

**ANALYSIS IMPACT OF TRANSFER SOME ASSETS PT TAMBANG TIMAH TO PT
TIMAH (PERSERO) TBK ON THE PERFORMANCE AND EFFICIENCY
PT TIMAH (PERSERO) TBK**

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Abstract-The independence program's subsidiary company PT Timah (Persero) Tbk (PT Tbk) among others PT Tambang Timah (PT TT), which resulted in leasing transactions for buildings, machinery and equipment are charged by PT TT to PT Tbk for the use of buildings, machinery and equipment PT TT used by PT Tbk. PT Tbk is a tin ore mining company that lease the assets from its subsidiary (PT TT) in the form of 5 (five) dredges for tin mining operations based on mining permission (IUP) of PT Tbk with a total cost of lease per year is Rp. 40.202.862.562, - (include VAT) with a lease term of 5 (five) years. With the company's operational cost efficiency, then PT Tbk review if the cost of leasing this property is cheaper or more expensive than the assets purchased by PT Tbk from PT TT. Buying Option 5 (five) dredges can result efficiency with reduce cash out money amounting to Rp. 90.257.696.866,- and can improve the performance of PT Tbk is shown in the ROA ratio analysis projected in 2013 to 11%, ROI (11%), and ROE (15%). Implementation plan buying of 5 (five) dredges are Dredges 16 Kebiang, Dredges 20 Belitung 1, Dredges 21 Singkep 1, Dredges 11 Karimata and Dredges 7 Meranteh is expected in mid-2013, the company efficiency is soon realized. Thus, the funds already budgeted for the payment of taxes and interdistric transaction on lease 5 (five) dredges can be used to the five dredges maintenance costs itself.

Keywords: Leasing-Buying, ROA, ROI, ROE.

1. Introduction

In the middle echo "efficiency" staged by the directors of PT Tbk and its subsidiaries, the leasing transactions between PT Tbk and PT TT should be reviewed in cash flow and performance of PT Tbk. PT Tbk will buy assets PT TT which are leased by PT Tbk to be owned and manage the assets more freely. Likewise PT Tambang Timah can avoid spending cash for payment Value Added Tax (VAT) and the cost of maintenance or replacement spare part of assets.

2. Literature Review

In the Statement of Financial Accounting Standards (SFAS) of 30 (revised 2011), regarding Lease: "Operating lease is a lease other than a finance lease In operating leases, lease payments (excluding the cost of services such as insurance and maintenance) are recognized as an expense on a straight-line method except where another systematic basis is more representative of the time pattern of the benefits enjoyed by the user, even if payment is not made on that basis".

In the Statement of Financial Accounting Standards (SFAS) of 16 (revised 2011), Fixed Assets SFAS of 58 (revised 2009): "Non-current assets held for sale and discontinued operations".

This means that the assets owned PT Tambang Timah which is no longer operated in PT Tambang Timah could be sold both to internal and external of the company with the approval of the Commissioner of the company if its value is less than 50% of net worth of the company. If more than that amount, must through the approval of the General Meeting of Shareholders.

Analysis of leasing or buying assets of company using method who simple namely the Net Advantage to Leasing (NAL) is the total monetary savings that would result from lease an asset, as opposed to purchase it outright. The benefit of leasing is determined by comparing the present value cost of leasing the Present Value Cost of Buying such as theory in the book "Financial Management, Theory and Practice" chapter 20 as follows:

"NAL = Present Value of cost of owning - Present Value cost of leasing" "If the PV cost of owning exceeds the PV cost of leasing, so the NAL is positive. Therefore, Anderson should lease the equipment". (Brigham, 2005: 697)

Theory in the book Principles of Managerial Finance chapter 3 that is "The return on total assets (ROA), often called the return on investment (ROI), measures the overall effectiveness of management in generating profits with its available assets. The higher the firm's return on total assets is better.

The calculate as follows: $ROA = \text{Earnings available for common stockholders} / \text{Total assets}$ " (Gitman,2012: 81)

Based on the book "Fundamentals of Corporate Spending " chapter 20 as follows:

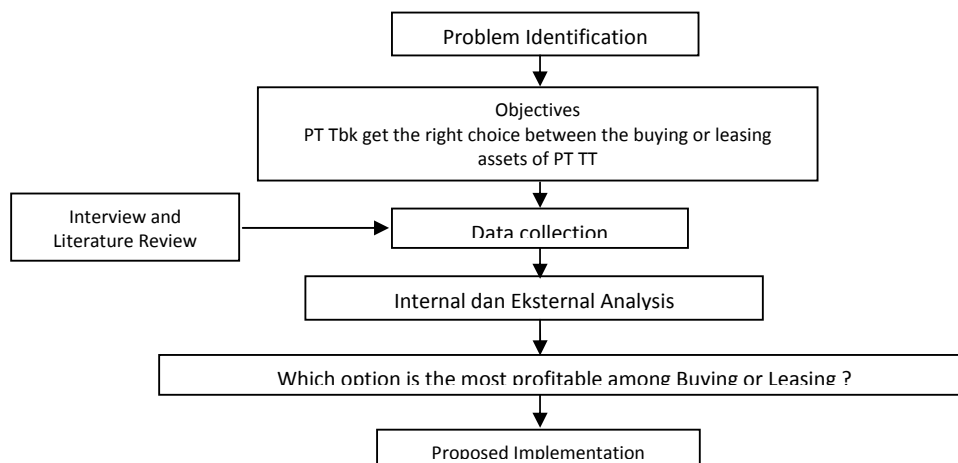
"Net earning power ratio (Rate of Return on Investment/ROI) is ability of capital invested in total assets to generate net profit.

Formula : $ROI = \text{Earning after Tax} / \text{Total Assets}$ " (Riyanto,2008: 336)

Based the theory of from the book "Principles of Managerial Finance" chapter 3 that is "Return on Common Equity (ROE) measures Reviews the return the earned on Reviews the common stockholders' investment-in the firm. The calculation is:

$ROE = \text{Earnings available for Americans the common stockholders} / \text{Common stock equity}$ (Gitman, 2012: 82)

3. Methodology



Methodology which is used for solving the problem is in figure 3.1.

4. Analysis and Discussion

Assets to be leased or purchased by PT Timah (Persero) Tbk is the assets of PT Tambang Timah is no longer used by PT Tambang Timah because mining permission of PT Tambang Timah less than mining

permission of PT Timah (Persero) Tbk, but the condition of the assets is still good and much needed PT Timah (Persero) Tbk to mine in connection with government regulation no. 4/2009.

These assets are the means of production such as mining dredges, machinery, heavy equipment vehicles, and office buildings in the area of mining operations of PT Timah (Persero) Tbk in Bangka Belitung and Karimun Kundur.

4.1. Leasing Assets Alternative

The first alternative solution is PT Timah (Persero) Tbk lease assets to PT Tambang Timah, the cash coming out of PT Timah (Persero) Tbk is not as big as the purchase price of these assets, but the depreciation of these assets coupled with VAT, Income Tax and Income Tax Ps.23 Final. Table 4.1 below is a historical total debt of PT Timah (Persero) Tbk on lease assets machinery, equipment and buildings for 3 (three) years earlier.

Table 4.1. Recapitulation lease of Machines, Equipments and Buildings' PT Tambang Timah 2010 - 2012

Name of Assets	Average Lease a year	Average VAT a year	Average Tax PPh	Amount of Lease
			Ps.23 and Final a year	
Machines and Equipments	Rp 128.123.199.840,95	Rp 12.812.319.984	Rp 2.562.463.997	Rp 143.497.983.822
Buildings	Rp 4.135.472.235,33	Rp 413.547.224	Rp 413.547.224	Rp 4.962.566.682
Amount :				Rp 148.460.550.504

Figure 3.1. Conceptual Framework

In Table 3.1 above, PT Timah (Persero) Tbk be projected for the year 2013 how lease assets machinery, equipment and buildings which will be paid in cash is approximately Rp. 148.460.550.504, - include VAT and Income Tax.

4.2. Buying Alternative

The second alternative is to buy the assets of PT Tambang Timah hired by PT Timah (Persero) Tbk, which have a total book value of Rp. 184.138.619.317, - before re-evaluation (appraisal) and VAT.

4.3 Impact on Financial

The first alternative, the projected cash payments per year lease assets is quite large because it also includes the payment of VAT and income tax assets are. Based on historical data on asset lease payments three (3) years earlier in Table 3.1, when compared to the purchase of the leased assets is in table 3.2, the cash will be spent to lease assets of approximately 80% of the purchase price by the book value of assets before the revalued assets or market value of the asset.

The second alternative is leased assets of PT Tambang Timah was purchased by PT Timah (Persero) Tbk, it will reduce the cash that will come out when compared with the first alternative asset lease. Taxes that would be paid to the State Treasury also are only once at the time of purchase. Between these two alternatives consideration when selecting the first alternative is the cash that will be incurred even if the total of the year, but the implementation of the cash expenditures made by PT Timah (Persero) Tbk monthly basis for rental bills of PT Tambang Timah is done on a monthly basis. But when choosing the second alternative, then the money will be spent immediately after the purchase price of the asset revaluation.

Another consideration is when assets are purchased, it will tidy up the structure for the company's cash flow cost of capital on a consolidated basis to the cash flows that the subsidiary will also affect the structure of the parent company's cash.

4.4. Impact on Operations

In terms of operation, when the asset was purchased before the operating performance is hampered because the authorization process development assets in the owner or PT Tambang Timah, then the purchased PT Timah (Persero) Tbk can freely develop these assets with its own budget and budgeted organize themselves for the operation of such assets, for example, to the development of the dredger ship will be modified into a "bucket wheel (BWD)" tin can dig deeper into the seabed so it will get more tin ore and thus the operating performance of PT Timah (Persero) Tbk will increase. The previous budget because it is still owned PT Tambang Timah, the budget for "capital expenditure" assets are budgeted at PT Tambang Timah and depreciation charged by PT Tambang Timah to PT Timah (Persero) Tbk. These assets in "Standard Operating Procedure (SOP)" Companies have two (2) categories namely class 2 (two) for machines and tools of production depreciation rate of 25% of book value, and group building depreciation rates 5% of the value of that asset.

The process of technology transfer from the dredger to be "bucket wheel (BWD)" is an ongoing very important for the sustainability of the Company's business, given the rampant mining in the sea Unconventional especially in shallow water. BWD existence makes the Company is able to perform in the offshore waters at depths up to 70 meters, which have not been able to reach the ships of miners unconventional.

4.5. Side effects of Human Resources

Human Resources (HR) who operated these assets, both rental and purchase, slowly from PT Tambang Timah transferred to PT Timah (Persero) Tbk, because HR saat is owned by PT Timah (Persero) Tbk is decreases as the number of employees who retired.

This does not affect the financial PT Timah (Persero) Tbk, because besides they replace employees who retired, their cost is also directly proportional to the income earned by the assets will be leased or purchased it.

From the data above, the purchase and lease of assets, cash out for lease assets is lighter because it was issued on a monthly basis rather than direct asset purchases with cash to spend a great value. Therefore, companies need to consider the cash flow of the company, are able to buy all the assets that are rented or purchased the assets gradually advance the priorities according to the money available this year.

When viewed from the list of assets leased by PT Timah (Persero) Tbk, the mining tools are very significant and must be purchased in advance priority is-dredges dredges for tin ore mining operations of PT Timah (Persero) in IUP of PT Timah (Persero) Tbk, because it is directly related to the company's production operations. So far, that has all the dredgers are PT Tambang Timah, because previous PT Timah (Persero) Tbk does not have because it is not mine dredges, mining operations handed over to PT Tambang Timah. There are 5 dredgers hired by PT Timah (Persero) Tbk, *Dredger 16 Kebiang, Dredge 20 Belitung 1, Degree 21 Singkep 1, Dredges 11 Karimata and 7 Meranteh. Picture of Degrees* is attached to the attachment page. The average rental price of five dredgers PT Tambang Timah before VAT and income tax per year is Rp. 36.548.056.875, - whereas when purchased from PT Tambang Timah with the fifth book value or price of the dredger before being assessed again is Rp. 106.765.792.062, - as in the table 4.2 below:

Table 4.2. Price of Lease, Book Value, Amount of Employee and Employee Cost of Five Dredges

Name of Dredges	Average of Price Lease After Margin 5% a year (Rp.)	Book Value 31 Desember 2012 (Rp.)	Amount of Employee	Amount of Employee Cost
KK 16 KEBIANG	4.448.931.908	12.406.411.737	55	Rp 197.862.750
KK 21 SINGKEP 1	10.090.003.953	28.599.534.620	85	Rp 337.013.250
KK 11 KARIMATA	4.746.177.967	12.176.122.649	76	Rp 344.448.000
KK 7 MERANTEH	4.096.234.643	10.677.109.762	102	Rp 384.369.500
KK 20 BELITUNG I	13.166.708.405	42.906.613.294	97	Rp 353.106.250
Amount :	36.548.056.875	106.765.792.062	415	Rp 1.616.799.750

Cash out per year for the payment of taxes (VAT and income tax article 23) the lease of five (5). This dredger is approximately Rp. 4.385.766.825, -. Total staff costs per month for 5 (five) dredges are Rp. 1.616.799.750, - mentioned in table 4.2 Employee costs of 5 (five) dredges slowly has become the cost of production of PT Timah (Persero) Tbk. Although employees are still in the process of mutation of PT Tambang Timah to PT Timah (Persero) Tbk, but cash expenses on the employee cost per month of PT Tambang Timah transferred to PT Timah (Persero) Tbk, so that these costs can be factored into the cost production per dredger in PT Timah (Persero) Tbk. Thus the cost per structure dredges is now entering its employees cost.

Table 4.3 Tin Ore Production From 5 (Five) Dredges which will be Bought.

Name of Dredges	CUFT	Tin Ore Production (TON)	
		2012	2013
KK 16 KEBIANG	16	420	380
KK 20 BELITUNG I	22	647	515
KK 21 SINGKEP 1	24	241	335
KK 11 KARIMATA	14	252	429
KK 7 MERANTEH	14	408	495
Amount :		1.968	2.154

Table 4.3 from tin ore production data for 5 (five) dredges will be purchased by PT Timah (Persero) Tbk from PT Tambang Timah, production of which has been generated in 2012 is equal to 1.968 tons and the projected production in 2013 is 2.154 tons. Tin ore production is to increase tin ore production of PT Timah (Persero) Tbk.

During the year ended December 31, 2012, the Company and its subsidiaries continue to maintain its strategy in 2011 is to maintain the ratio of bank loans to equity to a maximum of 30:70. In 2012, ratio of bank loans to equity is 6%.

With the company's short-term loan for the acquisition of five (5) dredgers worth after VAT is Rp.117.442.371.268, -, then the projection of ratio of bank loans to equity becomes 8%.

With a projected EBITDA ratio of PT Timah (Persero) Tbk against projected interest expense in 2013 to 1,247% in table 4.4, this means that more than one bank loan requirements are a minimum of 300%. Thus the purchase or lease of assets through bank loans, the Company did not have any problem in payment of interest on the loan.

Table 4.4. EBITDA ratio of PT Timah (Persero) Tbk in 2012 and projected in 2013

Descriptions	2012	2013
Depreciation and Amortization	389.875	389.875
Interest Expense	30.305	39.700
Earning before Tax	646.639	924.501
EBITDA	226.459	494.926
EBITDA Ratio on Interest Expense	747%	1247%

As Lessee, PT Timah (Persero) Tbk typically use short-term bank loans or Working Capital Loan (WCL) revolving. Table 4.5 Calculation of Lease Assets to Short-Term Bank Loans a year, due to the lease of 5 dredges per year revolving working capital assumptions BTMU (Bank of Tokyo-Mitsubishi UFJ, Ltd), bank lending last year by 8%, assuming the rental price of Rp. 40.202.862.562, - after the VAT total loan principal repayment is Rp. 40.202.862.562, - and the total interest to be liabilities of the company is Rp. 3.216.229.005, - a year.

Table 4.5. Lease Calculation 5 (Five) Dredges with Short Term Loan

Loan	Rp 40.202.862.562	KMK Revolving	
Interest	8%		
Term	1 Year		
Year	Initial Loan	Payment	Interest
1	Rp 40.202.862.562	Rp 40.202.862.562	Rp 3.216.229.005
		Rp 40.202.862.562	Rp 3.216.229.005

When hired by PT Timah (Persero) Tbk for 5 (five) years, then every year working capital loan is extended, then the interest will be paid to the bank when the interest rate at 8% is 5 x Rp.3.216.229.005, - = Rp . 16,081,145,025, - and total assets of lease payments to PT Tambang Timah is 5 x Rp. 40,202,862,562, - = Rp. 201 014 312 811, -

From Table 4.6, Calculation Buying 5 Dredges with short-term bank loan, assuming a purchase price equal to the asset appraisal price after VAT, revolving working capital loan interest of 8% and a loan term of 1 (one) year, then the total repayment of bank loans amounted to Rp . 117 442 371 268, - and a total interest for this loan is Rp. 9.395.389.701, -

Table 4.6 Buying Calculation 5 (Five) Dredges with Long Term Loan

Loan	Rp 117.442.371.268	KMK Revolving	
Interest	8%		
Term	1 Year		
Year	Initial Loan	Payment	Interest
1	Rp 117.442.371.268	Rp 117.442.371.268	Rp 9.395.389.701
		Rp 117.442.371.268	Rp 9.395.389.701

When viewed from both the above calculation, the rental and purchase of assets, the more efficient price is the purchase price of assets Rp.117.442.371.268,- + bank interest Rp.9.395.389.701, - = Rp. 126.837.760.970,- than the total assets of the rental price for 5 (five) years = Rp. 201.014.312.811,- + total interest Rp. 16.081.145.025,- =

Rp. 217.095. 457.836,- by a margin of less expensive purchase price Rp. 9.,257.696.866,- (42%) than the price of an dredges leases.

4.4. Net Advantage to Leasing (NAL), ROA, ROI and ROE

The following table 4.7, shows the difference between the present value of the cost of owning (purchase cost) and the present value cost of leasing (rental fee). NAL is the difference between cost of purchasing and the cost of leasing, so if the value of the NAL is positive, so profits for leasing option, but if it is negative, the advantages for buying option.

Tabel 4.7. PV Cost of Owning (Borrowing and Buying) and PV Cost of Leasing

Description	Year 1	Year 2	Year 3	Year 4	Year 5
I. Cost of Owning (Borrowing and Buying)					
1. Payment	(117.442.371.268)				
2. Maintenance cost	(25.000.000.000)				
3. Maintenance tax savings	7.000.000.000				
4. Depreciation tax savings	41.104.829.944				
5. Net Cash Flow	(94.337.541.324)				
6. PV Cost of Owning at 5,76%	(Rp89.334.792.921)				
II. Cost of Leasing					
1. Lease payment	(40.202.862.562)	(40.202.862.562)	(40.202.862.562)	(40.202.862.562)	(40.202.862.562)
2. Payment tax savings	11.256.801.517	11.256.801.517	11.256.801.517	11.256.801.517	11.256.801.517
3. Net Cash Flow	(28.946.061.045)	(28.946.061.045)	(28.946.061.045)	(28.946.061.045)	(28.946.061.045)
4. PV Cost of Leasing at 5,76%	(Rp122.731.567.569)				

With projections:

Short-term bank loan for 1 year.

Corporate Tax = 28%.

Interest rate = 8%.

Discount factor = $8\% \times (1 - \text{Corporate Tax}) = 5.76\%$.

then:

$\text{NAL} = \text{PV cost of owning} - \text{PV cost of leasing}$

$\text{NAL} = \text{Rp.}89.334.792.291 - \text{Rp.}122.731.567.569$

$\text{NAL} = \text{Rp}33.396.774.648, -$

PV cost of owning (PV buy five dredges) is smaller than the PV cost of leasing (PV lease five dredges). From results of these calculations, you should buy the option selected is 5 (five) the dredges.

The level of efficiency of the company to generate profits from all the existing assets can be seen from the ratio Return on Assets (ROA) and Return on Investment Ratio (ROI).

The company ROA ratio per December 31, 2012 is equal to 7%. Expected to have more dredges, the ROA will increase or in accordance with the expected target company in 2013.

With projections in 2013 (in millions of dollars):

Interest expense = Rp.39.700, -

EBIT = Rp. 924 501, -

Tax = Rp. 215 051, -

Assets = Rp. 6,189,089, -

$$\text{ROA} = \frac{\text{Earnings available for common stockholders}}{\text{Total Assets}}$$

$$\text{ROA} = \frac{924.501 - 215.051}{6.189.089}$$

$$\text{ROA} = 11\%$$

If the above projections obtained in 2013, it will make the ROA increased to 11% compared to the year 2012 (7%).

ROI ratio with the addition of an asset purchase of 5 (five) dredgers, the ROI ratio in 2013 was 11%.

$$\text{ROI} = \frac{\text{Keuntungan Neto sesudah Pajak}}{\text{Total Aktiva}}$$

$$\text{ROI} = \frac{924.501 - 215.051 - 39.700}{6.189.089}$$

$$\text{ROI} = 11\%$$

Results from the use of such assets can be seen from the ratio of Return on Equity (ROE) is the company's ability to provide the return on investment to the investors. ROE ratio of PT Timah (Persero) Tbk per December 31, 2012 is equal to 12%.

With projections company Equity in 2013 = Rp. 4.558.200 million, -, then the formula is based on the theory ROE apart from Gitman, the theory of the course finance material from Mr. Prof.Dr.Ir. Sudarso Kaderi Wiryono, DEA that "ROE=EBIT-Interest-Tax : Equity"

$$\text{ROE} = \frac{\text{EBIT - TAX - INTEREST}}{\text{EQUITY}}$$

$$\text{ROE} = \frac{924.501 - 215.051 - 39.700}{4.558.200}$$

$$\text{ROE} = 15\%$$

When projecting above 2013 runs in accordance with the company's plans, the company's ROE will rise to 15% compared to the year 2012 (12%).

5. Conclusions and Suggestions

5.1. Conclusions

Results of analysis of primary and secondary data on the impact of the transfer of assets of PT Tambang Timah (subsidiary) to PT Timah (Persero) Tbk (the parent company), it can be concluded that the priority purchase of 5 (five) more dredges positive impact on the efficiency of the company and also effective on the performance of the company PT Timah (Persero) Tbk than lease assets are:

- With the purchase of assets (five dredges) owned PT Tambang Timah, then the company will be released from the burden of the VAT tax, article 23 total Rp. 4.385.766.825,- per year.

- Analysis of the total savings from asset lease option for 5 (five) years as opposed to buy directly, produce minus the difference in cost Rp. 33,396,774,648, -, which indicates that the lease option is not favorable compared dredges was purchased.
- Buying Option 5 (five) dredges can result efficiency total Rp. 90,257,696,866, -
- Projected ROA in 2013 by 11%, the projected ROI of 11% in 2013 and projected ROE in 2013 increased by 15% than in 2012, this shows the efficiency and performance of PT Timah (Persero) Tbk, which increased in 2013.
- In terms of human resources, the impact of the transfer of assets 5 (five) dredges does not affect the company's earnings and expenses as directly proportional to the revenue generated.

5.2. Suggestion

- Five dredges should be purchased in order to realize improved performance and efficiency in the company, PT Timah (Persero) Tbk.
- In connection with the Act No. 4 in 2009, should 5 (five) dredges were purchased, these dredges such as production tools those will always be used by PT Timah (Persero) Tbk since most of the dredges operating in the region mining permission of PT Timah (Persero) Tbk.

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