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The effect of comprehensive income disclosure on capital costs, earnings quality, and profitability

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ABSTRACT

This study was induced by the change from SFAS 2009 to SFAS 2012. One of the changes contained in SFAS No. 1 states that comprehensive income statement is an additional component of other comprehensive income. The study aims to determine whether there are differences in the capital cost, earnings quality, and profitability between companies that report comprehensive income statement and companies that do not report comprehensive income statement. The sample of the study consists of 120 manufacturing companies listed on the Indonesian Stock Exchange (BEI) in 2012. It uses Statistical test that is the Mann Whitney test due to the data, which were not normally distributed. The results of the research indicate that the significance level of capital cost variable is 0.038, earnings quality variable is 0.192, and profitability variable is 0.029. Therefore, it can be concluded that there are differences in the level of capital cost and profitability between companies that report comprehensive statements and companies that do not report comprehensive income statement. On the contrary, there is no difference in the level of earnings quality between companies that report comprehensive income statement and companies that do not report comprehensive income statement.

ABSTRAK

Penelitian ini didorong oleh adanya perubahan dari PSAK 2009 menjadi PSAK 2012. Salah satu perubahan yang terdapat dalam PSAK No. 1 menyatakan, bahwa laporan laba rugi komprehensif merupakan komponen tambahan pendapatan komprehensif lain. Studi ini bertujuan untuk mengetahui apakah ada perbedaan biaya modal, kualitas laba, dan profitabilitas antara perusahaan yang melaporkan laporan laba rugi komprehensif dan perusahaan yang tidak melaporkan laporan laba rugi komprehensif. Sampel penelitian terdiri dari 120 perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) pada 2012. Penelitian ini menggunakan uji statistik yaitu uji Mann Whitney karena datanya tidak terdistribusi normal. Hasil penelitian menunjukkan bahwa tingkat signifikansi variabel biaya modal adalah 0,038, variabel kualitas laba adalah 0,192, dan variabel profitabilitas adalah 0,029. Oleh karena itu, dapat disimpulkan bahwa ada perbedaan tingkat biaya modal dan profitabilitas antara perusahaan yang melaporkan laporan komprehensif dan perusahaan yang tidak melaporkan laporan laba rugi komprehensif. Sebaliknya, tidak ada perbedaan dalam tingkat kualitas laba antara perusahaan yang melaporkan laporan laba rugi komprehensif dan perusahaan yang tidak melaporkan laporan laba rugi komprehensif.

1. INTRODUCTION

In the globalization era, almost all big companies require more capital to advance their business. In addition to having the loan from a bank, a company may also sell its shares to those who wish to buy, commonly referred to as investors. The sale of shares to investors also helps the company, in need of funds, pay its expenses. In return to this, the company has to give part of its profits to the investors.

Before investing in the company or corporation, an investor will search for information related to the company's performance. There are some important efforts for an investor to consider before starting investment, such as seeking information concerning

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the company and learning its financial statements. In the end of each year, all companies listed on the Indonesian Stock Exchange are required to prepare and publish their financial statements. For this, investors need to know and learn the financial statement made by a company, since it is one of the communication forms made and reported by the company to any person outside the company who wish to know the activities undertaken by the company at that period.

Arief and Bambang (2007) argued that the financial statement is often used as a basis for assessing the company's performance. One of financial statement types that serve as the basis for measuring the success of the company in a given period is the income statement. Through the statement, investors will find out whether the company gains profit or even suffers from loss.

The income statement is a statement made by a company showing the income and cost items obtained in a given period. The income statement is usually made by the company at the end of the period or in accordance with the policies of each respective company. In the previous SFAS, people know that one of the components of financial statement is income statement. However, in the latest SFAS, or SFAS 2012, the statement which was formerly referred to as income statement has changed its name to comprehensive income statement. This change occurs because of the presence of components of other comprehensive income appeared on the latest comprehensive income statement.

The component of other comprehensive income contains changes due to the use of fair value. Assessment using this fair value can lead to unrealized profit or loss. Unrealized profit or loss will result in an increase or decrease in the company's net income.

Due to the changes from SFAS 2009 to SFAS 2012, the researchers try to examine whether there are differences in the capital costs, earnings quality and profitability between the companies that report comprehensive income statement and the companies that do not report comprehensive income statement. The main objective of this study is to examine the differences in the capital costs, earnings quality and profitability between the companies that report comprehensive income statement and the companies that do not report comprehensive income statement.

2. THEORETICAL FRAMEWORK AND HYPOTHESIS

Signal Theory

Signal theory illustrates the importance of information released by the company for the investors' decision. Information is the most important factor for people outside the company before deciding on their investment. Every company needs to provide information, which includes all activities performed by the company in certain period in the form of financial statements. Financial statements can be used as a consideration material for the investors before making investment in the company. Financial statement can also be as a prediction of the present and future activities of the company. The strength and readiness of the company to compete with other companies in the economic activity are also very visible in the financial statements. Cahyani (2009), in the signal theory, explained why a company has motivation to provide financial information to external parties. It is because there is asymmetry of information between the company and the external parties. Therefore, financial statement is necessary for investors and other external parties. As a means of information, it is very useful and should be known by the parties concerned, no one feels disadvantaged in the future.

Signal theory, as a theoretical basis, is very suitable for this research to be conducted. This signal theory shows the importance of corporate information to the prospective investors. In this case, investors may not be in a hurry or make mistake in reading and learning the financial statements of the company so that the investment decisions are not detrimental to the investors themselves.

Comprehensive Income Statement

At the moment, income statement has changed its name to comprehensive income statement and has been addressed in SFAS No. 1 (2012). Few changes occur do to the change from income statement to comprehensive income statement. The changes are only in some of the additional components in the comprehensive income statement. The additional components are referred to as the components of other comprehensive income. These components are added due to the use of fair value in recognizing the company's assets, in which previously still used the accrual in recognizing the company's assets.

There are five comprehensive components contained in the comprehensive income statement written in SFAS 1 (2012: 1.2). These components include:

a. Changes in revaluation surplus (in accordance with SFAS 16: the fixed assets and AFAS 19: intangible assets),
b. Actuarial profits and losses on defined benefit plan carried out (in accordance with SFAS 24: employee benefits),
c. Profits and losses arising from translation of financial statements on foreign operations (in ac-

cordance with SFAS 10: effects of changes in foreign exchange rates),

d. Profits and losses from the re-measurement of financial assets as 'available for sale' (in accordance with SFAS 55: Financial instruments: recognition and measurement), and
e. The effective portion of profits and losses hedging instruments in the context of cash flow hedges (according to SFAS 55) all are written in SFAS 1 (2012).

An income statement is referred to as comprehensive income statement when the income statement has included at least one of the components of other comprehensive income that have been mentioned above and does not forget the other important components. If one of these components has been incorporated into the income statement, the income statement is then qualified to be called comprehensive income statement.

Capital Costs

Capital costs are real costs to be incurred by the company to raise funds. According to Brigham and Gapenski (1993) in Kharisma (2006), there are four sources of capital costs, namely: (1) Long-Term Debt, (2) Preferred Stock, (3) Ordinary Shares, and (4) Retained Earnings. The capital costs cannot be separated from the activities of a company. Adequate funding is needed by the company to keep doing activities. A company cannot be separated from the capital costs, no matter how big the company is. The company that reports a large comprehensive income will be easier to get the capital costs, because, for the third parties, creditors or investors, it will give more confidence to provide capital to the company that certainly has a profit. However, the company that reports huge comprehensive loss will be more difficult to get the capital costs to cover the losses suffered by the company. It cannot be denied that the main purpose of the third party to provide the capital is to get a profit of the payback of the capital that has been provided.

Fair value is used by a company to assess the existing assets reported in the income statement. The use of this value in assessing the company's assets may give rise to a gain or loss that is not realized. Gain or loss that is not realized may increase or decrease the net income of a company. This will have an impact on companies that report unrealized profits that will produce the level of capital cost and lower than the companies that do not report unrealized profits. Similarly, the companies that report unrealized loss will produce the level of capital cost lower than the companies that do not report unrealized loss. From the above explanation, this study can be hypothesized as follows:

H1.1: There is a difference in the capital costs between the companies that report comprehensive income and the companies that do not report comprehensive income.

Earnings Quality

For investors and stakeholders, profit is the first thing seen before starting analyzing a company. For an investor, the higher the quality of the profits derived by a company, the easier the investors in making a decision. However, if a company has a low quality of profit, the investors will be able to make a mistake in making a decision (Fendi and Rovila 2011).

Companies that report a comprehensive income choose to use fair value to assess the assets owned. The use of fair value to assess the company's assets may give rise to unrealized profits or losses. The unrealized profits or losses may increase or decrease the net income of a company. This will have an impact on companies that report unrealized profits that will produce quality level lower than the companies that do not report unrealized profits. It also applies to companies that report unrealized loss. The companies will generate earnings quality level lower than the companies that do not report unrealized losses. From the above explanation, this study can be hypothesized as follows:

H1.2: There is a difference in the earnings quality between the companies that report comprehensive income and the companies that do not report comprehensive income.

Profitability

Profitability can be assumed as a tool to measure the ability of a company to earn profit in a given period. The performance of a manager can be judged by the extent to which the manager is capable of running the company in a certain period and able to obtain the profit that is expected by the company and those who have an interest in the company. According to Aulia and Prasetiono (2011), if a company is able to manage its resources properly, the company can, then, be said to have a good level of profitability. However, if the company is not able to manage the company's resources well, the company can, then, be said to have a low level of profitability.

In the comprehensive income statement reported by a company, the company chooses to use fair value to assess the assets owned. The use of fair value in assessing the company's assets may give rise to unrealized profit or loss. The unrealized profit

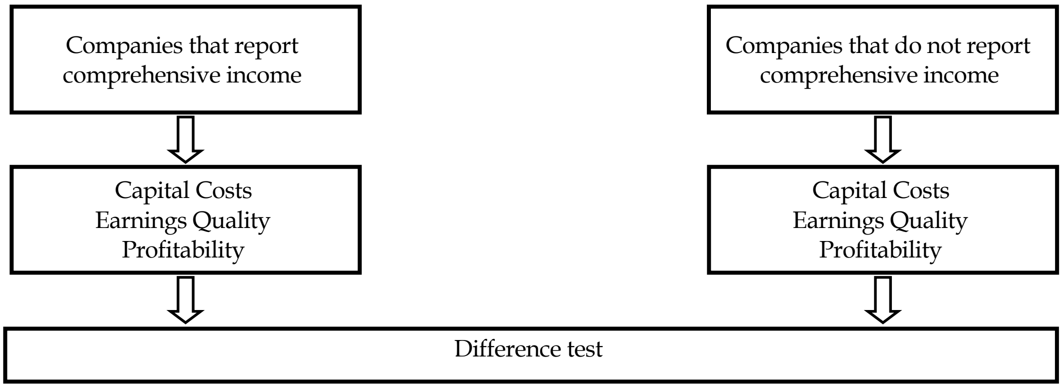

Figure 1
Framework

or loss may increase or decrease the net income of a company. This will have an impact on companies that report unrealized profits that will produce level of profitability higher than the companies that do not report unrealized profits. Conversely, the companies that report unrealized loss will result in the level of profitability lower than the companies that do not report unrealized loss. From the above explanation, this study can be hypothesized as follows:
H1.3: There is a difference in profitability between the companies that report comprehensive income and the companies that do not report comprehensive income.

The theoretical framework of this study is shown in Figure 1.

3. RESEARCH METHOD

Sample Classification

The sample used consists of manufacturing companies listed on the Indonesia Stock Exchange. Purposive sampling method is used to determine the amount of data that will be investigated by determining the criteria for the data that has been determined.

The criteria are as follows: (1) the companies were listed in the Indonesia Stock Exchange in 2012, (2) the Companies examined are only companies dealing with manufacturing sector, and (3) the companies prepared and published financial statements at the end of the period 31 December 2012. After conducting purposive sampling, there are 120 companies used as the sample of this study.

Research Data

Based on the type of data, the research is an archival research. Archival research is a research, which is conducted using data in the form of archival documents, books, journals or other records with the source from both internal and external parties. In this research uses secondary data in the form of financial statements prepared and published by the company. The data examined in this study were obtained from the website of the Indonesia Stock Exchange, www.idx.co.id, and Indonesian Capital Market Directory.

Research Variable

The variables to be analyzed in this research are dependent variable and independent variable. The dependent variable includes capital costs, earnings quality and profitability. While the independent variable includes comprehensive income statement

Operational Definition of Variables

1. Comprehensive Income Statement

The independent variable in this research is comprehensive income statement. The company that reports comprehensive income is a company, which has carried at least one of the five components of other comprehensive income, included in the comprehensive income statement. If the company does not report at least one of the five components of other comprehensive income, it shall be deemed not to report comprehensive income.

The company that reports its comprehensive income will be marked "YES" while the company that does not report its comprehensive income will be marked "NO". In addition, at every company, there are five columns of comprehensive component that will be analyzed. For the company that reports one of the components of comprehensive income will be rated "1" in each column of comprehensive component provided. If the company does not report, any of the components of comprehensive income will be rated "0" in each column of comprehensive component provided.

2. Capital Costs

In this research, there are some dependent variables, one of which is the capital costs. According to Olhson in Wiwik (2005), capital costs can be calculated based on the discount rate used by investors to assess the future cash flows exert. The formula used to calculate the capital costs is as follows:

$$r = \frac{(B_t + E_t - P_t)}{P_t}. \quad (1)$$

Description:

r = Capital Cost
B_t = The book value per share in the period t
E_t = Earnings per share in the period t
P_t = Stock market price in the period t

3. Earnings Quality

The next dependent variable is earnings quality. Earnings quality is the profit that can reflect the company's true financial performance. According to Fendi and Rovila (2011), the formula to calculate the company's earnings quality is as follows:

$$Earnings\ Quality = \frac{Operating\ \ Cash\ Flow}{EBIT}. \quad (2)$$

Description:
$EBIT$ = Income before tax

The ratio of earnings quality shows the variance between cash flow and net income. So the higher the ratio, the higher the earnings quality due to the greater part of the operating profit realized in the form of cash.

4. Profitability

The last dependent variable is the profitability of the company. According to Ina (2009), to measure the profitability of the company can be done by using ROA. ROA can demonstrate the ability of the invested capital in the total assets of the company to generate a profit. The formula to calculate ROA is as follows:

$$ROA = \frac{Net\ income\ \ before\ \ Tax}{Total\ \ Asset} \times 100\%. \quad (3)$$

Analysis Tool

1. Descriptive Analysis

Descriptive analysis is used to describe the results that have been processed and to carry out data processing, which includes the difference in the cost of capital, earnings quality and profitability between the companies that report comprehensive income and the companies that do not report comprehensive income.

2. Normality Test

Normality test is done to determine whether the dependent variable has been normally distributed. Normality test is done using a One-Sample Kolmogorov-Smirnov Test.

3. Difference Test

The parametric difference test is using Independent Sample T-Test. This parametric test is used when the data of the samples come from the population that is normally distributed normally. Yet, the non-parametric difference test is done by using Mann Whitney Test. Non-parametric test is used when the data of the samples come from the population that is not normally distributed.

4. DATA ANALYSIS AND DISCUSSION

Here are the results obtained after carrying out data tabulation and research using the tools of statistical tests.

1. Descriptive Analysis

Comprehensive Income Statement

The result of tabulation made by the researchers indicates that of 120 samples of manufacturing companies, 97 companies report comprehensive income (see Table 1). This represents 81% samples of manufacturing companies examined in this study. Yet, the remaining, 23 companies do not report their comprehensive income, or representing 19% samples.

Based on the results of tabulation done in this study, among the 97 companies, no one reported completely the five comprehensive components determined. But, there are only 5 of the 97 companies that reported the four components of the comprehensive income and these represent 4% of the number of companies reporting comprehensive income. The five companies are PT Alumindo Light Metal Industry Tbk (ALMI), PT Astra International Tbk (ASII), PT Ekadharma International Tbk (EKAD), PT Jembo Cable Company Tbk (JECC) and PT United Tractors Tbk (UNTR).

There were 23 companies that reported three components of other five comprehensive components, and this represents 23% of companies reporting comprehensive income. 33 companies report two of other five comprehensive components, and this represents 34% of the total number of companies reporting comprehensive income statement. While the remaining, 39 companies, only report one of the other five comprehensive components, and this represents 39% of the total companies reporting comprehensive income.

Capital Costs

Based on the descriptive analysis of the companies reporting comprehensive income statement, the company with the highest capital cost of 4.9327 is obtained by PT Intanwijaya International Tbk (INCI). Conversely, the company with the lowest capital cost of -32.4941 is obtained by PT Jakarta Kyoei Steel

Table 1
Descriptive Analysis

	Companies reporting Comprehensive Income				Companies not reporting Comprehensive Income			
	N	Min	Max	Mean	N	Min	Max	Mean
Capital Cost	97	-32.4941	4.9327	-0.330076	23	-3.3921	1.1439	-0.559543
Earnings Quality	97	-22.0625	38.2796	0.835773	23	-2.4009	4.8079	0.758630
Profitability	97	-1.1458	0.5099	0.072959	23	-0.0819	0.5396	0.167552

Source: Processed Data.

Table 2
Normality Test Using One-Sample Kolmogorov-Smirnov Test

	N	Kolmogorov-Smirnov Z	Asymp. Sig. (2-tailed)
Capital Cost	120	4.126	0.000
Earnings Quality	120	3.831	0.000
Profitability	120	2.027	0.001

Source: Processed Data.

Works Tbk (JKSW). The minus value occurs because the book value per share and earnings per share of the company is also minus (book value per share = -2.661, Earnings per share = -110). So, after the value is inserted into the formula that has been determined, the result of the level of the capital cost will be a minus.

However, based on the descriptive analysis of the companies not reporting comprehensive income statement, the company with the highest capital cost of 1.1439 is obtained by PT Prima Alloy Steel Universal Tbk (Pras). Conversely, the company with the lowest capital cost of -3.3921 is obtained by PT Primarindo Asia Infrastructure Tbk (BIMA). The minus value occurs because the book value per share of the company is also minus (book value per share = -2.184). So, after the value is inserted into the formula that has been determined, the result of the level of capital cost will be a minus.

The average level of capital cost is known based on the descriptive analysis that has been done. The average level of the capital costs of the companies that report comprehensive income is higher than the average level of the capital costs of the companies that do not report comprehensive income.

Earnings Quality

Based on the descriptive analysis of the companies reporting comprehensive income statement, the company with the highest level of earnings quality of 38.2796 is obtained by PT Fajar Surya Wisesa Tbk (FASW). Conversely, the company with the lowest level of earnings quality of -22.0625 is obtained by PT Mulia Industrindo Tbk (MLIA). The minus value occurs because the company's EBIT is minus (EBIT = -23,516,679,000). So, after the value is inserted into the formula that has been determined, the result of the level of the company's earnings quality will be a minus.

While, based on the descriptive analysis of the companies not reporting comprehensive income statement, the company with the highest level of earnings quality of 4.8079 is obtained by PT Prima Alloy Steel Universal Tbk (Pras). Conversely, the company with the lowest level of earnings quality of -2.4009 is obtained by PT Asiaplast Industries Tbk (APLI). The minus value occurs because the operating cash flow owned and acquired by the company is minus (Operating Cash Flow = -14,311,946,160). So, after the value is inserted into the formula that has been determined, the result of the level of the company's earnings quality level will be a minus.

The average level of company's earnings quality is known based on the descriptive analysis that has been done. The average level of the earnings quality of the companies that report comprehensive income is higher than the average level of the earnings quality of the companies that do not report comprehensive income.

Profitability

Based on the descriptive analysis of the companies reporting comprehensive income statement, the company with the highest level of profitability of 0.5099 is obtained by PT Hanjaya Mandala Sampoerna Tbk (HMSP). Conversely, the company with the lowest level of profitability of -1.1458 is obtained by PT Davomas Abadi Tbk (DAVO). The minus value occurs because the net profit before taxes owned by the company is minus (Net profit before tax = -2,876,207,469,151). So, after the value is inserted into the formula that has been determined, the result of the level of company's profitability will be a minus.

Table 3
Non Parametric Difference Test Using Mann Whitney Test

	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-Tailed)
Capital Cost	805.000	1081.000	-2.070	0.038
Earnings Quality	920.000	5673.000	-1.303	0.193
Profitability	788.000	5541.000	-2.184	0.029

Source: Processed Data.

While based on the descriptive analysis of the companies not reporting comprehensive income statement, the company with the highest level of profitability of 0.5396 is obtained by PT Unilever Indonesia Tbk (UNVR). Conversely, the company with the lowest level of profitability is obtained by Sumalindo Lestari jaya Tbk (SULI). The minus value occurs because the net profit before tax owned by the company is minus (net profit before tax = -116,954,021,856). Therefore, after the value is inserted into the formula that has been determined, the result of the level of company's profitability will be a minus.

The average level of company's profitability is known based on the descriptive analysis that has been done. The average level of the profitability of the companies that report comprehensive income is lower than the average level of the profitability of the companies that do not report comprehensive income.

2. Normality Test

From Table 2, the data normality test results show that the researcher could analyze and determine the normality of the data of the variables studied. From Table 2, the samples of company (N) that has been determined and investigated by the researcher are 120 companies. The analysis of normality tests that has been carried out is as follows:

a. The value of *Kolmogorov-Smirnov Z of the* capital cost is 4.126, and the significance level of probability is 0.000. From the result, it can be concluded that the data are not normally distributed because the significance level of profitability is 0.000, smaller than or equal to the level of error that has been set α is 0.05 (0.000 ≤ 0.05).
b. The value of *Kolmogorov-Smirnov Z* of earnings quality is 3.831, and the significance level of probability is 0.000. From the result, it can be concluded that the data are not normally distributed because the level of significance of probability is 0.000, smaller than or equal to the level of error that has been set α is 0.05 (0.000 ≤ 0.05).
c. The value of *Kolmogorov-Smirnov Z* of the profitability is 2.027, and the significance level of probability is 0.001. From the result, it can be concluded that the data are not normally distributed because the significance level of the probability is 0.001, smaller than or equal to the level of error that has been set α is 0.05 (0.001 ≤ 0.05). From the normality test analysis of the research sample data, it can be concluded that all the variables have the data, which are not normally distributed. Since the data are not normally distributed, the next step is by applying non parametric difference test using Mann Whitney Test.

3. Difference Test

1. Capital Costs

Based on the data that has been processed using Mann Whitney Test (Table 3), it shows that the significance level of the capital cost variable 0.038. This indicates that the significance level of capital cost is less than the error rate (α) which has been set at 0.05 (0.05 ≤ 0.038). Then H1.1 in this study is accepted, so that it can be concluded that, "There is a difference in the capital costs between the companies that report comprehensive income and the companies that do not report comprehensive income".

Capital cost is one of the three dependent variables in this study. Companies to make investments in the future generally use capital cost. The investment made by the company can be varied in accordance with the policies of the respective company. One model of the investment made by the company is to purchase equipment to assist the performance of the company's production. It is intended to add the company's profit in the future.

Based on the result of descriptive analysis of the companies that report comprehensive income statement, the company with the highest capital cost level of 4.9327 is obtained by PT Intanwijaya International Tbk (INCI). Conversely, the company with the lowest capital cost level of -32.4941 is obtained by PT Jakarta Kyoei Steel Works Tbk (JKSW). The minus value occurs because the book value per share and earnings per share of the company is also minus (value book per share = -2.661, Earnings per share = -110). So, after the values are inserted into the formula that has been determined, the result of the capital cost level will be a minus.

However, based on the result of descriptive analysis of the companies that do not report comprehensive income statement, the company with the highest capital cost level of 1.1439, is obtained by PT Prima Alloy Steel Universal Tbk (PRAS). Conversely, the company with the lowest capital cost level of -3.3921 is obtained by PT Primarindo Asia Infrastructure Tbk (BIMA). The minus value occurs because the book value per share of the company is also minus (book value per share = -2.184). So, after the value is inserted into the formula that has been determined, the result of the capital cost level will be a minus. Thus, through the result of the descriptive analysis, it is known that the average level of capital cost of the companies that report comprehensive income is higher than the average level of the capital costs of the companies that do not report comprehensive income.

The result of this research is consistent with the hypothesis that has been determined. The result shows that H1.1 is accepted. So it can be concluded that, "There is a difference in the capital cost between the companies that report comprehensive income and the companies that do not report comprehensive income".

This could occur as a result of the use of fair value in assessing the company's assets that may give rise to an unrealized gain or loss. Unrealized gain or loss may increase or decrease the net income of a company that giving rise to different levels of capital costs. In addition, Wiwik (2005), in her research, argued that earnings management can also be as an influence on the level of capital cost. It is possible that the differences occur in the level of capital cost as a result of earnings management practices in the companies that report comprehensive income as well as the companies that do not report comprehensive income. However, it requires further research to prove.

2. Earnings Quality

The result shows that the significance level of earnings quality variable is 0.193. This indicates that the significance level of earnings quality is greater than the error rate (α) which has been set at 0.05 (0.193 > 0.05). Then H1.2 in this study is rejected. So, it can be concluded that, "There is no difference in the earnings quality between companies that report comprehensive income and the companies that do not report comprehensive income".

Earning is said qualified when it can help an investor make a decision. The better the quality level of the company's earnings, the more it may help investor make decisions, which are used for a long period. Vice versa, the lower the quality levels of the company's earnings, the lower the decision level of the investors to invest.

Based on the result of the descriptive analysis of the companies that report comprehensive, the company with the highest level of earnings quality of 38.2796 is obtained by PT Fajar Surya Wisesa Tbk (FASW). Conversely, the company with the lowest level of earnings quality of -22.0625 is obtained by PT Mulia Industrindo Tbk (MLIA). The minus value occurs because the company's EBIT is minus (EBIT = -23,516,679,000). So, after the value is inserted into the formula that has been determined, the result of level of the company's earnings quality will be a minus.

While, based on the descriptive analysis of companies that do not report comprehensive income, the company with the highest earnings quality level of 4.8079 is obtained by PT Prima Alloy Steel Universal Tbk (PRAS). Conversely, the company with the lowest earnings quality level of level of -2.4009 is obtained by PT Asiaplast Industries Tbk (APLI). The minus value occurs because the operating cash flow of the company is minus (Operating Cash Flow = -14,311,946,160). So, after the value is inserted into the formula that has been determined, the result of the company's earnings quality will be a minus.

The descriptive analysis that has been done indicates the average level of earnings quality of the companies that report comprehensive income is higher than the average level of earnings quality of the companies that do not report comprehensive income. However, the difference in the average level is not too far, so that the level of statistical tests finds the equality between the average level of earnings quality of the companies that report comprehensive income and the average level of earnings quality of companies that do not report comprehensive income.

The result of this research is not consistent with the research hypothesis that has been predetermined. The result indicates that H1.2 in this study is rejected. Therefore, it can be concluded that "There is no difference in the earnings quality between the companies that report comprehensive income and the companies that do not report comprehensive income".

This may occur as a result of the difference in the average acquisition level of earnings quality of the companies that report comprehensive income and the companies that do not report comprehensive income is almost the same. The difference in the earnings quality of the companies that report comprehensive income and the companies that do not report comprehensive income is 0.07.

In addition, it could happen because the earnings generated by the companies that report comprehensive income and the earning generated by the companies that do not report comprehensive income have a fairly high level of correlation with the cash flow generated by the companies that report comprehensive income and the cash flow generated by the companies that do not report comprehensive income. The result of this research is also consistent with research conducted by Fendi and Rovila (2011), in which the result of the study found that there is no difference in the company's earnings quality. However, Fendi and Rovila conducted research by distinguishing the company's earnings quality before and after the presence of audit committee on go public banks in Indonesia.

3. Profitability

Based on the data that has been processed using Mann Whitney Test, it shows that the significance level of profitability variable is 0.029. This indicates that the significance level of profitability is smaller than the error rate (α) which has been set at 0.05 ($0.029 \leq 0.05$). Then, H1.3 in this study is accepted. So, it can be concluded that, "There is a difference in the earnings quality between the companies that report comprehensive income and the companies that do not report comprehensive income".

Profitability is the level to measure the performance of a company at a certain period. Profitability is the most important thing to monitor the survival and development of a company. Through financial statement, a manager can determine the level of effectiveness of the company in running the company's activities. A manager can view and learn the company's financial statement as a guideline or material of consideration in decision making for the future. In general, the measurement of the level of profitability of the company is using the formula of ROA.

Based on the descriptive analysis of the companies that report comprehensive income statement, the company with the highest profitability level of 0.5099 is obtained by PT Hanjaya Mandala Sampoerna Tbk (HMSP). Conversely, the company with the lowest profitability level of -1.1458 is obtained by PT Davomas Abadi Tbk (DAVO). The minus value occurs because the net profit before tax owned by the company is minus (Net profit before tax = -2,876,207,469,151). Therefore, after the value is inserted into the formula that has been determined, the result of the level of company's profitability will be a minus.

While based on the descriptive analysis of the companies that do not report comprehensive income, the company with the highest level of 0.5396 is obtained by the PT Unilever Indonesia Tbk (UNVR). Conversely, the company with the lowest profitability level of -0.0819 is obtained by PT Sumalindo Lestari Jaya Tbk (SULI). The minus value occurs because the net profit before tax owned by the company is minus (Net income before tax = -116,954,021,856). So, after the value is inserted into the formula that has been determined, the result of the level of corporate profitability will be a minus.

The descriptive analysis that has been done indicates the average level of profitability of the companies that report comprehensive income is lower than the average level of profitability of the companies that do not report comprehensive income. The result of this study is consistent with the research hypothesis that has been determined. The result shows that H1.3 in this study is accepted. So, it can be concluded that, "There is a difference in the earnings quality of the companies that report comprehensive income and the companies that do not report comprehensive income". This may occurs as a result of the use of fair value in assessing the company's assets that can give rise to an unrealized gain or loss. Unrealized gain or loss may increase or decrease the net income of a company resulting in the different levels of profitability.

This may also occur because of differences in the company's stock price. Ina (2009), in her research, argued that Return On Asset (ROA) has bigger influence on stock prices than Net Profit Market (NPM) and Return On Equity (ROE). The higher the ratio is, the better the productivity of assets in gaining net profit. This in turn would increase the attractiveness of investors to the company. The more attractive the company, it can make investors attracted to invest, because the rate of return will be even greater. It will also make the company's stock prices in the capital market increase due to the higher demand of the share in the market that exceeds the supply. The company's stock price can be found on the company's income statement. The stock price may also affect different levels of profitability between the companies that report comprehensive income and the companies that do not report comprehensive income.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

This research aims to find out whether there is a difference in the capital cost, earnings quality and profitability between the companies that report comprehensive income statement and the companies that do not report comprehensive income statement. The samples are manufacturing companies that have been selected in accordance with the criteria set by the researcher. The samples of this study are 120 manufacturing companies listed on the Indonesia Stock Exchange in 2012.

The major component of this research is the company's consolidated financial statements, which have been prepared and published by the company at the end of the period ended on December 31, 2012. In addition, there are several additional components whose data can be seen from ICMD 2013. In this study, the research uses non-parametric difference test called Mann Whitney Test.

The result of this research can be concluded as follows:

1. Of the 120 samples of manufacturing companies studied, only 97 companies that have reported income statements which include other component of comprehensive income. While the remaining 23 companies do not report comprehensive income.
2. From the hypothesis testing that has been done, it can be concluded that H1.1 in this study is accepted, and H0.1 is rejected. So, this study proves that there is difference in capital cost between the companies that report comprehensive income and the companies that do not report comprehensive income.
3. From the hypothesis testing that has been done, it can be concluded that H1.2 in this study is rejected, and H0.2 is accepted. Therefore, this study proves that there is no difference in earnings quality between the companies that report comprehensive earnings and the companies that do not report comprehensive income.
4. From the hypothesis testing that has been done, it can be concluded that H1.3 in this study is accepted, and H0.3 is rejected. So, this study proves that there is difference in profitability between the companies that report comprehensive income and the companies that do not report comprehensive income.

In this study, several limitations may affect the result of the study such as:

1. The researcher gets difficulty in collecting information as the research references doe to the inadequacy of the available research articles that discuss about the effect of comprehensive income statement.
2. In this study, the researcher only uses research samples of 120 manufacturing companies.

Some suggestions addressed to several parties concerned in this research are as follows:

1. For the internal party of the company
   The company is expected to simplify the way of reporting its financial statement and keep on improving the level of its capital cost, earnings quality and profitability so that no one is harmed in analyzing and decision making in the future.
2. For the external party of the company (stakeholders)
   The prospective investors are expected to be more careful in analyzing the data before investment. It is intended that the level of decision-making can be beneficial for the long term in the future.
3. For the further researchers
   For the researchers who wish to conduct the study with the same title are expected to update the sample, to add the number of samples, to add the number of dependent variables, and to conduct research on non-manufacturing companies.

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