

ABSTRACT

This study aims to examine whether there is an effect of the precautionary concept on the value of company equity and how the ability of Good Corporate Governance (GCG) in influencing accounting conservatism with firm value. The concept of prudence is proxied by the size of the accruals of the CONNAC company's operational activities. The company's equity value is proxied by the ratio of price to book value. the Corporate Governance mechanism as a moderating variable is measured using the variables of transparency, accountability, responsibility, independence, justice, and socio-economics or commonly known as TARIFS with its proxies being the audit committee, the board of commissioners, and the independent commissioner. This study uses a quantitative approach with the research sample being all companies included in the LQ 45 index on the Indonesia Stock Exchange with the research period from 2017 to 2019. This study uses 59 companies as research samples. The results of the study prove that the prudential concept has a significant effect on the company's equity value, with the moderating variable of the audit committee having a significant effect while the board of commissioners and independent commissioners have no significant effect. These results support the positive accounting theory, namely the main problem that occurs is changing the values in the cash flow account by applying accounting procedures as needed, managers report earnings by default. The relationship between this theory and the concept of prudence is that a large increase in a company shows a large increase in protection carried out by investors, this protection can be applied in various ways, for example by carrying out more intensive supervision of managers, so that it will suppress actions related to engineering. earnings because managers will pay careful attention (conservative) in reporting earnings.

Keywords: Prudence Concept, Company Equity Value, Good Corporate Governance