

ABSTRACT

This study aim to examine Board of Directors characteristic and audit comittee characterisitc for working capital accruals. Working capital accrual is an activitiy from earnings management lead to manipulation of financial statement. Based on board of directors and audit committee characteristic defined by Bradbury et al (2004), working capital accruals is proposed as dependent variabe, the calculation of accrual doesn't input from depreciation because methode of depreciation and economic life. Now, income management is often used in developed countries, because the practice of corporate governance is less effective.

The study used quantitative method to annual reports manufacturer industry for 5 (five) years on 2004-2008 and regression-path analysis. Variable tested in this research adopted the variables used by Bradbury et al (2004). Working capital accrual are analyzed from different between current asset, current liabilities, and cash. Board of directors and audit committee characterisitcs are analyzed from annual report or notes of financial statement.

Results of research indicate that not all board of directors and audit committee characteristic have significant positive/negative relationship to working capital accrual. However, only board size that has a significant influence on working capital accrual. So,the more board size the more effective and efficient to monitoring management.

Keywords: Working capital accrual, Board of Directors Characteristic, Audit Committee Characteristic, Corporate Governance