Factors That Influence the Revaluation of Fixed Assets in Manufacturing Sector Companies Listed on the Indonesia Stock Exchange Period 2014-2017

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ABSTRACT

This study aims to determine the effect of leverage, liquidity, fixed assets intensity, and firm size on the revaluation of fixed assets. The population of this study is manufacturing sector companies in Indonesia. The research samples are manufacturing companies listed on the Indonesia Stock Exchange in 2014 - 2017. Sampling technique is conducted using purposive sampling method. The data used are secondary data. The research data include financial statements of manufacturing companies listed on the Indonesia Stock Exchange (IDX) obtained from ww.idx.co.id in 2014-2017. The data collection strategy in this study is the archive strategy, that is, the data collection derived from existing records or databases. Data analysis is done using logistic regression analysis. The results of this study show that the variables of leverage, liquidity, and fixed assets intensity have no effect on the company's decision to carry out fixed assets revaluation, while the variable of firm size has an effect on the company's decision to carry out fixed assets revaluation.

ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh leverage, likuiditas, intensitas aset tetap, dan ukuran perusahaan terhadap revaluasi aset tetap. Populasi penelitian ini adalah perusahaan sektor manufaktur di Indonesia. Sampel penelitian adalah perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia pada tahun 2014 - 2017. Teknik pengambilan sampel dilakukan dengan menggunakan metode purposive sampling. Data yang digunakan adalah data sekunder. Data penelitian meliputi laporan keuangan perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) yang diperoleh dari ww.idx.co.id periode 2014-2017. Strategi pengumpulan data dalam penelitian ini adalah strategi arsip, yaitu pengumpulan data yang berasal dari catatan atau database yang ada. Analisis data dilakukan dengan menggunakan analisis regresi logistik. Hasil penelitian ini menunjukkan bahwa variabel leverage, likuiditas, dan intensitas aktiva tetap tidak berpengaruh terhadap keputusan perusahaan untuk melakukan revaluasi aktiva tetap, sedangkan variabel ukuran perusahaan berpengaruh terhadap keputusan perusahaan untuk melaksanakan revaluasi aktiva tetap.

INTRODUCTION

According to the Financial Accounting Standard applicable in Indonesia (PSAK) No. 16 of 2015, the entity chooses the cost model or revaluation model as its accounting policy and applies the policy to all fixed assets in the same class. The purpose of revaluing the company's fixed assets is to make company able to calculate the income and cost more reasonably so that they can reflect the companys' real capabilities and values (Waluyo, 2011: 191).

The Financial Accounting Standards Board (in Indonesia: *Dewan Standar Akuntansi Keuangan/ DSAK*) of the Indonesian Institute of Accountants (in Indonesia: *Ikatan Akuntan Indonesia / IAI*) has issued PSAK No. 16 related to Fixed Assets. Since the first stage of IFRS (International Financial Reporting Standards) convergence process in 2012, there have been guidelines for entities that wish to carry out

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assets revaluation in Indonesia. However, some entities are still reluctant to carry out fixed assets in an accounting manner because they are concerned that they have to pay a high price for the public appraiser or afraid of the tax implications. The PSAK has actually supported the government's policy regarding the revaluation of fixed assets. This revaluation is done to improve the entity's balance sheet and there will be no additions to the company's cash flow that has done revaluation because the calculation is only in the book.

In 2016, President Joko Widodo urged all companies in Indonesia to carry out fixed assets revaluation. According to the President, the purpose of fixed asset revaluation was to boost the national economy to be better in 2016, because it would be a force to increase economic growth. Yet, delivering a speech in the trading opening on the Indonesia Stock Exchange (IDX), President Joko Widodo urged all companies, both small and medium-sized companies, to carry out fixed assets revaluation. The revaluation of fixed assets could also be used as additional ammunition to boost the economy in 2016. This was evidenced by the success of PLN in strengthening its capital through asset revaluation obtained from the difference in asset value after revaluation which was included in capital. Besides PLN, a number of SOEs such as Pertamina, Bank Mandiri, BRI, BNI, Garuda Indonesia also carried out fixed assets revaluation. In this year, many companies have experienced sales declines of up to 30%.

Many companies were also affected by the drop in the rupiah exchange rate against the US dollar. By carrying out assets revaluation, the company's financial condition could be saved from bankruptcy. Another benefit of fixed assets revaluation is the increase in postrevaluation depreciation costs charged in the company's financial statements which can alleviate the company's tax obligations during the years. The increase in company's financial performance will obviously attract investors. Armed with strong capital, the company can attract funds from initial public offering, bond issuance, and bank loans. (www.neraca.co.id | Tuesday 05/01/2016).

Revaluation of fixed assets is the revaluation of the company's fixed assets due to an increase in the value of fixed assets in the market or due to the low value of fixed assets in the company's financial statements as a result of devaluation or other causes, so that the value of fixed assets no longer reflects fair value. The purpose of the revaluation of fixed assets is to make company able to calculate income and costs more reasonably so that they reflect the true capabilities and values of the company.

Leverage can describe the company's ability to pay long-term obligations if the company is liquidated (Sofyan, 2015: 303). The leverage ratios include Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER), Equity Multiplier, and Interest Coverage or Times Interest Earned. The variable of leverage in this study is measured using Debt to Asset Ratio (DAR) as in the study conducted by Seng and Su (2010). The results of the studies conducted by Tabari and Adi (2014) and Missonier-Piera (2007) show that leverage effects the revaluation of fixed assets. On the contrary, the results of the studies conducted by Mario and Erly (2015), Resti Yulistia, et al (2015), and Tay (2014) show that leverage does not affect the revaluation of fixed assets.

Liquidity can be used as an indicator of the company's financial strengths and weaknesses. The liquidity ratio also shows the extent to which current assets can cover current liabilities (Sofyan, 2015: 301). The liquidity ratios include Current Ratio, Quick Ratio, Cash Ratio of Current Assets, Cash Ratio of Current Debt, Current Asset Ratio and Total Assets, Current Asset Ratio, and Total Debt. The liquidity ratio used in this study is current ratio. The result of the research conducted by Tunggul and Aria (2015) shows that liquidity affects the revaluation of fixed assets. On the contrary, the results of the research conducted by Cut Annisa and Musfiari (2015) and Tay (2014) show that liquidity does not affect the revaluation of fixed assets.

Intensity of company's fixed assets illustrates the amount of company investment in the company's fixed assets. Fixed assets intensity is a proportion where in the fixed assets there is a post for companies to add expenses, that is, depreciation expenses caused by fixed assets (Mulyani, 2014). The fixed assets intensity is measured by the book value of total fixed assets divided by total assets. The results of the research conducted by Cut Annisa and Musfiari (2016) and Tunggul and Aria (2015) show that fixed assets intensity affects the revaluation of fixed assets. On the contrary, the results of the research conducted by Tabari and Adi (2014), Resti Yulistia, et al (2015), and Seng and Su (2010) show that fixed assets intensity does not affect the revaluation of fixed assets.

Firm size is the size of a company that can be viewed from the specified business field. The size of the company can be determined based on total sales, total assets, and average sales level (Seftianne, 2011). The firm size in this study is calculated by the logarithmic formula of the total assets before the revaluation adjustment. The results of the research conducted by Tabari and Adi (2014), Tay (2014), and Seng and Su (2007) show that firm size affects the revaluation of fixed assets, on the contrary, the results of the research conducted by Cut Annisa and Musfiari (2016), Mario and Erly (2015), Resti Yulistia, et al (2014), and Missonier Piera (2007) show that firm size does not affect the revaluation of fixed assets.

This research is important because in addition to the existence of research gap, this research also provides input to managers regarding what factors need to be considered in choosing a fixed asset revaluation policy. It is expected that more companies will choose fixed asset revaluation. The implementation of revaluation of fixed assets is expected to boost the national economy. Based on the inconsistency of the results of the research and the existence of the research gap, this study aims to reexamine the factors that affect the revaluation of fixed assets in manufacturing sector companies listed on the Indonesia Stock Exchange in 2014-2017.

THEORETICAL FRAMEWORK AND HYPOTHESIS
Positive Accounting Theory
Positive accounting theory is based on the perception that managers, shareholders, and regulators / politicians are rational and they try to maximize their utility which is directly related to their prosperity (Belkaoui, 2012: 188). Positive accounting theory introduced by Watt and Zimmerman (1986) explains why accounting choices are made by managers. Managers are expected to be able to choose a fixed assets revaluation policy because this policy can reduce the violation of debt agreements. Revaluation of fixed assets is also believed to be able to boost the economy for the following years. Watt & Zimmerman (1986) also put forward three hypotheses related to opportunistic behavior of management. First, bonus plan hypothesis: this hypothesis states that a manager will choose an accounting model to increase the compensation he will get. Second, debt covenant hypothesis: this hypothesis states that the selection of an accounting model is done to reduce the possibility of violations of debt requirements and bond agreements. Third, political cost hypothesis: this hypothesis states that large-sized companies will prefer accounting models that can reduce corporate profits in financial statements

Signaling Theory
Signaling theory is a theory that describes an effort taken by company manager, as the party that has more information about the company, to increase the company's stock price by conveying the information to the public (Ross. 1977). Revaluation of fixed assets is expected to make the manager provide information about fixed assets that show more real asset value to investors. In addition, the revaluation of fixed assets can improve the financial position of a company so that investors are interested in investing in the company. The main assumptions of this signaling theory provide space for investors to know what the decisions that will be made related to the value of the company. As a result, any changes in the values of leverage, profitability, earnings per share, and firm size show changing in values that will automatically provide information to investors in giving an assessment related to the value of the company.

Revaluation of Fixed Assets
Revaluation of fixed assets is the revaluation of the company's fixed assets due to an increase in the value of fixed assets in the market or due to the low value of fixed assets in the company's financial statements as a result of devaluation or other causes, so that the value of fixed assets no longer reflects fair value. The purpose of the revaluation of the company's fixed assets is to make the company able to calculate income and costs more reasonably so that they reflect the true capabilities and values of the company (Waluyo, 2011: 191). Therefore, it is important for the company to carry out revaluation of fixed assets to determine the fair value of its fixed assets.

Based on the Minister of Finance Regulation Number 79 / PMK.03 / 2008 concerning the revaluation of company's fixed assets, it is explained that the revaluation of company's fixed assets is carried out As the following:
a. All tangible fixed assets, including land with freehold title (SHM) or rights to build (SHGB); or

b. All tangible fixed assets, excluding land, which are located in Indonesia, are owned, and are used to obtain, collect, and maintain income which is the object of tax.

Leverage

Leverage can be used to describe the company's ability to pay its long-term obligations if the company is liquidated (Sofyan, 2015: 303). The leverage ratios include Debt to Asset Ratio (DAR), Debt to Equity Ratio, Equity Multiplier, and Interest Coverage or Times Interest Earned. The variable of leverage in this study is measured using the Debt to Asset Ratio (DAR) as in the research conducted by Seng and Su (2010).

Liquidity

Liquidity can be used as an indicator of the company's financial strengths and weaknesses. The liquidity ratio also shows the extent to which current assets can cover current liabilities (Sofyan, 2015: 301). The liquidity ratios include Current Ratio, Quick Ratio, Cash Ratio of Current Assets, Cash Ratio of Current Debt, Current Asset Ratio and Total Assets, Current Asset Ratio and Total Debt. The liquidity ratio used this study is current ratio.

Intensity of Fixed Assets

Intensity of company's fixed assets illustrates the amount of company investment in fixed assets. The intensity of fixed assets is a proportion where in the fixed assets there is a post for companies to add expenses, that is, depreciation caused by fixed assets (Mulyani, 2014). The intensity of fixed assets is measured by the book value of total fixed assets divided by total assets.

Firm Size

Firm size is the size of a company that can be viewed from the specified business field. The size of the company can be determined based on total sales, total assets, and average sales level (Seftianne, 2011). The firm size in this study is calculated by the logarithmic formula of the total assets before the revaluation adjustment.

The Effect of Leverage on the Revaluation of Fixed Assets

The leverage ratio describes the extent to which a company is able to pay its long-term obligations. The high leverage of a company can cause a decline in creditor trust in the company. Therefore, companies with a high level of leverage will choose to carry out fixed assets revaluation to comply with debt agreements and can continue to borrow (Whittered and Chan, 1992 in Iatridis, 2011). The better value of the company's fixed assets achieved after the revaluation of assets can make company get a loan from the creditor. Based on the description, the hypothesis can be formulated as follows:

H$_1$: Leverage has an effect on the company's decision to carry out fixed assets revaluation

The Effect of Liquidity on the Revaluation of Fixed Assets

Liquidity can be used as an indicator of the company's financial strengths and weaknesses. Liquidity ratio influences the company's policy whether or not to carry out fixed assets revaluation. The low liquidity ratio illustrates the company's inability to pay off its short-term debt. Low liquidity ratio can make creditors worry about lending funds to the company, because the creditors think that if the company's liquidity is low, there is a possibility that the company cannot afford to pay off the debt the creditor gives. This situation will signal the company to carry out fixed assets revaluation.

Revaluation of fixed assets can make the company able to show the actual condition of the company to convince creditors in providing loans. Revaluation of fixed assets tends to be done by companies that have low liquidity, while companies that have high liquidity do not need to carry out fixed assets revaluation because they no longer need to think about problems related to creditors, Cut Annisa and Musfiari (2016). Based on the description, the hypothesis can be formulated as follows:

H$_2$: Liquidity has an effect on the company's decision to carry out fixed assets revaluation

The Effect of Fixed Assets Intensity on the Revaluation of Fixed Assets

Fixed assets intensity is a proportion where in the fixed assets there is a post for companies to add expenses, that is, depreciation caused by fixed assets (Mulyani, 2014). Revaluation of fixed assets is worth noting where fixed assets are the largest portion of total assets which will increase the value of the company. Companies with a high intensity of fixed assets tend to prioritize the method of recording and recognizing fixed assets that better reflect actual

asset values. This is in accordance with the purpose of the fixed asset revaluation method in order that the company can calculate income and costs more reasonably so that they reflect the true capabilities and values of the company. Better method of recording and recognizing fixed assets reflects the value of assets that can actually make a company's financial position show a reasonable position of wealth. Thus, this can make investors interested in investing in the company. Based on the description, the hypothesis can be formulated as follows:

H$_3$: Fixed assets intensity has an effect on the company's decision to carry out fixed assets revaluation

The Effect of Firm Size on the Revaluation of Fixed Assets

Firm size is a scale that can classify companies into large and small companies that can be calculated using total assets. Tay (2009) argues that large-sized companies are likely to choose a revaluation model rather than small-sized companies. Large-sized companies will tend to report high profits. This report will attract the attention of regulators and other parties who have the power and capacity to make new rules. Revaluation of fixed assets is an effective way to reduce earnings reporting through increasing depreciation costs as a result of increasing asset revaluation, Seng and Su (2010). In addition to the increased depreciation costs, asset valuation costs are also needed. The cost of assets revaluation can also cause a decrease in corporate profits. The greater the company's profit, the higher the level of supervision and attention of public and government. And the smaller the company's profit, the lower the level of supervision and attention of the public and government. Based on the description, the hypothesis can be formulated as follows:

H$_4$: Firm Size has an effect on the company's decision to carry out fixed assets revaluation

The framework underlying this research can be described in Figure 1.

RESEARCH METHOD
Sampling

The population of this research is manufacturing companies in Indonesia. The research samples are manufacturing companies listed on the Indonesia Stock Exchange period 2014 - 2017. It used a purposive sampling method. The sample criteria in this study are

as follows:
1. Manufacturing companies listed on the Indonesia Stock Exchange period 2014-2017, with financial statements published in a row.
2. Companies that use rupiah currency unit.
3. Companies that provide complete information to measure related variables.

Research Data

The data used are secondary data that include financial statements of manufacturing companies listed on the Indonesia Stock Exchange (IDX) obtained from ww.idx.co.id period 2014-2017. The data collection strategy in this study is the archive strategy, that is, the data collection derived from existing records or databases. Data sources from this archive strategy are primary data and secondary data (Jogiyanto, 2015: 100).

Research Variables

The research variables are dependent variable (revaluation of fixed assets) and independent variables (leverage, liquidity, fixed assets intensity, and firm size).

Operational Definition and Variable Measurement
Leverage

Leverage ratio describes the company's ability to pay its long-term obligations if the company is liquidated (Sofyan, 2015: 303). Leverage in this study is measured using the Debt to Asset Ratio as was done in the study conducted by Seng and Su, (2010).

$$\text{Debt to Asset Ratio} = \frac{\text{Total Debt}}{\text{Total Assets}}$$

Liquidity

Liquidity describes the company's ability to settle its shortterm obligations. Liquidity also shows the extent to which current assets cover current liabilities (Sofyan, 2015: 301).

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Debt}}$$

Fixed Assets Intensity

Fixed assets intensity is a proportion where in a fixed asset there is a post for a company to add expense, namely the depreciation expense caused by a fixed asset (Mulyani, 2014). The fixed assets intensity is measured using the ratio as in the study conducted by Seng and Su (2010).
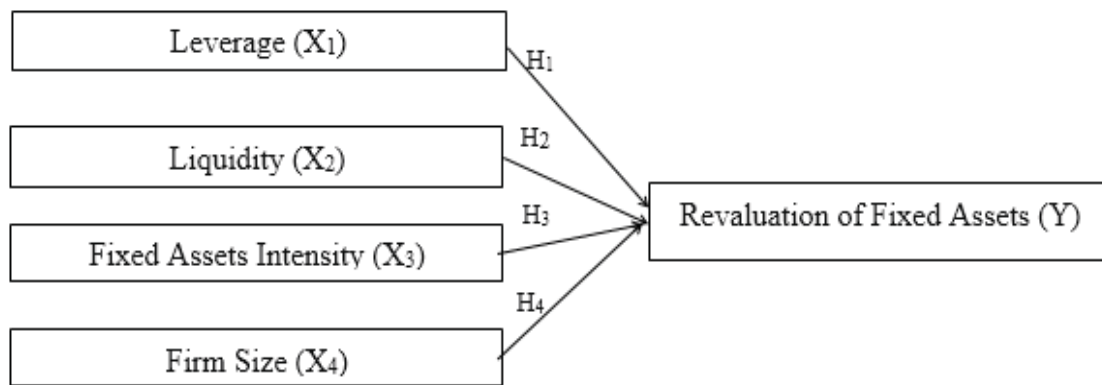
Figure 1
Framework

Fixed Assets Intensity $=\dfrac{\text{Book Value of Total Fixed Assets}}{\text{Total Assets}}$

$$\text{Ln}\ \frac{AR}{1-AR} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_4 X_4 + e$$

Where:

Ln	= log of adds
AR	= *Asset Revaluations*
α	= Constant (intercept)
$\beta_1.\beta_2.\beta_3.\beta_4.\beta_5$	= Logit Regression Coefficient
X_1	= Leverage
X_2	= Liquidity
X_3	= Fixed Assets Intensity
X_4	= Firm Size
e	= *Eplison (error term)*

Firm Size

Firm size can describe the size of a company viewed from the specified business field. The size of the company can be determined based on total sales, total assets, and average sales level (Seftianne, 2011). Firm size can be measured using the logarithm of total assets before revaluation adjustments (Seng and Su, 2010).

Size = Ln Total Assets of the company

Analysis Tools

The data analysis technique used in this study is a logistic regression analysis. Logistic regression analysis is a data analysis technique used to determine the effect of leverage, liquidity, fixed asset intensity, and firm size on the company's decision to carry out fixed assets revaluation where the dependent variable is in the form of a dummy variable. Logistic regression analysis does not require the classical assumption test because the logistic regression analysis produces a fit model analysis which describes whether the data used in this study is good. (Imam Ghozali, 2013: 328). The logistic regression analysis model can be written with the following equation:

RESEARCH RESULTS AND DISCUSSION
Descriptive Statistics

Descriptive statistics analysis is used to provide an overview of the variables contained in this study consisting of independent variables (leverage, liquidity, fixed asset intensity, and firm size) and dependent variable (company's decision to revaluate fixed assets).

The calculation in Table 1 shows that the leverage variable has a standard deviation value of 0.380210 with a mean value of 0.49330. The standard deviation value is smaller than the mean value. This shows that the research data on the leverage variable does not spread or does not vary (homogeneous).

The calculation in Table 1 shows that the liquidity variable has a standard deviation value of 2.450840 with a mean value of 2.61515. The standard deviations value is smaller than the mean value. This shows that the research data on the liquidity variable does not spread or does not vary (homogeneous).

Table 1
Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Leverage	372	.061	3.029	.49330	.380210
Liquidity	372	.034	15.165	2.61515	2.450840
Fixed Assets Intensity	372	.003	.097	.35516	.196459
Firm Size	372	17.410	26.412	21.32628	1.628465

Source: Data Processed

The calculation in Table 1 shows that the fixed assets intensity variable has a standard deviation value of 0.196459 with a mean value of 0.35516. The standard deviation value is smaller than the mean value. This shows that the research data on the fixed assets intensity does not spread or does not vary (homogeneous).

The calculation in Table 1 shows that the firm size variable has a standard deviation value of 1.628465 with a mean value of 21.32628. The standard deviation value is smaller than the mean value. This shows that the research data on firm value does not spread or does not vary (homogeneous)

Results of Analysis and Discussion

Based on Table 2 on the regression equation, it can be seen that the regression coefficient values of the independent variables of leverage, liquidity, and fixed assets intensity remain negative. This shows that the independent variables have the opposite direction to the dependent variable. While the independent variable of firm size has a positive coefficient which indicates that the independent variable is in line with the dependent variable. The results of the logistic regression analysis show that there is only 1 independent variable, or firm size, that has a statistically significant effect on the revaluation of fixed assets, with sig value of 0.013 < α 0.05. Each SIZE increase unit will increase the log of odds of the company in fixed assets revaluation with a number of 0.226. The relationship between odds and independent variables can be explained that if other variables are considered constant, the odds of companies revaluing fixed assets increase by a factor of 1.253.

Hypothesis testing is used to test how the effect of each variable on the dependent variable through the regression coefficient. The regression coefficient obtained from the tested variables shows the relationship between the dependent variable and the independent variable. Hypothesis testing is done by comparing the probability value with the level of significance. An independent variable can be said to have a significant effect on the dependent variable if the significance level is < 0.05. The results of hypothesis testing obtained are as follows.

Analysis of the Effect of Leverage on the Revaluation of Fixed Assets

The result of this study shows that leverage has no effect on the revaluation of fixed assets. This result supports the results of the research conducted by Mario and Erly (2015), Resti Yulistia, et al. (2015), Tay (2014), and Seng and Su (2010) that the leverage variable has no influence on revaluation of fixed assets. The high leverage of a company has no effect on the company's decision to carry out fixed assets revaluation because the creditor is aware of the fixed asset revaluation policy. The selection of fixed asset revaluation policy is not a consideration in determining debt agreements.

The selection of fixed asset revaluation policy is uncertain whether or not it is effective in increasing loan capacity because the lenders still exclude fixed asset revaluation from the basis used to calculate the debt ratio. The result of this study does not support the results of the research conducted by Andinson (2015), Tunggul and Aria (2015), Tabari and Adi (2014) and Piera (2007) which show that leverage has an effect on the decision to carry out fixed assets revaluation.

Analysis of the effect of Liquidity on the Revaluation of Fixed Assets

The study shows that the variable of liquidity has no effect on the revaluation of fixed assets. This result supports the results of the research conducted by Cut Annisa and Musfiari (2016) and Tay (2014) that liquidity has no effect on the revaluation of fixed assets. Companies with low liquidity tend not to carry out fixed assets revaluation because the funds used to carry out the asset revaluation method are still quite high, so that they choose a method other than fixed assets revaluation to get loans

Table 2
Logistic Regression Output

		B	S.E	Wald	Df	Sig	Exp(B)
Step 1a	Leverage	-.255	.612	.173	1	.678	.775
	Liquidity	-.083	.094	.778	1	.378	.920
	Fixed Assets Intensity	-.038	.814	.002	1	.963	.962
	Firm Size	.226	.091	6.232	1	.013	1.253
	Constant	-6.325	2.143	8.711	1	.003	.002
a.	Variables entered on step 1 : leverage, liquidity, fixed assets intensity, and firm size						

Source: Data Processed

from creditors without having to incur high costs. In addition, the companies will also think that the costs they will incur for fixed assets revaluation are not necessarily comparable to the loans they will get from the creditors. The result of this study does not support the results of the research conducted by Andinson (2015) and Tunggul and Aria (2015) that liquidity has an effect on fixed asset revaluation.

Analysis of the Effect of Fixed Assets Intensity on the Revaluation of Fixed Assets

The result of this study shows that the variable of fixed assets intensity has no effect on the company's decision to carry out fixed assets revaluation. This result supports the results of the research conducted by Resty Yulistia, et al (2015), Tabari and adi (2014) and Seng and Su (2010) that fixed assets intensity has no effect on fixed asset revaluation. The size of the proportion of fixed assets is not a consideration of management in carrying out fixed assets revaluation even though fixed assets are used in most of the company's operations. This is because the management does not consider too much the size of the proportion of fixed assets when determining the method of revaluation of fixed assets and the cost method, but what the management considers is the change in the fair value of fixed assets.

The company management also thinks that with a large proportion of fixed assets, the company can still have a large asset value without carrying out fixed assets revaluation. The result of this study does not support the results of the research conducted by Cut Annisa and Musfiari (2016), Tunggul and Aria (2015) and Tay (2014) that fixed assets intensity has an effect on revaluation of fixed assets.

Analysis of the Effect of Firm Size on the Revaluation of Fixed Assets

The study shows that firm size has an effect on the revaluation of fixed assets. Large companies will tend to report their high profits to attract the attention of regulators and other

parties who have the power and capacity to make new rules. The revaluation of fixed assets is an effective way to reduce earnings reporting through increasing depreciation costs as a result of an increase in asset revaluation. The result of this study supports the results of the research conducted by Tunggul and Aria (2015), Tabari and Adi (2014), Tay (2014), and Seng and Su (2010) that firm size has an influence on the revaluation of fixed assets. However, the result of this study does not support the results of the research conducted by Cut Annisa and Musfiari (2016), Mario and Erly (2015), Resty Yulistia, et al (2015), and Piera (2007) that failed to show the effect of firm size on fixed asset revaluation.

CONCLUSION, LIMITATION, AND SUGGESTION

This study provides evidence that the variables of leverage, liquidity, and fixed assets intensity have no effect on the company's decision to carry out fixed assets revaluation, while the variable of firm size has an effect on the company's decision to carry out fixed assets revaluation. Large companies tend to report their high profits to attract the attention of regulators and others who have the power and capacity to make new rules. Revaluation of fixed assets is an effective way to reduce earnings reporting through increasing depreciation costs as a result of an increase in asset revaluation.

The limitations of this study include: 1) the lack of research samples due to the large number of companies that had not published financial statements in 2017; (2) the results of the coefficient of determination indicate a small R square value. Nagelkerke value of R square is 0.041 or only 4.1%, which means that the independent variable can provide the information needed by the dependent variable.

As described above, it is recommended that the next researchers add the research samples, such as the company's financial report data in ASEAN countries other than Indonesia

only, use other independent variables, such as market to book ratio, operating cash flow, ROE level, or company growth factor, and use control variable, such as the state legal system variable for the research that uses a sample of countries registered in ASEAN.

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