

ABSTRACT

The purpose of this research is to analyze the impact of surplus free cash flow and corporate governance to earning predictive ability to future cash flows. Indicators used to measure corporate governance variable in this study are independent board of commissioners, proportion of managerial ownership and proportion of institutional ownership . In addition, this study also added debt and loss as control variables.

The sample involved manufacturing companies included in the Indonesia Stock Exchange (IDX – Bursa Efek Indonesia) from 2013 to 2014. The number of samples in this research were 86 companies in 2013 and 81 companies in 2014 with total research sample were 167 samples. Purposive sampling method was used in this study.

The data analysis used in this research was multiple regression linier and the data had passed the classical assumptions test. The result showed that the surplus free cash flows had negative relation to earnings predictive ability to future cash flows and the corporate governance variable did not significantly influenced the earnings predictive ability.

Keyword: Surplus Free Cash Flow, Corporate Governance, Ownership Strucutre, Earnings Predictive Ability to Future Cash Flows