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THE ALTMAN MODEL AND AUDITOR'S OPINION ABOUT GOING CONCERN OF THE COMPANIES

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ABSTRACT

This study aimed to examine whether the financial performance, in this case the predictions of Altman Model affect audit going concern opinion. The samples in this study consist of 59 companies and data variables are taken from the Indonesian Capital Market Directory and annual financial statement reporting. This study utilizes the logistic regression. The results from the logistic regression analysis show that every year in the period of the study 2012-2014, percentage correct of research model are 86,4%, 88.1%, and 93.2% respectively. This research also found that every year in the period of study that there is a negative significant effect on prediction of the Altman model towards the audit going concern opinion. In other word, the more a company's predicted secure by Altman Model, the less likely get a going concern audit opinion. Descriptive analysis also prove that Altman prediction for grey area and secure area are really good in predict auditor's opinion but not really good in Altman prediction for bankruptcy area.

Keywords: Altman Model, Auditor's Opinion, Going Concern