

CHAPTER I

INTRODUCTION

1.1 Background

In general, every company has a goal to maximize their profit. In the effort to fulfill their goal, the company usually will maximize their profit using their assets. There are a lot of companies that invest heavily on their fixed asset as it is the most important component in assets to maximize profit.

Unstable levels of inflation in Indonesia have caused a difficult business situation where the company financial position can no longer reflect their fair value due to significant price developments. The two international accounting standards (GAAP and IFRS) that are used in Indonesia have their own ways to implement measurement and recognition of company assets, especially on the fixed asset own by the company.

GAAP and IFRS are two widely used international accounting standards in companies all over the world. GAAP itself is a general accounting standard and the company goes public compiled by the Financial Accounting Standard Board (FASB) since 1973, as a continuation of the efforts of the American Institute of Certified Public Accountants (AICPA) since 1933, and used by businesses to regulate their financial information as concise as possible on accounting transaction record in financial reporting, as well as disclosing certain supporting information. Whereas IFRS itself is an international accounting standard compiled

by International Accounting Standard Board (IASB) developed since year 2001 to organize and report financial information. The difference between GAAP and IFRS measurement system according to Gerald Hanks is that in GAAP, the measurement system of fixed assets use a historical cost or acquisition cost, while in IFRS the company measure its fixed assets using fair value system.

This research will be centered on the fair value system of PT. Bank Jasa Jakarta. PT. Bank Jasa Jakarta is one of a few companies that did a revaluation of fixed asset which is also the reason why the writer choose PT. Bank Jasa Jakarta as the object research. Furthermore, PT. Bank Jasa Jakarta is one of the companies that have a medium level of asset, so the significant effect of the revaluation can be analyze and brought to a conclusion easily.

The effect of the revaluation implementation system will be analyzed and measured using the company financial performances in a form of ratio. According to Bragg (2018), “financial ratios compare the results in different line items of the financial statements. The analysis of these ratios is designed to draw conclusions regarding the financial performance, liquidity, leverage, and asset usage of a business. This type of analysis is widely used, since it is solely based on the information located in the financial statements, which is generally easy to obtain. In addition, the results can be compared to industry averages or to the results of benchmark companies, to see how a business is performing in comparison to other organizations.” By analyzing the financial ratios from 2013 to 2016, the effect of the revaluation of fixed asset will be seen clearly since the revaluation of fixed asset take place in 2015.

This research is essential to be done as the researcher realized that a revaluation of fixed asset can bring a significant impact on the financial performance of the company. Based on these, the researcher decides to set this thesis with a title as follow: “The Analysis Of Fixed Assets Revaluation and Their Impact On Financial Performance On PT. Bank Jasa Jakarta.”

1.2 Formulation of The Problem

In relation to background of the study as explained before, the problems to be researched are:

1. What are the effects of the fixed asset revaluation to PT. Bank Jasa Jakarta
2. What are the direct and indirect effects of the fixed asset revaluation to the financial ratio of PT. Bank Jasa Jakarta?

1.3 Research Objective

In accordance with the formulation of the problem, the objectives to be achieved in this study are:

1. To know the effects of the fixed asset revaluation to PT. Bank Jasa Jakarta
2. To know the direct and indirect effects of the fixed asset revaluation to the financial ratio of PT. Bank Jasa Jakarta

1.4 Research Benefit

The benefit of this research is for various parties which are:

1. For the researcher

With this research and analysis, the researcher can learn various effects of the fixed asset revaluation as well as getting to know the importance of implementing fixed asset revaluation system.

2. For other companies

With this research, the results the analysis can be used by companies as a consideration to implement the fixed asset revaluation system, so that it can improve their financial performance.

3. For other researcher

With this research, the results of the analysis can be used as a reference or an additional reference for other researchers who want to discuss the same problem

1.5 Systematic Discussion

The systematic of writing in this study is intended to be more focus on mapping the discussion, which is described as follows:

CHAPTER I INTRODUCTION

This chapter consists of background, research question, objective of the research, benefit of the research and systematic discussion. This chapter gives a picture of what's being research.

CHAPTER II THEORETICAL FRAMEWORK

This chapter consists of theories and definition which then can be used as a reference in the research analysis.

CHAPTER III METODOLOGY

This chapter consists of the object of the case study, the stages of the case study, technique of data collection, technique/evaluation of the case study.

CHAPTER IV RESULTS AND DISCUSSION

This chapter consists of description of the research object, result of analysis, and explaining the results of the study.

CHAPTER V CONCLUSION AND RECOMMENDATION

This chapter consists of conclusion, limitation of the research, and advice for the other researcher.

