

ABSTRACT

This study aims to examine the difference in the quality of earnings between publicly-owned public corporations and publicly-owned private companies in terms of relevance and fair presentation. According to IASB 2010 the fundamental qualitative characteristics of financial information are relevance and fair presentation. Relevance includes earnings persistence and earnings predictability, while fair presentation includes the presence or absence of earnings management.

This research is done by document method that is collecting data directly from financial report of companies that reported. Earnings persistence is measured by regression analysis of net income, and earnings management is measured by earnings variability divided by operating cash flow variability.

The results showed that there was a significant difference in the quality of earnings on the side of relevance. The government has several public companies with persistent value, while the private sector does not have a firm with persistent value. In terms of earnings management, there is no meaningful difference. Only a slight difference is where there is an indication of earnings smoothing.

Keywords : *Earnings quality, earnings persistence, earnings smoothing, public company, earnings predictability.*