSIONS

#### 5.1 Research Summary

As an important instrument to demonstrate the performance and condition of the company, financial statements need to be noticed so that the parties interested in the company obtain sufficient information to make a decision about the company. Information in the form of financial statements must be provided in a timely manner so that the information is relevant for stakeholders to make right decisions. The development of capital markets in Indonesia contributed to the increasing need for information available at the right time. In Indonesia, companies listed in the stock exchange must comply with financial reporting that requires these companies to submit their financial statements to the stock exchange no later than the third month after the date of the financial statements. This study intends to find out timeliness submission of financial statements in Indonesia by analyzing company financial condition.

Previous studies stated that the factors that may affect the timely submission of financial statements derived from the character of the company and the factors related to the audit of the company. This study want to analyze factors related to the financial condition of company by looking at profitability with return on asset ratio, financial leverage with debt-to-equity ratio, liquidity with current ratio, company size with the total asset of company and last is company audit opinion.

In this study, 915 samples selected for the analysis of financial timeliness. These samples were taken from the companies listed in Indonesia Stock Exchange

in consecutive year 2010, 2011, and 2012. The financial report data derived from the Indonesia Stock Exchange website. Based on this sample, logistic regression analysis is used to identify factors that affect timeliness submission of financial statements.

## 5.2 Conclusions

Based on logistic regression test results, conclusions can be drawn, as follows:

1. Profitability is positively associated with the timeliness of financial reporting companies in Indonesia. The relationship between profitability and timeliness of financial reporting is positive. Higher levels of profitability, will significantly affect the timeliness companies submitted their financial statements. Therefore, the higher profitability of the company, more timely the company in its financial reporting.
2. Leverage is not positively associated with the timeliness of financial reporting companies in Indonesia. Leverage of company does not have an influence on the timeliness of the company's financial statements. High or low leverage as measured by the ratio of debt to equity does not affect whether the company is timely or not in their financial reporting.
3. Liquidity is not positively associated with the timeliness of financial reporting companies in Indonesia. Liquidity of company does not have an influence on the timeliness of the company's financial statements. High or low liquidity as measured by the current ratio does not affect whether the company is timely or not in their financial reporting.
4. Company Size is not positively associated with the timeliness of financial reporting companies in Indonesia. Size of the company does not have a

significant impact on the timeliness of the company. Large or small size companies as measured by total assets will not affect the company in its financial reporting.

5. Audit Opinion is positively associated with the timeliness of financial reporting companies in Indonesia. Audit opinion significantly affects the timeliness of the company's financial statements. The company would be more timely in submission of financial statements if the audit report received an unqualified opinion and tend to be late if the audit opinion is other than unqualified opinion.

### **5.3 Limitation and Sugestion**

The limitation of this research is the independent variables that only use one proxy to test factors that affect timeliness of financial reporting. A suggestion for further research is to use another proxy for independent variable so the results obtained can be vary.