

## **ABSTRACT**

This study aims to examine the effect of accounting information include free cash flow, profitability, liquidity, leverage, inventory turnover, total assets turnover and earnings per share to the dividend policy (DPR). The population in this study is a manufacturing and trading company listed on the Stock Exchange in 2009-2011. Samples were selected based on purposive sampling method and sample acquired 32 companies. Hypothesis testing using multiple regression analysis with SPSS ver. 13.0. The results showed the first hypothesis (H1) which states that the free cash flow positive effect on dividend policy, rejected. The second hypothesis (H2) stated that profitability as measured by ROE positive effect on dividend policy, accepted. The third hypothesis (H3), which states that the liquidity measure of CR positive effect on dividend policy, rejected. The fourth hypothesis (H4) stating that leverage is measured from DER negatively affect dividend policy, rejected. The fifth hypothesis (H5), which states that the inventory turnover positive effect on dividend policy, rejected. Hypothesis six (H6) which states that the total assets turnover positive effect on dividend policy, rejected. Seventh hypothesis (H7) which states that the earnings per share positive effect on dividend policy, accepted.

Keywords: policy dividends, free cash flow, profitability, liquidity, leverage, inventory turnover, total assets turnover and earnings per share.