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ANALYSIS IMPLEMENTATION OF PSAK 13 AND IFRS CONVERGENCE IMPACTS ON MARKET REACTION ON PROPERTY AND REAL ESTATE COMPANIES LISTED ON THE STOCK EXCHANGE

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Abstract: *This study aims to determine the application of PSAK 13 on investment property and examine its impact on the market reaction during before and after the announcement of the financial statements. Tests carried out on the property and real estate companies listed on the Stock Exchange in 2012 either choose to use the method of cost and fair value. This study used secondary data obtained from the Stock Exchange and the company's financial statements of property and real estate are published. The data analysis technique used to identify the level of disclosure of financial statements of the application of the revised PSAK 13 in 2011 is the index. As for knowing whether or not the difference of abnormal return before and after the publication of the financial statements are Paired t test Test. The results showed significant difference 21 days before and after the announcement of financial statements disclose the revised application of PSAK 13, 2011. This indicates that the market react to the disclosure of the revised PSAK 13, 2011 on the published financial statements.*

Keywords: *Investment Property, SFAS No. 13 (revised 2011), Level Disclosure, Stock Return*

INTRODUCTION

PSAK 13 is the first PSAK is a milestone in the convergence program commencement of Indonesia. Indonesia has had accounting standard called Statement of Financial Accounting Standards (SFAS) were prepared and issued by the Indonesian Institute of Accountants (IAI). Along with business development both nationally and internationally, Indonesian Institute of Accountants (IAI) has launched the implementation of the convergence program of International Financial Reporting Standards (IFRS) in force in full on January 1, 2012 so that the relevance of financial statements will increase as more use of fair value.

In addition to the use of fair value, an important issue in the business world today is the issue of disclosure level. The users of financial statements requires management companies to provide complete and accurate information so that relevant as a basis for decision making. The perspective of agency theory (agency theory) implies the presence of information asymmetries arising between principal and agent that caused the one hand, the general agent has information that is far more than the principal and the desire of agents to not disclose all information in its possession. One effort that can be done to cope with asymmetric information is through the use of disclosure (disclosure) to the financial statements (Sutedja, 2004).Demonstrated high level of disclosure of financial statement presentation transparently. Accounting information qualitative eligible will assist investors in making the right decisions related to investments made in the capital market. Said eligible qualitative information if the information is reliable and relevant. Accounting information is said to be reliable if it can be verified, presented accurately and free of bias error. Whereas the said relevant accounting information if the information is capable of making a difference in a decision (Kieso et al, 2008). Informative accounting information that would lead to user information (investors) reacted to the published accounting information.

The change of the company's stock price in the form of an increase or decrease indicates the market's reaction to the stock price. One measure of market reaction is to use the stock return which the market will accept it if there is an event announced that contain information and vice versa. Based on the authors interested in examining how the implementation of PSAK 13 and IFRS convergence level of disclosure and how the market reaction to the announcement of financial statements applying PSAK 13 revisions in 2011.

LITERATURE REVIEW

(a) Definition of Investment Property

One of the activities that the investment made by the company through an investment property, property investment can be either land or buildings. Investment property is not used by the company in its operations.

According to PSAK 13 Revised 2011 investment property or investment property is property (land or a building or part of a building or both) is controlled (by the owner or lessee / finance lease) to earn rentals or for capital appreciation or both , and not to:

(a) used in the production or supply of goods or services or for administrative purposes; or

(b) sale in the day-to-day business activities.

Thus, the investment property generates cash flows that largely are not dependent on other assets held by an entity so as to distinguish investment property from owner-occupied property. The process of production or procurement of goods or services (or the use of property for administrative purposes) can generate cash flows attributable not only to property, but also to other assets used in the production process or supply. IAS 16: Property, Plant and Equipment applies to owner-occupied property.

The following are examples of investment property:

a) Land-controlled in the long term for capital appreciation rather than for short-term sale in the day-to-day business activities.

b) land which is currently controlled by the user in the future has not been determined. If the entity has not yet determined the use of land as a property that is used alone or be sold in the short-term day-to-day business activities, then the land is recognized as owned land in order to increase in value.

c) The building owned by the entity (or entities controlled by a finance lease) and leased to other parties through one or more operating leases.

d) The building is unused but available for rent to other parties through one or more operating leases.

From the above definition can be concluded that the investment property is a property that is in the form of land or buildings controlled by the owner that is used to generate revenue for the company.

(b) Disclosure of Investment Property

a. Disclosure Fair Value Model and Cost Model

Based on PSAK 13 Revised 2011 that disclosures for Fair Value Model and Cost Model are as follows:

1) Whether the entity is applying the fair value model or the cost model;

2) If applying the fair value model, whether and in what circumstances, property rights are controlled by means of an operating lease is classified and accounted for as investment property;

3) If this classification is difficult, the criteria used to distinguish investment property to property used alone and with property held for sale in the ordinary course of business;

4) the method and significant assumptions applied in determining the fair value of investment property, which includes a statement whether the determination of fair value was supported by market evidence or more based on other factors (which must be disclosed by the entity) because of the nature of the property and market data limitations can comparable;

5) the extent to which the determination of fair value of investment property (as measured or disclosed in the financial statements) is based on an assessment by an independent appraiser has recognized and relevant professional qualification and has a cutting-edge experience in the location and category of the investment property is assessed. If no such assessments, it should be disclosed.

6) The amounts recognized in the income statement for rental income from investment property;
7) The amounts recognized in the income statement for the direct operating expenses (including repairs and maintenance) arising from investment properties that generate rental income during the period;
8) The amounts recognized in the income statement for the direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period;
9) The amounts recognized in the income statement for the cumulative change in fair value recognized in profit or loss on sale of investment property from a group of assets which the cost model is used to group using the fair value model;
10) The existence and amount of restrictions on the realization of investment property or the payment of income and the disposal proceeds;
11) Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

(b) Disclosure Model Value Cost

1) Depreciation method used;
2) Useful lives or depreciation rates used;
3) The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period;
4) Reconciliation of the carrying amount of investment property at the beginning and end of the period, which showed the addition, separate disclosure of additions resulting from acquisitions and the addition of expenses after the acquisition is recognized as an asset;
5) Reconciliation of the carrying amount of investment property at the beginning and end of the period, which showed the addition resulting from acquisitions through business combinations;
6) Reconciliation of the carrying amount of investment property at the beginning and end of the period, showing the assets classified as held for sale or included in a group which will be released that are classified as held for sale are assessed and the carrying amount is assessed or sale value and the carrying amount or sale value is reduced selling expenses, whichever is lower, and the release of another;
7) Reconciliation of the carrying amount of investment property at the beginning and end of the period, which indicates shrinkage;
8) Reconciliation of the carrying amount of investment property at the beginning and end of the period, showing the amount and impairment losses recognized,

and the amount of impairment loss recovery, during the period in accordance with IAS 48 (2009); Impairment of Assets

9) Reconciliation of the carrying amount of investment property at the beginning and end of the period, which showed a net exchange rate differences arising on translation of financial statements from functional currency into a different presentation currency, including the translation of foreign operations into presentation currency of the reporting entity;
10) Reconciliation of the carrying amount of investment property at the beginning and end of the period, which showed transfers to and from inventories and owner-occupied property;
11) The fair value of investment properties.
12) If the entity is unable to determine the fair value of investment property reliably, the entity shall disclose a description of investment property;
13) If the entity is unable to determine the fair value of investment property reliably, the entity shall disclose a description explanation of why fair value can not be determined reliably;
14) If the entity is unable to determine the fair value of investment property reliably entities disclose the estimated fair value range.

(c) Stock Return

Stock return is the level of earnings of equity investments (Gitman & Joehnk, 2008). While understanding the stock return by Ang (1997: 23) is the rate advantage enjoyed by investors on a stock investment is made. From the above definition can be concluded that the stock return is the level of benefits to be obtained by investors who invest their funds in the stock market.

According Jogiyanto (2003) return is divided into two, namely the realization of return and return expectations. Return the realization of the return that has occurred is calculated is calculated based on historical data. Return realization is used as the basis of corporate performance measurement and risk assessment in the future. While its expected return has not happened. Return expectations of a return that is expected to be acquired by investors in the future.

Abnormal Return become one of the indicators used to determine the circumstances of the market is going. According Jogiyanto (2009), said to be useful information for investors if it can bring the reaction to carry out transactions in the capital market. Therefore, the announcement will be disclosure of the use of new accounting principles will be taken vary by investor.

According Jogiyanto, abmormal return can be calculated by using a model of compliance market (market-adjusted model). This model assumes that the best predictor for estimating the returns of a security is the market index return at that time. By using this method abnormal return can be calculated by subtracting the return that occurred for each of the securities with the market index return on the same day.

(d) Previous research

Research on the level of disclosure on PSAK 13 have been carried out. Likewise research on the impact of the disclosure of financial statements tehadap market reaction. It is important to remember that changes in accounting standards so much that with the adoption of international accounting standards, namely International Financial Reporting Standard (IFRS).

Leuz dan Veireccliia (2000), analyzed publication of Financial Statements German companies are beginning to apply has significant reaction (Market Reaction) indicated byrising Trading Volume Activity and Bid Spread ask,

Arya Maulana (2011), conducted research whether there is any significant impact publication of the annual financial statements 2007 and 2008, the volume of stock trading. The study concluded that there was no significant effect of the publication of the 2007 financial year the volume of stock trading. It is also concluded on the publication of the 2008 financial statements have been revised SFAS.

Demonstrated high level of disclosure of financial statement presentation transparently. Accounting information qualitative eligible will assist investors in making the right decisions related to investments made in the capital market. Said eligible qualitative information if the information is reliable and relevant. Accounting information is said to be reliable if it can be verified, presented accurately and free of bias error. Whereas the said relevant accounting information if the information is capable of making a difference in a decision (Kieso et al, 2008). Informative accounting information that would lead to user information (investors) reacted to the published accounting information.

The change of the company's stock price in the form of an increase or decrease indicates the market's reaction to the stock price. One measure of market reaction is to use the stock return which the market will accept it if there is an event announced that contain information and vice versa. Based on the conceptual framework and the previously described hypothesis can be formulated as follows:

H0: There is not a difference of abnormal return significant company events before and after the announcement of financial statements applying PSAK 13 Revised 2011.

H1: There is a difference of abnormal return significant company events before and after the announcement of financial statements applying PSAK 13 Revised 2011.

RESEARCH METHODS

(a) Research Approach

This type of research is event study which is a study of the market reaction to an event (event) that the information is made public. Studies events related to economic events including public information announcements, events that drastic changes in the stock price, dividend announcements, earnings announcements, announcement right issue, stock split, etc. (Azali, 2009).

Jogiyanto (2010) explains that the event study can be used to test the information content of an announcement and can also be used to test the efficiency of a semi-strong market. If an announcement contains information on the expected market reaction indicated by the change in stock price is concerned.

(b) Population and Sample

In this study population used are all property and real estate companies listed on the Indonesia Stock Exchange until 2012. This was chosen because it can show the current state of the application of PSAK 13 Revised 2011.

As for determining the sample used purposive sampling method. Samples taken are all the property companies listed on the Stock Exchange and reported the investment property item in the annual financial statements published in 2012.Samples that meet the criteria in this study a number of 26 companies from 45 property and real estate companies listed on the Stock Exchange.

(c) Types and Sources of Data

Data used in this research is quantitative data such as financial statements and annual report published yearly by the Indonesia Stock Exchange in 2012. This was chosen because it is the year in which PSAK 13 Revised 2011 were adopted.

The data used was obtained through a search of the Annual Report of listed companies on the Stock Exchange, www.idx.co.id website, Jakarta Stock Exchange (JSX), and from the internet media and websites.

(d) Procedure and Data Analysis

The analysis method used in this research is quantitative analysis methods are used to compare the abnormal return companies sampled in this study. The analysis technique is performed as follows:

1. To measure the completeness of the disclosure shall be expressed in the form of an index completeness of the disclosures made in the following manner:
   a. The scoring for each element of disclosure dichotomy, whereby if an item is disclosed then be rated a 1 (one) and if it is not disclosed to be rated 0 (zero).
   b. Scores obtained by the company will be summed to obtain the total score.
   c. Calculating the completeness of disclosure index with the following formula:

$$\text{Index} = \frac{\text{total scor obtained}}{\textit{total score that could have been obtained by the company}}$$

2. In this study using abnormal stock return is calculated by the method Adjusted Return by the following formula:
   a. Abnormal Return formula

      R (Abnormal) = R.i,t - E(R.i,t)

      R.i, t = Actual Return

      E (R.i, t) = Expected Return
   b. Actual Return Formula

      R (Actual) = Pi.t- Pi.t-1/Pi.t-1
   c. Expected Return Formula

      R (Expected) =R(M)
   d. Market Return Formula

      R (Market) = IHSG t - IHSG t-1/IHSG t-1
3. Calculate the average Ubnormal Return
4. Doing hypothesis testing to compare the abnormal return before and after the announcement of the date of the financial statements performed using t-test at 95% confidence level with a margin of error analysis (_á) 5%. Criteria for acceptance or rejection of the hypothesis will be based on the p-value. Decisions based on probabilities as follows:
   a. If the p-value> 0.05 then the hypothesis is rejected (not significant)
   b. If the p-value<0.05 then the hypothesis is accepted (significant).

   If the hypothesis is accepted, it shows that there are significant differences disclosures PSAK 13 before and after the announcement of financial statements in 2012. However, if it is rejected, it means that there are no significant differences disclosures PSAK 13 before and after the announcement of financial statements in 2012

RESULTS AND DISCUSSION

1.1. The application of IAS 13 Revised 2011 the Company Property and Real Estate

Based on the analysis of the company's annual financial statements and real estate property has been published in 2012 which apply PSAK 13 revisions in 2011 it can be concluded that the overall property and real estate companies prefer to use a method of cost compared to the fair value method in the measurement of investment properties continued to require the disclosure of property investments that are consistent with the choice. Summary of the selection method for investment property as in the following table:

Table 4.1
The application of PSAK 13 Revised 2011 and the level of disclosure

No.	*Company Name*	*Code*	*Cost Model*	*Fair Value Model*	*Level of Disclosure*
1	PT Agung Podomoro Grup Tbk	APLN	1	0	0,64
2	Alam Sutera Reality Tbk	ASRI	1	0	0,40
3	Bhuawanatala Indah Permai Tbk	BIPP	1	0	0,24
4	Bumi Serpong Damai Tbk	BSDE	1	0	0,56
5	Ciputra Development	CTRA	1	0	0,52
6	Ciputra Property Tbk	CTRP	1	0	0,52
7	Ciputra Surya Tbk	CTRS	1	0	0,48
8	Duta Anggada Realty Tbk	DART	1	0	0,32
9	Intiland Development Tbk	DILD	1	0	0,64
10	Duta Pertiwi Tbk	DUTI	1	0	0,64
11	Bakrieland Development Tbk	ELTY	1	0	0,44
12	Megapolitan Development Tbk	EMDE	1	0	0,52
13	Perdana Gapura Prima Tbk	GPRA	1	0	0,28
14	Greenwood Sejahtera Tbk	GWSA	1	0	0,52
15	Jaya Real Property Tbk	JRPT	1	0	0,56
16	Kawasan Industri Jababeka Tbk	KIJA	1	0	0,52
17	Lippo Cikarang Tbk	LPCK	1	0	0,68
18	Lippo Karawaci	LPKR	1	0	0,40
19	Metropolitan Kenjtana Tbk	MKPI	1	0	0,36
20	Indonesia Prima Property Tbk	OMRE	1	0	0,56
21	Plaza Indonesia Realty Tbk	PLIN	1	0	0,52
22	Pakuwon Jati Tbk	PWON	1	0	0,52
23	Roda Vivatex Tbk	RDTX	1	0	0,48
24	Dadanayasa Arthatama Tbk	SCBD	1	0	0,52
25	Suryamas Duta Makmur Tbk	SMDM	1	0	0,68
26	Summarecon Agung Tbk	SMRA	1	0	0,68
	Total		**26**	**0**	

Source: Annual Financial Report 2012

Based on Table 4.1 it can be concluded that the level of disclosure of financial statements relating to the application of PSAK 13 on company property and real estate is quite varied. The highest index of 0.68, while the lowest index of 0.24. The higher the index shows that the more items that can be disclosed in accordance with the existing provisions and vice versa. The average level of disclosure index of 0.51.

Descriptive statistics Variable Research

Test conducted to determine the statistical description of the variables studied illustration. In the descriptive statistical explanations of the study variables indicated by minimum and maximum figures that show the range of normal data to avoid bias research results. Other than that indicated an average of variable research to determine the unit fluctuation variables tested and shown also standard deviation of each variable research. Here is a table that shows the descriptive statistical explanations study variables:

1) Average Average Abnormal Return and Actual Company

Table 4.2
Descriptive Statistics Variable Research

	N	*Minimal*	*Maximal*	*Average*	*Standard Deviation*
Average abnormal return	42	-1,325	0,780	-0,165	0,054
Actual Average return	42	-0,281	0,253	0,003	0,017

Table 4.2 shows the average variable average abnormal return average and average real return where these variables have a percentage of the maximum value respectively 0.780 and 0.253. Meanwhile, the percentage of minimum value for each variable of -1.325 and -0.281. This value indicates that the components of return varies. For the average abnormal return average and median average real return percentage of the average value of each of -0.165 and 0.003 with a standard deviation percentage value respectively 0.054 and 0.017. Standard deviation value is used to indicate how far the value obtained deviates from the expected value.

2) Average Abnormal Return and Actual Company Before and After Announcement Date Financial Statements

Table 4.3
Descriptive Statistics Average Abnormal Return

	N	*Minimal*	*Maximal*	*Average*	*Standard Deviation*
Average Abnormal return - before	21	-1,325	0,780	-0,243	0,066
Average Abnormal return - after	21	-1,038	0,424	-0,086	0,041

Table 4.3 shows the value of the average, maximum and minimum, and standard deviation of the average abnormal return before and after the event reporting. The average value of average abnormal return before and after the reporting of events each of which has a percentage value of -0.243 and -0.086. The average abnormal return is negative indication that the reaction of market participants negatively to their reporting of events. The percentage of the value of the average maximum average abnormal return before and after event reporting respectively 0.780 and 0.424 as well as the percentage of the minimum value of each of -1.325 and -1.038.

While the median average deviation between the values obtained with the expected value greater in average abnormal return before the events compared to average abnormal return after event. These irregularities can be seen in the value standard deviation, where the percentage of standard deviation for the average abnormal return before the events amounted to 0,066 and for the average abnormal return after event amounted to 0.041.

HYPOTHESIS TESTING RESULTS

Analysis of the data in this study will use Paried Sample T-test to test the hypothesis. The steps are performed in data analysis is to calculate the actual return in the period of the event, ie for 42 periods of 21 periods prior to the event, the date of the event and 21 days after the event. The next step is to calculate market returns during the period. Results from the actual return during the event period and the market return in that period will result in abnormal return.

Based on this hypothesis predicted that there is a difference of abnormal return before and after the events of the annual financial report announcement. This hypothesis was tested by paired sample t test (Paired sample T-test) to compare the 21 periods to 21 periods prior to the event after event.

Results of statistical test for this hypothesis can be seen in Table 4.4 below:

Table 4.4
Paired Sample T-test

Description	*Average*
Average abnormal return-before	-0,243
Average abnormal return-after	-0,086

Description	*Average*	*t*	*Sig. (2-tailed)*
Average abnormal return before - Average abnormal return after	0,157	1,962	0,000

The test results Table 4.4 shows that the average average abnormal return after event higher than average average abnormal return before the event. Based on the average of the percentage of the average magnitude of the difference of average abnormal return is 0.157. Research hypothesis will be accepted if the significance <0.05. In the table 4.4 indicated that the test of significance abnormal return before and after the events of the announcement of annual financial statements by using paired samples T-test which amounted to 0.000, which means a significance greater than 0.05 (0.000 <0.05). This suggests that the hypothesis is received, which means that there is difference of abnormal return before and after the events of the annual financial report announcement that apply Revised PSAK 13, 2011. Based on this, the researchers concluded that there are indications that market participants (investors) do benefit other than actual return.

CONCLUSION

The property and real estate companies prefer this method of cost compared to the fair value method so that the disclosures required under the cost method should be disclosed.Researchers use daily data to calculate actual stock price return and abnormal return. The hypothesis in this study were tested using paired-samples t-test where the results showed significant difference between the abnormal return before and after the announcement of the annual financial statements for the year 2012.

Hypothesis testing results showed that there was difference in abnormal return before and after the issuance of the financial statements in 2012 after the adoption of the revised PSAK 13, 2011. This indicates that market participants (investors) do benefit in addition to the actual return.

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