

**THE EFFECT OF GOODWILL IMPAIRMENT ON EARNINGS
MANAGEMENT: EVIDENCE FROM INDONESIA
(PSAK 48 REVISION 2009 FROM IAS 36)**

UNDERGRADUATE THESIS

**Presented as Partial Fulfillment of the Requirements for the Degree of
Sarjana Ekonomi (S1) in Accounting Program
Faculty of Economics Universitas Atma Jaya Yogyakarta**



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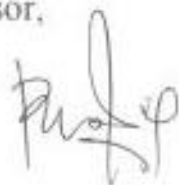
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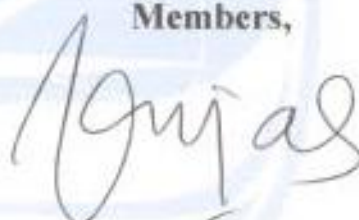
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AUTHENTICITY ACKNOWLEDGMENT

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Evidence from Indonesia

(PSAK 48 Revision 2009 from IAS 36)

Is really my own thinking and writing. I fully knowledge that my writings does not contain others' or part(s) of others' writing, except for those that have been cited and mentioned in the bibliography.

Yogyakarta, March 1st 2016



Kezia Anya Ariella

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I am aware that my undergraduate thesis is far from perfect. I expect for any comments and suggestion to enrich my undergraduate thesis. Finally, I hope this writing can be useful for the readers. God bless you.

Yogyakarta, March 1st, 2016

Kezia Anya Ariella

MOTTO

You have turned for me my mourning into dancing;
You have loosed my sackcloth and girded me with gladness,
That my soul may sing praise to You and not be silent.
O LORD my God, I will give thanks to You forever.

Psalm 30:11-12 (NASB)

She is clothed with strength and dignity; she can laugh at the days to come.
She speaks with wisdom, and faithful instruction is on her tongue.

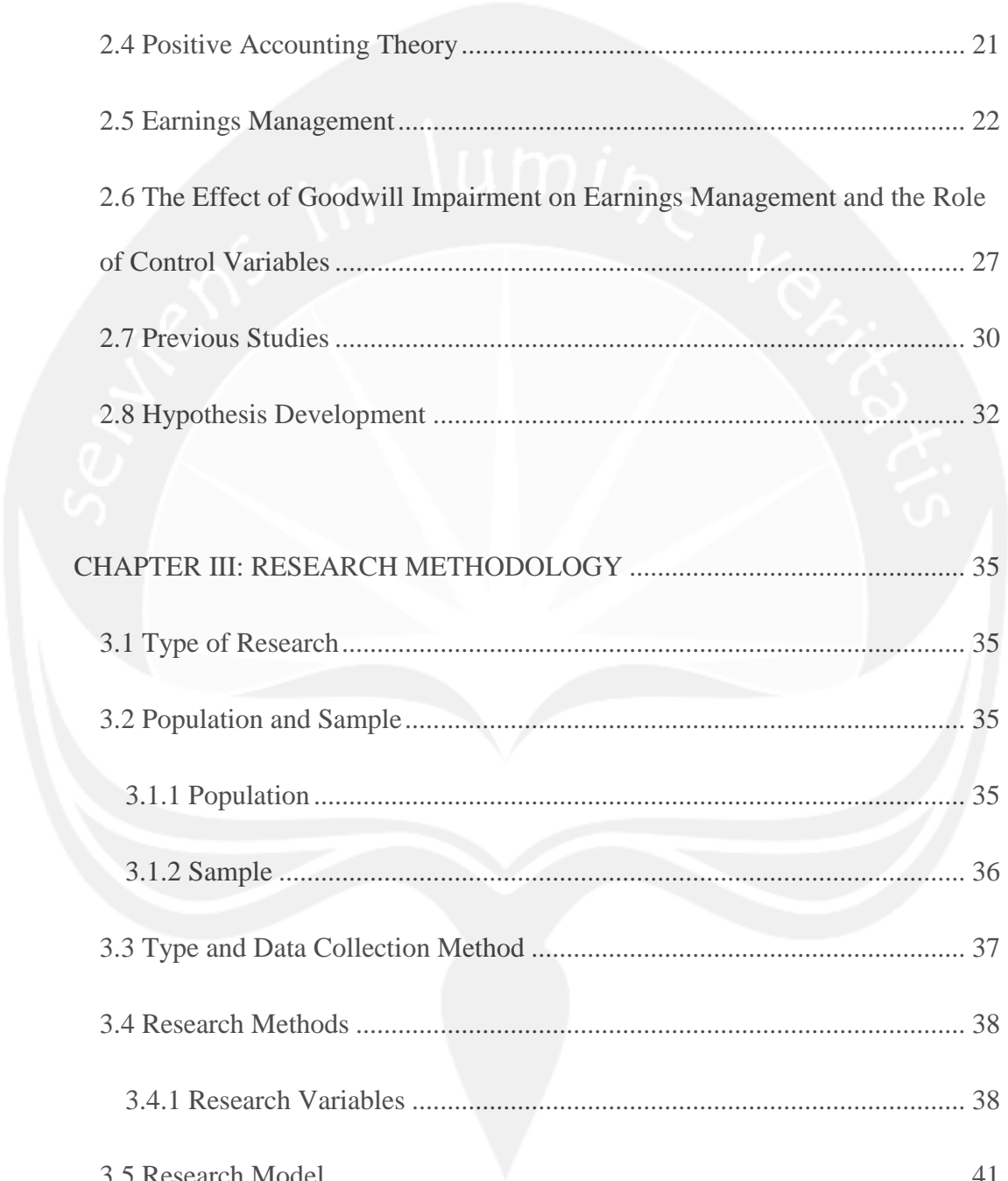
Proverbs 31:25-26

AMEN.

Do not give up before trying, do not quit before
succeeding. You can only achieve your dreams
when you start believing in yourself

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Abstract

This research examine the effect of goodwill impairment on earnings management. The change of standard stated that goodwill is no longer subject to amortization but impairment test raised a good chance for management to give their discretion over goodwill impairment. In this research, I estimate that goodwill impairment positively affects earnings management measured using discretionary accruals with board size, leverage, operating cash flows, and political cost as control variables. The model used for measuring discretionary accruals is Modified Jones model. By the total sample of 47 firms in Indonesia from 2011-2013, I found that goodwill impairment positively affects earnings management measured using discretionary accruals.

Keywords: *earnings management, discretionary accruals, goodwill impairment*