

Value Relevance of Accounting Information from PSAK 72

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ABSTRACT

This study examines the value relevance of accounting information after PSAK 72 on the companies that are listed on Indonesia Stock Exchange. Ohlson's model is used to evaluate the research hypothesis and to estimate the research model using Generalized Least Squares (GLS) regression analysis. The results indicate that applying PSAK 72 has value relevance to accounting information. Stock price significantly correlates with the company's earnings, but the book value of equity has no value. PSAK 72 requires professional interpretation and judgment, which resulted in the recognition of differences for similar transactions. The complexity of PSAK 72 requires adjustments for the company to reduce profits, and it will react negatively to the users. PSAK 72 will better disclose its contract revenue with customers, but it requires lengthy preparation. To provide better information, IAI (*Ikatan Akuntan Indonesia*) needs to consider the transition period for the implementation.

Keywords: IFRS 15; accounting standard; Ohlson Model; revenue recognition.

INTRODUCTION

The demand for useful accounting information for decision-making increases, thus encouraging the need for accounting standards that have value relevance. It is one of the two fundamental financial statements referring to accounting information for decision-making purposes. Accounting information is useful when accounting information can estimate the expected stock return's value and risk. [39]. In other words, relevant information help predicts the company's condition in the future.

Financial reports will have a higher value relevance using IFRS (International Financial Reporting Standards) [8]. Indonesia has confirmed the flow of adjustments towards the IFRS base due to IFRS as a worldwide financial reporting standard. The use of IFRS-based standards is expected to improve the reporting quality. One of the changes is PSAK 72, adopting IFRS 15 regarding revenue from contracts with customers.

IFRS 15 proceeds a joint project between the IASB (International Accounting Standards Board) and the FASB (Financial Accounting Standards Board) because of the difference in the definition of income for each standard. It leads to different assessments of accounting recognition, even for the same transaction. The difference in income recognition will be intricate for investors to make decisions, reducing the usefulness of the financial report.

Financial statements' information meets users' needs if good decision-making is reached [39].

According to the decision usefulness theory, the objective of financial reports is to enhance decision-making. The value relevance is used by users to assess the usefulness of the information, and Ohlson's model is used to determine value relevance.

The Ohlson Price Model measures the relationship between stock prices and accounting variables, expressed in the elements of financial statements and income statements. The share price represents an investor's decision based on the information available to them. Information has value relevance when stock value responds to financial statement information [39].

Changing reporting standards in Indonesia to IFRS-based will change the value relevance of the produced information. The impact of applying IFRS 15 (PSAK 72), which is relevant to the value of accounting information, was studied in Norway in 2019. It was discovered that implementing IFRS 15 gradually became relevant for the construction industry [17].

Varied responses to applying the International Financial Reporting Standards (IFRS) in advanced and emerging countries allow for different PSAK 72 implications. There are still references to the impacts of using PSAK 72, as well as demands for relevant accounting information, implying that more research is needed. Therefore, this research topic is intriguing to be re-examined to determine the value relevance of accounting information after applying PSAK 72.

To answer applying PSAK 72 in Indonesia, the value relevance of accounting information, by comparing the company's financial statements before and after applying PSAK 72 [6], [17], [34], [36]. These studies use companies listed on the Indonesia Stock Exchange (IDX) in the property, real estate, and building construction sectors; for 2019 and 2020 financial reporting. Financial reporting in 2019 will be categorized as pre-implementation, while the 2020 period as post-implementation. We chose this sector because it will have the highest impact on PSAK 72 implementation [17].

PSAK 72

IFRS 15 is an international financial reporting standard that provides accounting guidance for revenue from contracts with customers. The IASB published this standard in 2014, and it has been implemented effectively in 2018 and is allowed for early implementation [23]. This standard is a joint project between the IASB and the FASB which houses the issuance of accounting standards in the United States [13]. This standard's issuance was encouraged because of the different definitions of IASB and FASB revenue, even for the same transaction.

IFRS 15 is more detailed in regulating revenue recognition than the previous standard because it will cause revenue recognition policies in some entities. Entities must consider the terms of the contract and all relevant facts and circumstances when applying IFRS 15. This principle can be implemented in five steps [23]. Also, IFRS 15 includes a set of cohesive disclosure requirements that will provide comprehensive information to users of financial statements.

IAI adopts IFRS 15 as the financial accounting standard, as PSAK 72. PSAK 72 will change contract revenue recognition, which was previously rigid (rule-based), to principle-based. PSAK 72 will take over the entire standard regarding the recognition of previous income; PSAK 23 regarding revenue, PSAK 34 regarding construction contracts, ISAK 10 concerning customer loyalty programs, ISAK 21 concerning real estate construction agreements, ISAK 27 concerning the transfer of assets from customers, and PSAK 44 concerning accounting for real estate development activities. Changes in financial reporting standards are also expected to enhance the quality of information conveyed by these standards.

Value Relevance

Value relevance is one of the fundamental qualitative characteristics of financial reporting

[24]. Relevance refers to the usefulness of financial accounting information for decision-making purposes. Investors can use accounting information to accommodate their predicted value and risk of stock returns [39]. Ohlson's model measures the relationship between the market value of accounting and other information [32].

Earnings are determined by a company's ability to manage its operations. In comparison, the book value of equity represents the company's resources to generate future profits [9]. Applying PSAK 72 will take over the entire standard that causes a substantial influence on financial reporting. For real estate and development activities companies, previously using PSAK 44, resulted in a company's financial performance looking worse than using the previous standard [31]. The revenue from the company's long-term contracts using PSAK 72 cannot be recognized in that year, causing the income to decrease.

Theoretically, the Ohlson model is a static framework for evaluating the market based on accounting fundamental variables and other types of information that support estimating firm value [40]. Bogstrand & Larsson suggests that accounting numbers have value relevance if they can reveal information that affects firm value [11]. The firm value observed from the stock price reflects users' decisions regarding accounting information.

Several studies have shown that presenting financial statements using IFRS as a reference increase value relevance [2], [33], [36], [41]. However, some evidence points out that applying IFRS reduces the value relevance of accounting information [4], [5], [18]. The use of different accounting standards results in further accounting information, and users react to changes in accounting information.

Decision Usefulness Theory discusses the accounting information's usefulness to help users make good decisions [39]. It states that if we cannot prepare theoretically correct financial statements, they should be more useful. This theory's rationality is that users choose alternatives to maximize the expected usefulness in decision making [33]. Decision usefulness theory encourages making accounting standards that are more useful for primary financial statement users or investors.

Under the decision-useful theory, accounting information is useful when assisting users in making decisions. We use the value relevance of accounting information to see its usefulness, and users will make different decisions when accounting information has value relevance. Thus the research hypothesis can be written as follows:

H1: Applying PSAK 72 increases the value relevance of accounting information.

When making investment decisions, investors will look at two main pieces of information: earnings and book value of equity. Changes in this information will substantially impact the company's stock price. Earning refers to a company's income or profit from its business activities, and it is useful for investors as a benchmark for capturing the return on investment.

Information on the importance of company profits will change investors' decisions if they have value relevance. An increase in value relevance of earnings was discovered in Germany and UK companies [15]. Meanwhile, Badu & Appiah found a decrease in the value relevance of company earnings [7].

The adoption of PSAK 72 changes the recognition of company revenue. The company performs more detailed revenue recognition compared to the previous standard. Applying PSAK 72 provides better information about the state of the company. Also, companies need to implement PSAK 72 to cause corporate profits to decline, and users will react negatively to a decrease in earnings. Thus the second hypothesis of this study is:

H1a: there is a difference in the value relevance of earnings information after PSAK 72.

Book value represents the resources allocated to generate future profits [9]. A high book value of equity indicates that the company has high resources for managing the company. Badu & Appiah and Kargin convey that reporting increases in the book value equity relevance when using IFRS [7], [26]. Consistent with this, it shows the value relevance rises after IFRS adoption for the book value of equity [22]. There was a decrease in the value relevance of information on equity's book value during the 2008 crisis [4]. However, the reduction in the book value of equity is lower than the company's profit.

The adoption of PSAK 72 consequence in recognition of company profits. Indirectly, the change in recognition will affect the company's book value. Investors' information regarding the book value of equity will be disturbed when the information has value relevance. Thus the third hypothesis research is:

H1b: there is a difference in the value relevance of information on the book value of equity after applying PSAK 72.

RESEARCH METHOD

The population of the study consists of all property, real estate, and building construction companies listed on the IDX. The researcher chooses this sector because changes in the financial standard using PSAK 72 will impact the company's

operating profit—firms whose primary source of revenue is contractually based. There are 96 companies listed on the IDX until December 28th, 2020. The data is obtained from the company's interim reports, quarters 1 to 3 in 2019-2020. The data is divided into pre and post PSAK 72 periods—2019 as pre and 2020 as the post. The research used the probability sampling technique and the sample was selected using the Cochran formula [25].

The researcher uses a panel data model to observe accounting information and the company's stock price. Panel data analysis is applied to accomplish heteroscedasticity and autocorrelation [36]. Regression is used in two stages to determine the value relevance of accounting information. The first stage is before applying PSAK 72, or 2019 financial statements, while the second stage is after applying PSAK 72, or 2020 financial statements.

The Ohlson Price Model is used in this research. P as share price, EPS as earnings per share, and BVPS as the book value of equity per share. The estimation of the first research model writes as follows:

$$P = \alpha + \beta_1 (\text{EPS})_{it} + \beta_2 (\text{BVPS})_{it} + \varepsilon \quad (\text{Model 1})$$

The first model is developed by including control variables. It consists of company size (SIZE), stock beta (BETA), and debt to equity (DE). These three variables are elements that influence the company's market risk. Firm size is considered a risk factor. Assuming a high return has a high risk, small companies have a high risk, making investors request greater returns. Beta is a proxy for risk and plays a crucial role in the multidimensional risk assessment model [36]. At the same time, equity debt is an additional variable to describe the predicted common stock returns.

The second model is also carried out in two stages as follows:

$$P = \alpha + \beta_1 (\text{EPS})_{it} + \beta_2 (\text{BVPS})_{it} + \beta_3 (\text{SIZE})_{it} + \beta_4 (\text{BETA})_{it} + \beta_5 (\text{DE})_{it} + \varepsilon \quad (\text{Model 2})$$

This study develops an estimation model using the IFRS dummy variable to ensure these results are robust [1], [14], [27], [34]. To determine whether there are differences in value relevance pre and post-determination of PSAK 72 can be seen through the dummy variable coefficient. By adding the IFRS variable, the third and fourth model estimates are as follows:

$$P = \alpha + \beta_1 (\text{EPS})_{it} + \beta_2 (\text{BVPS})_{it} + \beta_3 (\text{IFRS})_{it} + \varepsilon \quad (\text{Model 3})$$

$$P = \alpha + \beta_1 (\text{EPS})_{it} + \beta_2 (\text{BVPS})_{it} + \beta_3 (\text{IFRS})_{it} + \beta_4 (\text{SIZE})_{it} + \beta_5 (\text{BETA})_{it} + \beta_6 (\text{DE})_{it} + \varepsilon \quad (\text{Model 4})$$

The fifth and sixth models were developed to observe the differences in the value relevance of financial statement information—earnings and the book value of equity. The researcher observes the value relevance of the earnings and book value of equity from the interaction of the IFRS variable with the EPS and BVPS variables. The fifth and sixth model estimates are as follows:

$$P = \alpha + \beta_1 (\text{EPS})_{it} + \beta_2 (\text{BVPS})_{it} + \beta_3 (\text{IFRS})_{it} + \beta_4 (\text{IFRS} \times \text{EPS})_{it} + \beta_5 (\text{IFRS} \times \text{BVPS})_{it} + \varepsilon \quad (\text{Model 5})$$

$$P = \alpha + \beta_1 (\text{EPS})_{it} + \beta_2 (\text{BVPS})_{it} + \beta_3 (\text{IFRS})_{it} + \beta_4 (\text{IFRS} \times \text{EPS})_{it} + \beta_5 (\text{IFRS} \times \text{BVPS})_{it} + \beta_6 (\text{SIZE})_{it} + \beta_7 (\text{BETA})_{it} + \beta_8 (\text{DE})_{it} + \varepsilon \quad (\text{Model 6})$$

The regression models used Generalized Least Squares (GLS) and Eviews 10 software to test the hypothesis. This study tested three hypotheses, consisting of H1, H1a, and H1b, to answer whether there were differences in value relevance before and after applying PSAK 72. We conclude by looking at both approaches. The alternative hypothesis rejects if the two methods show mutually supportive results. If the regression coefficients pre- and post-applying PSAK 72 are different. And if the probability of significance of the IFRS interaction variable is less than 0.05.

RESULTS AND DISCUSSION

The researcher uses the Modified Cochran formula to determine sample size. This study uses a confidence level of 80%; the Z value is 1,282 ($Z_{\alpha/2}$). Sample proportion of 40% (p), and sample of error 0,05 (e). This study uses 60 companies as research samples each quarter from the overall population of companies in the study. Overall, this research used 360 (60 companies x 6 quarters) research sample data.

$$n = \frac{n_o}{1 + \frac{n_o - 1}{N}} = \frac{158}{1 + \frac{158 - 1}{96}} = 60 \text{ firm quarter}$$

Table 1 shows a descriptive statistic of the data each year. It indicates the average share price, earnings per share, and the book value of equity data in 2019 had a higher average than in 2020. It means a decline in earnings per share and the book value of equity companies in this sector as a whole in 2020. The decrease in this information reacts to investor decisions shown by a decline in share price. Nevertheless, share price, earnings per share, and book value equity data had a lower variety in 2020. Less variance indicates that in 2020 more data is close to the mean.

This research estimates the regression models using GLS with a SUR weights period to reduce heteroscedasticity and autocorrelation effects [42]. Table 2 shows the results of the regression models 3 to 6 to answer the first hypothesis. The regression results of the IFRS variable in each model have a probability of significance at the 1% level or less than alpha. The probability of significance is at a 1% value. The probability value of significantly less than alpha means that accounting information after applying PSAK 72 has value relevance.

Table 1. Descriptive Statistics

Panel 2019: Before PSAK 72 (IFRS = 0)						
	P	EPS	BVPS	SIZE	BETA	DE
Mean	1.434,83	8,82	1.041,95	12.236,91	0,76	1,04
Maximum	19.600	235,36	11.340	137.240,00	2,96	14,05
Minimum	50	-920,08	40,17	73,11	-2,25	0,03
	19.550	1.155,44	11.299,83	137.166,89	5,21	14,02
Std. Dev.	3.246,66	85,21	1.908,48	23.127,98	0,64	1,45
Panel 2020: After PSAK 72 (IFRS = 1)						
	P	EPS	BVPS	SIZE	BETA	DE
Mean	1.159,04	2,80	983,36	12.605,63	0,74	1,73
Maximum	25.100	296	9.990	116.370,00	2,23	113,40
Minimum	50	-192,17	-18,22	74,74	-0,09	0,03
Range	25.050	488,17	10.008,22	116.295,26	2,32	113,37
Std. Dev.	3.284,17	50,30	1.742,11	21.617,31	0,49	8,44

P: stock price, EPS: earnings per share, BVPS: the book value of equity per share, SIZE: company size, BETA: company market risk, DE: debt to equity ratio.
Source: Processed secondary data, 2021

The regression coefficient value is consistently negative for each model. The negative regression coefficient value indicates that applying PSAK 72 reduces the company's stock price. Each of them shows the regression coefficient value of the IFRS variable of -260.73; -268.06; -183.53; and -195.45. The data show that applying PSAK 72 will reduce the P-value by 195.45 rupiahs (model 6) to 268.06 rupiahs (model 4).

PSAK 72 is relevant for accounting data, according to the first hypothesis test. The adoption of PSAK 72 decreased the company's share price, and the test results are consistent in each research model. As a result, the alternative hypothesis of H0 is rejected.

The second hypothesis (H1a) examines it in two approaches. The first compares the EPS variable's regression results before and after applying PSAK 72. Table 3 and Table 4 show the probability of the EPS variable's significance is less than alpha or at the 1% level. Each indicates that the regression coefficient is positive, so the correlation between EPS and P is positive. The regression coefficient values before and after implementation are 7.94 and 1.34, respectively, in model 1. While the regression coefficient before and after implementation are 7.74 and 1.44, respectively, in model 2. This value indicates a difference in the EPS variable in explaining variable P. There is a difference in the EPS information value's relevance before and after applying PSAK 72.

Table 2. Regression Result on the Ohlson Interaction Modification Model

Variable	Model 3	Model 4	Model 5	Model 6
C	490.28 *** (0.0000)	449.94 *** (0.0000)	294.59 *** (0.0002)	280.99 *** (0.0037)
EPS	2.50 *** (0.0000)	2.54 *** (0.0002)	5.01 *** (0.0093)	4.66 ** (0.0165)
BVPS	0.45 *** (0.0000)	0.45 *** (0.0000)	0.511 *** (0.0000)	0.51 *** (0.0000)
IFRS	-260.73 *** (0.0000)	-268.06 *** (0.0000)	-183.53 *** (0.0007)	-195.45 *** (0.0004)
IFRS*EPS			-5.14 *** (0.0078)	-4.53 ** (0.0190)
IFRS*BVPS			0.025 (0.5943)	0.01 (0.8444)
SIZE		1.17 (0.9729)		29.60 (0.4164)
BETA		10.53 (0.7794)		-27.51 (0.4897)
DE		48.45 (0.2324)		36.55 (0.4094)
F Statistics	0.0000	0.0000	0.0000	0.0000
R ²	0.54	0.54	0.55	0.54
Observation	360	360	360	360
Heteroskedasticity				
LR Test (<i>Panel</i>)	0.0000	0.0000	0.0000	0.0000
<i>Cross-section</i>)				
Heteroskedasticity				
LR Test (<i>Panel</i>)	0.9483	0.9178	0.9789	0.9623
<i>Time-series</i>)				
Autokorelation				
(Durbin-Watson)	0.4753	0.5045	0.5064	0.5195

* p < 0,1; ** p < 0,05; *** p < 0,01

EPS: earnings per share, BVPS: the book value of equity per share, IFRS: dummy variable pre and post-PSAK 72, SIZE: company size, BETA: company market risk, DE: debt to equity ratio.

The second approach involves interacting the EPS variable with IFRS. The result presents in table 2. The estimation results show the probability of the EPS*IFRS variable's significance is less than alpha, respectively, or at the 1% level and the period after 5%. These results indicate that the EPS variable is relevant after applying PSAK 72. The regression coefficient values for models 5 and 6 are -5.14 and -4.53, respectively. The regression coefficient is consistently negative for each model, indicating that PSAK 72 impacts the company's stock price decline.

The two approaches used to assess these two studies' hypotheses provide consistent results. The first or second methods show that the EPS variable has value relevance after PSAK 72. Changes in EPS information due to applying PSAK 72 will cause a decline in the company's stock price. As a result, the alternative hypothesis of H0 is rejected.

The third hypothesis (H1b) is tested in two phases or in the same order as the second hypothesis. Tables 3 and 4 demonstrate that the probability of the BVPS variable becoming statistically significant is less than alpha or at the 1% level. Each has a positive regression coefficient, implying a positive association between BVPS and P. In model 1, the regression coefficients are 0.35 and 0.62 before and after implementation, respectively. While model 2 is 0.35 and 0.60. This number indicates that

there is a difference in the BVPS variable's ability to explain the P variable. It demonstrates a difference in the value relevance of BVPS information before and following the application of PSAK 72.

Table 3. Regression Result on the Model 1

Variable	Combined	Before	After
C	113,48 ** (0,0635)	495,12 *** (0,0000)	63,50 (0,2472)
EPS	2,37 *** (0,0006)	7,94 *** (0,0005)	1,34 *** (0,0079)
BVPS	0,46 *** (0,0000)	0,35 *** (0,0000)	0,62 *** (0,0000)
F Statistics	0,0000	0,0000	0,0000
R ²	0,45	0,34	0,69
Observation	360	180	180
Heteroscedasticity			
LR Test (<i>Panel</i>)	0,0000	0,0000	0,0000
<i>Cross-section</i>)			
Heteroscedasticity			
LR Test (<i>Panel</i>)	0,9557	1,0000	0,9978
<i>Time-series</i>)			
Autokorelation			
(Durbin-Watson)	0,4970	0,7647	0,3122

* p < 0,1; ** p < 0,05; *** p < 0,01

EPS: earnings per share, BVPS: the book value of equity per share

Source: Processed secondary data, 2021

Table 4. Regression Result on the Model 2

Variable	Combined	Before	After
C	46,61 (0,5820)	252,52 (0,1382)	104,74 (0,1900)
EPS	2,60 *** (0,0004)	7,74 *** (0,0006)	1,44 *** (0,0049)
BVPS	0,46 *** (0,0000)	0,35 *** (0,0000)	0,60 *** (0,0000)
SIZE	23,66 (0,5426)	2,04 (0,7268)	5,31 * (0,0906)
BETA	12,26 (0,7670)	97,15 (0,2723)	-136,93 *** (0,0066)
DE	51,26 (0,2852)	155,66 (0,2764)	28,73 (0,5928)
F Statistics	0,0000	0,0000	0,0000
R ²	0,46	0,35	0,68
Observation	360	180	180
Heteroscedasticity			
LR Test (<i>Panel</i>)	0,0000	0,0000	0,0000
<i>Cross-section</i>)			
Heteroscedasticity			
LR Test (<i>Panel</i>)	0,9246	1,0000	0,9963
<i>Time-series</i>)			
Autokorelation			
(Durbin-Watson)	0,5285	0,7653	0,3198

* p < 0,1; ** p < 0,05; *** p < 0,01

EPS: earnings per share, BVPS: the book value of equity per share, IFRS: dummy variable pre and post-PSAK 72, SIZE: company size, BETA: company market risk, DE: debt to equity ratio.

The regression results for the interaction BVPS variables are shown in Table 2. The estimation results show the probability of the BVPS*IFRS variable's significance is more than alpha, respectively. The BVPS*IFRS variable has a significance of 0.5943 in model 5 and 0.8444 in model 6. It does not significantly affect variable P. These results indicate that the BVPS variable has no value relevance to accounting information.

The first method demonstrates that after applying PSAK 72, the value relevance of BVPS information increases. Meanwhile, the second method shows that BVPS information has no value relevance. The findings of the two tests were inconclusive, and it concludes that the alternative hypothesis accepted H0.

Interpretation of Results

The term “value relevance” refers to the usefulness of accounting information to users in making decisions. The primary users of accounting information are investors. Decisions made by users of accounting information reflected the company’s share price. If accounting information has value relevance, its share price will change according to investors’ decisions.

Value Relevance of Accounting Information After Adoption PSAK 72

Changes in accounting standards can change the content of accounting information. An investor’s response to accounting information varies if it has value relevance in a decision usefulness theory. Adopting PSAK 72 regarding revenue from contracts with customers will change company revenue recognition.

PSAK 72 provides for a more detailed revenue recognition than the previous standard. It will cause changes in the revenue recognition policy of the company. They must consider the terms of the contract and all relevant facts and circumstances. PSAK 72 requires a five-step model for implementing this principle.

Although there is no indication of management or earnings manipulation, this standard still requires professional interpretation and judgment, leading to different recognition for similar transactions [19]. The company may recognize revenue over time or at a point in time, depending on professional judgment.

PSAK 72 will provide better disclosure regarding its contract revenue with customers [37], [38]. More comprehensive income disclosure makes it easier for users of financial statements to interpret accounting information. Nevertheless, the research reveals the company is still not ready for disclosure under PSAK 72. The process of fully implementing PSAK 72 requires a process that is not easy and requires a relatively large allocation of resources in terms of time and costs [10], [30], [31].

The company’s preparations caused a decrease in the company’s revenue recognized at the beginning of implementing PSAK 72. A decline in company profits after implementing PSAK 72 can

be a wrong signal for investors and analysts. Investors and analysts will respond negatively to the decline in company profits.

Empirical research shows that differences in market conditions in each country lead to differences in value relevance. The value relevance of accounting information in developing country markets is lower than in developed country markets [20]. The low level of sophisticated investors is one of the causes of market imperfection in developing countries.

IFRS adoption increases the difficulty of financial reports to understand. Hence readers are required to have higher competence in understanding IFRS-based financial statements. [21]. The adoption of the new standard requires certain adjustments for analysts. This adjustment can increase analyst forecasting errors [27]. As a result, adopting new standards will cause a temporary decrease in analysts’ accuracy or investors’ forecasts.

The empirical research test shows differences in the value relevance of accounting information after applying PSAK 72. As the primary users of financial reports, investors react negatively to applying PSAK 72. The empirical testing results are consistent with the research of [5], [16]. This concludes that applying PSAK 72 has a value relevance to accounting information.

Value Relevance of Earnings Information After Adoption PSAK 72

Changes in accounting practices for revenue also influenced the accuracy of corporate earnings. Company income and profits are significant figures from financial statements [35]. Descriptive statistics show that after PSAK 72, companies report lower earnings and have more downward earnings variations. PSAK 72 causes companies to recognize lower revenues than pre-accounting standards [10], [30]. Because information on company earnings is the indicator most often seen by investors to make decisions, a decrease in company profits will significantly impact investors’ decisions.

The company will recognize the resources expended at the beginning of PSAK 72 as an expense that will reduce the company’s profit. The decline in company profits due to the consequences of implementing PSAK 72 is a wrong signal for investors and analysts. Bias towards revenue recognition will increase the tendency to interpret company earnings information. The new standard will negatively impact external users’ understanding of transactions [30].

Economic conditions also influenced company revenue and profits. The financial crisis caused

companies in the property, real estate, and building construction sectors to experience a decline in sales. This condition will reduce the company's revenue so that the company's profit will decrease. A decrease in company profits will cause investors to react negatively.

Empirical testing shows differences in the value relevance of earnings information after applying PSAK 72. The statement depends on testing the second hypothesis in Table 4.9. The empirical results of the research show that investors react negatively to the application of PSAK 72 [3], [4], [7]. Given that PSAK 72 focuses on revenue from contracts with customers, information about company profits will most impact changes in reporting standards.

Value Relevance of the Book Value Equity Information After Adoption PSAK 72

Information on the book value of equity and earnings are two interrelated indicators. The book value of the company's equity will increase when the company experienced a profit in the previous period. The earnings are not distributed to shareholders as dividends but are retained earnings by the company. The use of company profits, such as dividends and retained earnings, is usually determined at the end of the annual reporting period.

Applying PSAK 72 focuses on revenue from contracts with customers; information regarding the book value of equity will not significantly impact. In addition to decreasing corporate profits due to adjustments to PSAK 72, the economic crisis also reduced the company's ability to generate profits. Information on the book value of equity is not affected by applying the standard. Therefore, information on the book value of equity has no value relevance.

The results of testing the third hypothesis indicate a difference in the value relevance of the book value of equity after applying PSAK 72. This relationship is considered fragile and has no significant effect on some research models [12], [28], [29]. Thus the conclusion is that there is no difference in the value relevance of information on the book value of equity after applying PSAK 72.

CONCLUSION

This study examines the value relevance of accounting information in financial statements after PSAK 72 in Indonesia. The empirical testing results show that applying PSAK 72 has the value relevance of accounting information for property, real estate, and building construction sector companies listed on the IDX in 2019-2020. The test

indicates that the EPS information after applying PSAK 72 has value relevance.

PSAK 72 requires interpretation and professional judgment that cause different recognition for similar transactions. PSAK 72 better discloses the company's contract revenue with customers, but the disclosure requires lengthy preparation. The complexity of implementing PSAK 72 will require adjustments to reduce company profits. A decrease in profit will be reacted negatively by users of accounting information, especially investors.

The decision usefulness theory states that if we can't prepare theoretically correct financial statements, they will be more useful. Basic IFRS emphasizes the usefulness of decisions from financial statements. This study proves that accounting information prepared using IFRS changes user decisions. The Ohlson Price Model is still relevant, as evidenced by its market value for accounting variables.

This research only uses one year of observation after applying PSAK 72. An extended research period is needed to determine the increase or decrease in accounting information's value relevance. Future research is expected to use a more comprehensive research period to assess the impact of PSAK 72 on the value relevance.

The economic crisis that occurred in 2020 could impact the research results on the value relevance of accounting information. Comparative data after the crisis period is needed to determine the impact of the economic crisis. The further study examines the effect of the financial crisis on the value relevance of accounting information after applying PSAK 72. Further research compares the value relevance of accounting information from applying PSAK 72 in all sectors of companies listed on the IDX

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