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FIXED ASSETS REVALUATION TO INCREASE VALUE RELEVANCE OF FINANCIAL STATEMENTS

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Abstract

The purpose of this study was to analyze revaluation practice and investigate the influence of leverage, liquidity, company size, fixed asset intensity, and the company's growth toward the decision to revalued fixed assets. Samples involved in this study are infrastructure, utility, and transportation companies listed on the Indonesia Stock Exchange. There were only 12 companies that revalued fixed assets in 2012, 2013 and 2014 from a total of 75 companies analyzed. The data analyzed using logistic regression methods includes the overall model fit test, the goodness of fit test, coefficient of determination and hypothesis testing. These results indicate that leverage significantly positive effect on the decision to revalue their fixed asset. Liquidity, size, fixed asset proportion, and the company's growth have not to influence to perform fixed asset revaluation.

Keywords: fixed assets revaluation, value relevant, leverage, liquidity, fixed asset intensity, company's size, company's growth

INTRODUCTION

Fixed assets that are measured using acquisition cost may lose their relevance value because they do not reflect the true value. Indonesian Accounting Standard (Adaptation of International Financial Reporting Standard-IFRS) Number 16 about fixed assets have been revised by adopting International Accounting Standard-IAS Number 16 about Property, Plant and Equipment. The consequences, it is necessary to select the appropriate accounting methods to ensure all elements involved in the financial statements have been measured in accordance with the appropriate standards. Different accounting method would cause the value of elements of financial statements are also different, such as the method of revaluation of fixed assets.

Indonesian accounting standard allows an entity to revalue or not their fixed assets. Revaluation was chosen because reporting fixed assets using purchase prices can cause financial statements lost their relevant value (Nurjanah, 2013). The benefit of revaluation of fixed assets according to Irwan (2014) is to improve the capital structure and

improve the capital ratio compared with loans (debt). Increased own capital ratio will make it easier to get bank loans. However, the incentives for revaluation differ by company (Iatridis and Kilirgiotis, 2012).

The preparation of financial statements that are useful for decision making, it is necessary to choose the right accounting method, e.g. the amount and type of information that must be disclosed and the format of presentation that can provide the most useful information for decision making. The selection of an appropriate accounting method is needed to ensure that every element in the financial statements has been treated in accordance with applicable standards. Different accounting methods will cause the values of the elements of financial statements to be different, i.e. the method of measuring fixed assets.

The reporting of fixed assets is regulated in Indonesian Financial Accounting Standard (IFAS) No. 16 Revised in 2011. This IFAS has adopted International Accounting Standard (IAS) No. 16 in accordance with the IFRS convergence mandate established by the Indonesian Financial Accounting Standards Board. The definition of fixed assets is tangible assets that: a) are owned to be used in the production or supply of goods or services to be repurchased to other parties, or for administrative purposes and b) are estimated to be used for more than one period. Fixed asset accounting standards explicitly allow management to choose one method of measuring fixed assets after initial recognition, namely the cost model or revaluation model. Under the cost model, fixed assets are reported at cost less accumulated depreciation and accumulated impairment losses.

The description concludes that inflation fluctuations have an impact on the irrelevance of asset values if measured using the acquisition price. Cost is the basis of historical cost which is considered to be inappropriate because it does not reflect market value, even though market conditions are increasingly dynamic and growing very fast. In response to this situation, company management can choose accounting policies that can reflect the relevance of the value of assets, which is allowed by IFAS No.16, the revaluation model. After initial recognition using acquisition cost, fixed assets whose fair value can be measured reliably must be reported at the revaluation amount, that is, the fair value at the revaluation date less accumulated depreciation and accumulated impairment that occurs after the revaluation date.

The choice to carry out revaluation rests with the power of management, so the question arises whether the motivation underlying the practice does not have a direct impact on the company's cash flow (Missonier and Piera, 2007). Therefore, the factors that influence the revaluation of fixed assets are interesting to study. Previous researches tested several variables that were predicted to be factors that influenced revaluation with mixed results. For

instance, Watts and Zimmerman, (1990); Brown et al., (1992); Tay (2009) indicated that the factors were fixed asset revaluation decisions including a desire to increase loan capacity, the threat of a takeover, issuance of bonus shares, decisions on debt agreement violations, strikes, debt, declining operating cash flow, growth prospects, and liquidity (Lin and Peasnell, 2000; Tay, 2009) the level of collateral debt (Firmansyah and Sherlita, 2012) foreign operations (Iatridis and Kilirgiotis, 2012), ownership control, international stakeholders, and investment opportunities (Missonier and Piera, 2007).

Research on the choice of fair value methods for non-financial assets is rarely conducted. Moreover, non-financial assets have different conditions from financial assets, namely the fair value of assets may not be available in active markets, so it is interesting to study. This study will examine the effect of leverage, liquidity, company size, proportion of fixed assets and company growth on the decision to revalue fixed assets in infrastructure, utilities and transportation companies listed on the Indonesia Stock Exchange.

LITERATURE REVIEW

Positive Accounting Theory

Positive accounting theory is based on the proposition that managers, shareholders, and regulators/politicians are rational and they try to maximize their utility which is directly related to their prosperity. The implication of this theory as mentioned by Azouzi and Jarboui (2012) is that positive accounting theory is used to explain the motivation to revalue fixed assets. This study refers to positive accounting theory, which seeks to explain the situation and condition of the company which is the reason for managers to revalue their fixed assets and predict the expected consequences of the decision to revalue. Seng and Su (2010) stated that managers' choices in accounting methods can be influenced by economic incentives.

Agency Theory

Agency theory explains the relationships pattern between principals and agents. Jensen and Meckling (1976) define agency relationships as contracts where one or more principals are involved with another person (agent) to perform several services on their behalf that delegate some decision-making authority to the agent. The implication of this theory is that information asymmetry between agent and principal is one of the determining factors in the choice of accounting methods. The presence of accounting information asymmetry generally refers to situations where external users of financial statements cannot obtain

complete information about the company because of the gap between the information reported and the actual economic reality of the company (Brown et al., 1992; Seng and Su, 2010). Farahmita and Siregar (2012) state that information asymmetry conditions underlie management to choose accounting methods that can help inform the market about the company's "true value".

Fixed Assets Revaluation

Revaluation of fixed assets refers to a review of the value of assets and adjusts the book value of assets to their present value (Brown at al, 1992; Tay 2009). Revaluation must be carried out with sufficient regularity to ensure that the carrying amount does not differ materially from the amount determined using fair value at the end of the reporting period. The purpose of revaluation is so that the values listed in the company book or the company's financial statements are in accordance with the fair values prevailing at the time of the revaluation. This fair value is determined by professional qualified appraisers based on market evidence. If there is no fair value, then use the depreciated income or replacement cost approach. Revaluation must be carried out with sufficient regularity to ensure that the carrying amount does not differ materially from the amount determined using fair value at the end of the reporting period.

Hypothesis Development

Leverage describes the proportion of debt to assets or equity (Murhadi, 2015). Companies with high leverage levels may have difficulty getting loans because of creditors' concerns over the company's ability to repay debt. Positive accounting theory explains the manager's decision to revalue related to his motivation to reduce leverage. Revaluation will increase the value of assets and can strengthen a number of financial ratios so that it can improve the creditor's confidence in being willing to provide loan capacity. The leverage ratio decreases thereby reducing company risk in the eyes of creditors because the asset position becomes stronger (Jaggi and Tsui, 2001) as evidenced by Seng and Su (2010), Manihuruk and Farahmita (2015), and Iatridis and Kilirgiotis (2012). The first hypothesis is proposed as follows:

H1 : Leverage has a positive effect on the decision to revalue fixed assets

Liquidity refers to the ability of the company to fulfill short-term liabilities (Halsey, 2005). Companies with low liquidity are motivated to revalue since revaluation helps increase more actual information about the amount of cash received from the sale of fixed

assets and thus can help increase the company's loan capacity (Tay, 2009). The fair value information of fixed assets represents the amount of cash that will be received when the fixed assets are sold, thereby increasing creditor confidence and being willing to provide loans. In addition, management is motivated to conduct revaluation as a method of measuring fixed assets in the hope of enlarging assets in order to increase the feasibility of the company in front of creditors so that creditors are willing to provide loans. Manihuruk and Farahmita (2015) and (Tay 2009) have proven this. Therefore, the hypothesis is stated as follows:

H2 : Liquidity has a negative effect on the decision to revalue fixed assets

The size of the company is predicted to influence revaluation decisions. Large companies with high sales will receive broad attention from consumers and the media. This can trigger political costs, including the emergence of government intervention, the imposition of higher taxes that can increase political costs. Revaluation of fixed assets tends to be chosen by management to realize the political cost hypothesis in positive accounting theory when faced with an opportunistic situation, namely having a method of measuring fixed assets. The Political Cost Hypothesis states that management revalues fixed assets so that depreciation costs increase and can reduce reported profits. Iatridis and Kilirgiotis (2012) and Seng and Su (2010) succeeded in proving that company size had a positive effect on revaluation of fixed assets. The following hypothesis is stated as follows:

H 3: Firm size has a positive effect on the decision to revalue fixed assets

The large portion of fixed assets in the asset component has the potential to cause information asymmetry between agents and principals as explained in agency theory. The company tried to minimize information asymmetry by conducting revaluations. Revaluation will present fixed assets at fair value so that the principal and users of the financial statements can find out the current position of the set. When the proportion of assets remains large, the evaluation allows a significant increase in assets. Then companies with a large proportion of fixed assets will use a method of measuring fixed assets that better reflects the true value of assets (Manihuruk and Farahmita, 2015). The following hypothesis supports the results of research by Manihuruk and Farahmita (2015) and Tay (2009). This paper states the following hypothesis:

H4: The proportion of fixed assets has a positive effect on the decision to revalue fixed assets

Companies in growing conditions need capital resources to expand business coverage and finance profitable projects. Revaluation of fixed assets will strengthen the asset base so as to give confidence to the creditor to provide loan capacity. Revaluation of assets continues to be done as a means of communicating fair value information of assets to stakeholders in order to reduce the information asymmetry as explained in the agency theory. Potential stakeholders, for example potential investors and potential creditors feel more confident to invest or provide loans to the company after knowing the fair value of fixed assets. As hypothesized by Nurjanah (2013) that there is a positive influence on company growth on the revaluation of fixed assets. Then the last hypothesis is stated as follows:

H5: The company's growth has a positive effect on the decision to revalue fixed assets

RESEARCH METHOD

This paper examined the company sector ⁵ infrastructure, utilities and transportation listed in the Indonesian Stock Exchange during 2012 until 2014 as many as 75 units of analysis. The data analysis techniques were descriptive statistics and logistic regression. The data analysis used logistic regression consisting of the ² Overall Model Fit Test, Goodness of Fit Test, and hypothesis testing.

Table 1. Research Variables and Measurement Indicators

Variable	Indicator	Scale
Revaluation of fixed assets	number 1 for companies that do revaluation of fixed assets in the research year and number 0 for companies that do not revalue fixed assets in the research year	Nominal
Leverage	$DAR = \frac{Total\ Debt}{Total\ Assets}$	Ratio
Liquidity	$Current\ Ratio = \frac{current\ asset}{current\ liabilities}$	Ratio
Company size	Ln Total Sales	Ratio
Proportion of fixed assets	$\frac{Total\ Fixed\ Asset}{Total\ Asset}$	Ratio
Company growth	$\frac{Total\ asset\ n - total\ asset\ n - 1}{Total\ asset\ n}$	Ratio

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Table 2. Descriptive Statistical Test Results for Independent Variables

	N	Minimum	Maximum	The mean	Std. Deviation
Leverage (LEV)	75	.21	2.66	.6604	.42551
Liquidity (LIQ)	75	.03	7.46	1.3447	1,32864
Company size (SIZE)	75	11.76	18.31	14.7047	1.69641
Company growth (CG)	75	.01	.95	.4421	.32560
Proportion of fixed assets (PP)	75	-.60	1.08	1889	276779

Descriptive statistical results in Table 2 showed that the data on variable leverage, company size, proportion of fixed assets were said to be quite varied because the mean (average) was greater than the standard deviation. Data on variable liquidity and company growth were low in variation and cluster around average values.

Table 3. Classification of Companies Conducting Revaluation/No

Category	Revaluation	Not Doing Revaluation	amount
2012	4	21	25
2013	4	21	25
2014	4	21	25
Percentage	16 %	84 %	75

Table 3 showed that companies which had conducted revaluations were only 16 % of the entire study sample. From 2012, 2013, 2014 the number remained the same, there was no increase.

Results of Logistic Regression Testing

Table 4. Regression Model Feasibility Test Results (Goodness of Fit Test)

-2Log Likelihood			
Block Number 0 = 65,950			
Block Number 1 = 53,105			
Hosmer and Lemeshow Test			
Step	Chi-square	df	Sig.
1	2,949	7	.890

Table 4 showed a decrease in Log Likelihood value which indicated that the regression model was getting better because it fitted with the data. The next test of Goodness of Fit Model tested with the values of chi-square that indicated the model was acceptable because it fitted with the data observations.

Table 5. Coefficient of Determination

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	53,105	.157	269

a. Estimation terminated at iteration number 6 because the estimated parameter changed by less than .001.

Table 5 showed the value Nagelkerke R-square of 0.269 while the value of Cox & Snell R Square of 0.157 which indicated that the ability of independent variables in explaining dependent variable amounted to 26.9% and 73.1 % explained by variables other than model.

Table 6. Logistic Regression Output

	B	Sig.	Exp (B)	95% CI for EXP (B)	
				Lower	Upper
LEV	2,742	.028	15525	1,351	178,473
LIQ	.124	.767	1,132	.500	2,563
Size	.113	.605	1,120	.729	1,720
CG	1,182	.398	3,261	.210	50,654
PP	.998	.460	2,713	.192	38,263
Constant	-6,242	.104	.002		

Based on the regression equation, it could be seen that the value of regression coefficient of all independent variables was positive, but only one independent variable that was statistically significant, i.e. leverage. Each leverage unit increase would increase the company's log of odds to reevaluate its fixed assets by 2.742. The relationship between odds and independent variables could be explained, that if other variables were considered constant then the odds of a company revaluing its fixed assets went up by a factor of 16.525 for each unit of change in leverage.

Table 7. Summary of Hypothesis Test Results

No.	Hypothesis	Information	Results
1	H1	Leverage has a positive effect on the decision to revalue fixed assets	Accepted
2	H2	Liquidity has a negative effect on the decision to revalue fixed assets	Rejected
3	H3	Company size has a positive effect on the decision to revalue fixed assets	Rejected
4	H4	The proportion of fixed assets has a positive effect on the decision to revalue fixed assets	Rejected
5	H5	The company's growth has a positive effect on the decision to revalue fixed assets	Rejected

The Effect of Leverage on Fixed Asset Revaluation

Management is faced with an opportunist situation to choose accounting methods that can maximize their value as contained in positive accounting theory. The accounting method chosen will have an impact on the presentation of the financial statement components and have an impact on the quality, reliability and fairness of the financial statements. The decision to revalue fixed assets is based on a number of situations and specific motivations in order to maximize their value. One of the company's financial situations that has received enough attention is leverage.

Leverage as a contractual factor explains that accounting policies are chosen to influence one or more company contractual agreements, for example contracts with lenders. Companies with high leverage will reduce creditor trust. The high leverage ratio means that the company's dependence on its creditors is also high. Creditors prefer a low debt ratio because this illustrates the protection of creditors during liquidation. Creditors are worried that the company will not be able to repay debts, thus limiting loan capacity. Limited loan capacity will hamper the company's operations because the company does not get enough loans to finance the company's operational activities.

Therefore, management chose to use the fixed asset revaluation model rather than the cost model related to its motivation to reduce leverage, thereby increasing the company's feasibility in front of creditors (Manihuruk and Farahmita, 2015). Declining leverage ratio will improve the company's financial reputation in the eyes of creditors. Creditors feel more confident and want to provide greater loan capacity. Hence, the income from debt can be easier. Iatridis and Kilirgiotis (2012) stated that the revaluation of fixed assets will help companies with high debt capital requirements to strengthen their financial

position and strengthen their growth prospects. Companies can expand and finance projects that benefit the company.

Companies with low leverage tend not to reevaluate. Low leverage shows low debt owned by the company, meaning the company has a large equity to finance its activities. Thus, the creditor sees that the company's financial condition is quite good. The author succeeded in proving that management in companies with high leverage is more likely to carry out revaluation of fixed assets, as found by Manihuruk and Farahmita (2015), and Iatridis and Kilirgiotis (2012).

The Effect of Liquidity on Revaluation of Fixed Assets

Hypothesis testing 2 was to test liquidity which was also a contracting factor. The contract cost category, which is to explain that accounting policies are chosen to influence one or more company contractual agreements. In this case the focus is on the loan contract agreement between the company and the lender. Lenders conduct a feasibility analysis of prospective debtors by looking at their ability to pay debts, one of which is liquidity. Liquidity is the company's ability to pay short-term debt when due. This study measures liquidity with a current ratio.

The initial hypothesis of the researcher is that liquidity has a negative effect on the decision of not being able to pay short-term debt. Researchers predict low liquidity to be one of the factors that influence management to reevaluate its fixed assets as explained in positive accounting theory. Motivation to conduct revaluation, because revaluation helps increase more actual information about the amount of cash received from asset sales, and thus can help increase the company's loan capacity and reduce loan costs (Tay, 2009).

The logistic regression test results produce a positive but not significant regression coefficient, so H2 is rejected and the conclusion is that liquidity does not affect the company's decision to reevaluate its fixed assets. Even though Tay (2009) and Manihuruk and Farahmita (2015) succeeded in proving that companies with low liquidity will make the decision to use a revaluation method bigger in reporting their fixed assets.

Liquidity does not affect the decision to conduct an estimated revaluation because management is in doubt with the benefits of revaluation of fixed assets. Although revaluation informs the fair value of fixed assets that represent the amount of cash to be received, the information is less useful as long as the fixed assets are not in a position to be sold. Because the revaluation policy does not have a real impact on the company's cash flow. When knowing that the liquidity is low, management may think more of prioritizing policies that

have a direct impact on cash/current assets so as to improve liquidity, for example, focusing on accounts receivable management and inventory management. Management did not have time to think deeply and paid less attention to the method of measuring fixed assets as to what they would choose.

The Effect of Company Size on Revaluation of Fixed Assets

As the initial hypothesis, researchers predicted that company size had a positive effect on the decision to revalue fixed assets. The size of the company as a proxy for political factors that is associated with third parties who also have an interest in the company's financial statements. Positive accounting theory served as a basis for building hypotheses does not seem to be proven. The Political Cost hypothesis states that large companies with large sales are more likely to use accounting options that reduce reported profits. Depreciation costs from revaluation of assets will reduce profits, can reduce political costs, thereby reducing the attention of consumers and the media, government and regulators.

Nevertheless, the results of this study precisely prove that the size of the company which is proxied by total sales does not affect the decision of the revaluation of fixed assets. Sales in infrastructure, utilities and transportation sector companies lead to revenue received from its main activities, in the form of service revenue. The company's revenues in infrastructure, utilities and transport more than 50% of it is still in the low category. As a result, the decision to revalue fixed assets is difficult to predict through revenue. Therefore, management does not consider the size of the company that is proxied by sales as a factor influencing the decision to revalue fixed assets.

Firm size variable does not significantly influence the decision to revalue fixed assets can also be caused by the size of the sale does not necessarily make the company want to reduce reported profits as predicted by the political cost hypothesis in positive accounting theory. Management thinks to report earnings as they are whether high or low profits as an effort of transparency to the public. Big sales will produce high profits showing good performance. The company is ready to pay more tax and is ready to receive supervision from a third party.

In addition, management also thinks that the benefits of revaluation may not be in accordance with reality. When revaluation of fixed assets is done, it does add depreciation costs so that profits fall, but the difference over revaluation of fixed assets will actually add comprehensive income. The excess of revaluation of fixed assets is also subject to a separate tax, thereby increasing political costs. As mentioned by Nurjanah (2013) the size of the

company does not affect revaluation decisions because an increase in revaluation is subject to a final tax of 10%, so the initial revaluation goal to save taxes is meaningless because it is followed by a tax increase from an increase in revaluation.

Revaluation can increase the value of assets, so the asset position is getting stronger and bigger. This can trigger more oversight by the government which is contrary to the initial motivation for conducting revaluations to reduce profits so as to reduce government supervision and attention. This result is consistent with the results of research Yulistia (2015), Firmansyah and Sherlita (2012), Seng and Su (2010). Although other researchers, Manihuruk and Farahmita (2015) managed to find evidence that company size has a negative effect on the decision to revalue fixed assets. The differences in research results may occur due to differences in study samples. Researchers conducted tests on infrastructure, utilities, and transportation sector companies in Indonesia. While Manihuruk and Farahmita (2015) conducted research on non-financial companies in several ASEAN countries.

The Effect of Proportion of Fixed Assets on Revaluation of Fixed Assets

Hypothesis 4 testing was intended to examine the effect of variable proportions of fixed assets. The proportion of fixed assets was measured by calculating the percentage of fixed assets of total assets. The logistic regression test showed that fourth hypothesis is rejected. It means that the size of the percentage of fixed assets does not affect the decision to revalue. This result is in line with the research of Seng and Su (2010), Khairati (2015) and Yulistia (2015) who also found no effect of the proportion of fixed assets on revaluation of fixed assets.

The size of the fixed assets proportion does not become a basis for management's consideration in taking opportunistic actions, namely choosing the revaluation method as a method of measuring fixed assets after initial recognition. Although fixed assets are used in most of the company's operations, this is not a consideration for the company in revaluating fixed assets (Khairati, 2015). Infrastructure, utility and transportation companies have fixed and variable proportions of fixed assets that fluctuate from year to year. Some 30% of companies have a very low portion of fixed assets at intervals of 0.01-0.19% of total assets. A total of 26% of the total sample has a very large proportion of fixed assets at intervals of 0.77-0.95%. As a result, the decision to revalue fixed assets is difficult to predict through the proportion of fixed assets. Therefore, management does not consider the proportion of fixed assets as a factor influencing the decision to revalue fixed assets.

The variable proportion of fixed assets does not significantly ¹ influence the decision to revalue fixed assets can also be caused by the size of the proportion of fixed assets does not necessarily make the fair value of fixed assets will go up or down. As previously explained, the measurement of fixed assets using the cost model allows fixed assets to lose their relevance because of the changing economic realities seen from the prices that have changed. Therefore, the company is predicted to use a revaluation model so that the fixed assets reported in the financial statements are more relevant because they are based on their fair value. Management does not consider the proportion of fixed assets when choosing to use a revaluation model or cost model, but considers changes in the fair value of fixed assets. Companies may use the revaluation model even if the portion of the fixed assets is large or small.

In addition, management might think that a company with a large proportion of fixed assets, without revaluation, already has a large value of fixed assets, so revaluation is not too important to do. Companies with a small proportion of fixed assets also do not conduct revaluations because the small portion of fixed assets does not have much effect on information asymmetry. Not even considered by stakeholders. Thus, the management's decision to revalue or not do is not based on consideration of the portion of the fixed assets is large or small.

Effect of Company Growth on Revaluation of Fixed Assets

Hypothesis 5 testing was intended to test the effect of company growth variables. The agency theory underlying the hypothesis is not proven. The researchers' initial argument was that companies in growing conditions were in the condition that they needed financial resources to finance their activities, expanded business scope and financed profitable projects. The company's growth encourages management to evaluate its fixed assets as a means of communicating fair value information to stakeholders. Revaluation aims to provide information on the actual value of fixed assets so that creditors know what the current value of fixed assets can be used as collateral for debt. However, the argument is not proven as indicated by the logistic regression output.

Infrastructure, utility and transportation sector companies listed in the Indonesia Stock Exchange in the period 2012, 2013 and 2014 have company growth that varies from year to year. A total of 15 companies have a minus value, meaning the company has not experienced growth actually experienced a decline. The remaining 60 companies experienced growth but with varying and fluctuating numbers. Some 20% of companies have a very low growth

value, namely at intervals of -0.60 to -0.27%. As many as 49.33% of the total sample of companies had growth value in the medium category and 2.66% of companies had growth value in the very high category.

Growth companies are described by an increase in total assets in a particular year from the previous year. Management sees that even without revaluating fixed assets, their assets have increased from the previous period. Revaluating fixed assets will increase total assets, increase political costs, and make the company more "visible" so that it is more monitored by stakeholders. Revaluation of fixed assets will absorb costs, which causes the company's funds are used to finance revaluation. Even though in growing conditions, companies need large enough funds to expand business scope, as well as finance profitable projects.

The results of this study are in line with the research of Nurjanah (2013) which reveals that the decision to revalue fixed assets is not influenced by the company's growth. The ineffectiveness of the company's growth towards revaluation may be caused whether or not the company is growing, the company certainly needs fixed assets to run the company's operations. The agency theory underlying the management's revaluation to convey fair value information is also not proven. If management wishes to provide information on the fair value of fixed assets in an effort to reduce information asymmetry, the company can revalue its fixed assets regardless of whether the company is growing or not.

The company's growth variable does not significantly influence the decision to revalue fixed assets because the high or low growth value does not necessarily make the fair value of the fixed assets change. Management is predicted to use the revaluation model so that the fixed assets reported in the financial statements are more relevant due to changes in fair value and not because of ups and downs or highs and lows of the company's growth. When the value of assets continues to change, the company uses a revaluation model whether the company is in a growing condition or not.

CONCLUSION AND RECOMENDATION

There are only 16%, as many as 12 companies out of a total sample of 75 companies that revalued fixed assets for 4 years of observation. Revaluation of assets is intended to adjust financial statements and bring the company's financial position to its true present value (relevant value). The lack of companies in Indonesia that revalue their assets is at least due to two things, the cost of appraisal services and tax costs. The tax costs of revaluation of fixed assets have caused some companies to be reluctant to adjust the value of their assets

which can directly impact the relevant value of financial statements (Solikhah and Suryarini, 2020). The conclusion of this research is that leverage has a positive effect on the company's decision to reevaluate its fixed assets. Liquidity, company size, proportion of fixed assets and company growth are not variables considered by management in the decision to reevaluate fixed assets. Further research can test in the year before and after the enactment of government policies related to the revaluation of fixed assets. In 2015, the Government of Indonesia issued a policy that is tax reduction for companies that carry out revaluation of fixed assets.

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