



ANALYSIS OF BUSINESS COMBINATION TRANSACTIONS WITH IFRS CONVERGENCE ON PT GOWA MAKASSAR TOURISM DEVELOPMENT TBK AND SUBSIDIARIES FOR THE PERIOD 2021/2022

Rezi Safutri, Faradila, Rika Yoshita, Masdar Ryketeng

University of Makassar, Indonesia

Emails: rezisafutri463@gmail.com, faradilasiompo@gmail.com, rikayoshita04@gmail.com, masdar.ryketeng@unm.ac.id

ABSTRACT:

The title of this research is "Analysis of Business Combination Transactions with IFRS convergence at PT Gowa Makassar Tourism Development Tbk and its Subsidiaries Period 2021/2022. The aim is to provide an overview of the business combination with IFRS convergence at PT Gowa Makassar Tourism Development Tbk and its subsidiaries in terms of report information annual financial statements of PT Gowa Makassar Tourism Development Tbk and its Subsidiaries. This research data is secondary data in the form of the annual financial statements of PT Gowa Makassar Tourism Development Tbk and its Subsidiaries for the period 2021/2022. The research method used is descriptive analysis method that describes the observational data does not use statistical test analysis. PSAK 55, PSAK 60, PSAK 62, and accounting standards are used with the application of PSAK 77 and IFRS. The basis of evaluation in making the financial statements of PT Gowa and its subsidiaries is the concept of cost, where the purchase price is based on fair value, which is the IFRS value of the financial statements of the same value.

Keywords: Business Combination, IFRS Convergence, Subsidiaries

Article History

Received : 20 November 2022
Revised : 12 December 2022
Accepted : 15 December 2022
DOI : 10.xxxxx

INTRODUCTION

Indonesia is currently one of the G20 countries that has adopted IFRS. The level is the same or comparable. Thus, IFRS adoption can be interpreted as a change in national accounting guidelines to be in line with IFRS (Kurniawati, 2011). Convergence of accounting standards can occur mainly in two ways: direct adoption of IFRS and simpler adjustments, such as less complete compliance with internationally recognized standards. Countries simply create their own accounting standards so as not to contradict international accounting standards (Koerniawan, 2020). One of the reasons The application of IFRS standards addresses the disparity in accounting standards between countries, which is an impediment to investment. When international accounting standards are applied, investors in other countries make it easier for investors, potential investors, lenders, and creditors to understand the company by exploring financial information (Efferin & Rudiawarni, 2014).

In addition to domestic and international business developments, the Indonesian Institute of Accountants (IAI) initiated the implementation of International Financial Reporting Standards (IFRS). This was decided after evaluating studies and weighing all the risks and benefits of moving to IFRS standards. The PSAK-IFRS convergence program is enthusiastically supported by the Indonesian government (Indonesia, 2006).

As agreed between the G20 countries, one of them is the development of internationally recognized accounting quality standards. These global standards make it possible to compare and exchange data in the same way. More than 100 countries have adopted various International Financial Reporting Standards (IFRS) for financial reporting (Iswati & Iswahjuni, 2012).

(Hapsari et al., 2021) found that there is a critical relationship between accounting and cost allocation and the level of operational management in firms using international accounting standards. (Dewi, 2018) investigated whether IFRS improves accounting profits by interviewing managers, accountants, and auditors in Finland. The results show that accountants, managers, and analysts believe that financial statements prepared under international accounting standards are reliable and useful. The implementation of IFRS brings changes to companies both on a large scale, such as changes in the company's operating and business systems, and on a smaller scale, changing the accounting practices used by economic entities. One of them is a banking company that has undergone a large-scale transformation, where in addition to changes at the corporate level, changes to Bank Indonesia regulations are also made, such as those related to the expansion of credit limits. One of the points governed by IFRS is business combination (Hapsari et al., 2021).

PSAK 22, which was revised in 2010, defines a business combination as the combined business and operating activities of more than two entities, where the other entity is a subsidiary and the acquirer is the parent company. "True merger" and "merger of equals" transactions are also called business combinations. It is said to be a business combination when one entity gains control over the operations of another entity (Pratama, 2016).

Business combination is defined by PSAK 1994 as the merger of more than two companies to form one financial entity resulting from control of the assets or assets and activities of another company; business consolidation is carried out by having voting rights, which provide control or the right to set financial policies (Simarmata & Tresnawaty, 2019). A business merger occurs when a business merges with one or more other businesses to form a single entity. Integrating previously separate business units is one way to develop business units. The main objective of merging companies is profitability and other benefits of operational integrity through risk diversification (Astiwahyuni, 2017).

Some of the factors that motivate companies to enter into business alliances include cost efficiency, risk reduction, reduction of operational delays, acquisition avoidance, and speed to market (Ghofar et al., 2020). The cost benefit is that it is easier for companies to obtain the necessary facilities through mergers than through development. Buying an existing product

line or market is generally less risky and less expensive than developing a new product or market. If the goal is diversification, the risk is low (Gustina, 2017).

IFRS convergence can make it easier for companies to obtain international funding because financial statements are readily available to investors around the world, and the importance of financial statements increases with the use of more accurate securities (Novianto & Cahyonowati, 2014). In Indonesia, several companies apply IFRS convergence, so based on this discussion, this research will focus on analyzing the IFRS convergence of PT Gowa Makassar Tourism Development Tbk and its subsidiaries (Ghofar et al., 2020). Based on the information described in detail above, the problem formulation of this research is: How does the business combination of PT Gowa Makassar Tourism Tbk and its subsidiaries comply with IFRS? The purpose of this study is to describe and explain the business relationships of PT Gowa Makassar Tourism Tbk and its subsidiaries in accordance with the annual report of PT Gowa Makassar Tourism Tbk and its subsidiaries listed on the Indonesia Stock Exchange according to IFRS. as well as according to previous research.

According to Karyawati (2011: 2), "business combination" is an accounting term as defined in Statement of Financial Accounting Standards (PSAK) 22 as amended in 2010, and a relationship occurs when a company controls another acquired unit, namely a business. In this case, "control" refers to the right to govern the

financial and operational principles of the economic unit to benefit from its activities.

A business combination is a transaction or event in which partners control one or more companies (Ankarath et al., 2012:19). There are two parties involved in a business combination: the acquirer and the acquired party. The acquirer is the entity that has gained control of the economic assets acquired in a transaction.

However, the acquired company, also known as the target company, is the company controlled by the other entity (the experienced entity) in the business combination transaction. The 2010 version of PSAK 33 tends to use the word "unity" rather than "united" (Karyawati, 2011: 2). According to Financial Accounting Standards Citation Number 22 of 2015, "A business combination is the merger of two or more companies into one company by merging into it or taking over the assets and business of another company."

There are two parties in a business combination, namely the party making the acquisition and the party (economic) that becomes the acquirer. From the quotation in SAK No. 22, it can be concluded that the acquiring entity has control over the acquired entity. Control is obtained through the ability to set operational and financial policies to increase the useful value and efficiency of the acquired unit. According to Bösecke (2009), the reasons for a business combination (acquisition) are:

1. market-based bidding or market-based bidding Mergers allow quick access to new markets and can help remove barriers to entry.
2. Horizontal business combinations offer economies of scale and advantages over cost strategies.
3. Trade unions pave the way for companies to merge or cooperate with other companies for profit..

Object oriented thinking

1. Mergers remove resource shortages from one company by transferring resources to another company.
2. Companies that consolidate can mobilize their resources and use more resources and knowledge.
3. Through integration, companies seek to acquire and combine the strengths of their other companies or partners.

Are international standards published by the International Accounting Standards Board (IASB)? There are 4 main boards that developed this IFRS concept: the International Accounting Standards Board (IASB), the European Commission (ECC), the International Capital Organization (IOSOC), and the International Organization of Auditors (IFAC).

The purpose of this group is to develop and disseminate the highest international accounting principles that are understood and applied (Choi et al., 1999). The applicable law under IFRS is dominated by international law (Sari, 2014).

Published from 1973 to 2001 by the IASC. In April 2001, the IASC approved all IAS standards and is in the process of

developing standards. The integration of PSAK with IFRS is part of the work of the Indonesian Accountants Association (IAI), a member of International Accounting (Suprihatin & Tresnaningsih, 2013). The International Financial Reporting Standards (IFRS) convergence is an adaptation of Indonesian Accounting Standards (PSAK) to international standards. International Financial Reporting Standards (IFRS) include:

1. International Financial Reporting Standards (IFRS) include standards effective after 2001.
2. International Accounting Standards (IAS) standards before 2001
3. International Accounting Standards Committee (IFRIC) interpretations after 2001 Permanent Interpretation Committee (SIC) interpretations before 2001 (Putrina Dewi, 2016).

RESEARCH METHODS

The method is optional for original research articles. This method is written in descriptive language and should provide a statement regarding the methodology of the research. This method is meant to provide the reader with as much information as possible.

RESULTS AND DISCUSSION

A. Type of Research

The research approach used is qualitative. Qualitative research is a research method that provides insight into the state of the subject. This study describes the current and future

characteristics of the population and then seeks solutions to the problems caused by the convergence of industry associations and professional associations. PT Gowa Makassar Tourism Development Tbk and its Subsidiaries, IFRS.

B. Data and Data Sources

The data analysis used is a quantitative method starting with the review and collection of all available data, namely the 2021–2022 Annual Report of PT Gowa Makassar Tourism Development Tbk and its subsidiaries on the Indonesia Stock Exchange (IDX). Furthermore, an analysis of the business combination of PT Gowa Makassar Tourism Development Tbk and its subsidiaries is carried out using descriptive analysis. Descriptive analysis describes the data observed without conducting statistical testing.

A business combination is a transaction that occurs when one economic entity gains control over another economic entity in the form of business activities. Control is the right to organize the principles and operations of an economic entity for profit. Two parties participate in the business relationship: the buyer and the acquired good. The acquiring party is the party that has control over the acquired business combination. While the legal entity acquired or the target business unit is a legal entity that is under the control of another legal entity at the time of the merger.

Based on the 2020/2021 annual report of PT Gowa Makassar Tourism Development Tbk and its subsidiaries,

PT Gowa Makassar merged with five subsidiaries, namely, PT Kenanga Elok Asri, PT Vahana Mustika Gemilang, PT Griya Sentosa, PT Maju Krinsta S., and PT Griya Ultimate Exotics. In the preparation of the consolidated financial statements of PT Gowa Makassar Tourism Development Tbk and its subsidiaries, the base price is the main base price, except for some information related to other assets described in the principles of preparation of each financial statement of the company. Like IFRS, financial statements and contracts are based on principles, particularly those that emphasize professional judgment rather than rules that change the presentation of financial statements to reflect the nature of the financial statements and the use of fair value (Sukendar, 2012). IFRS standards support the use of fair value, especially for investment properties, certain intangible assets, financial assets, and biological assets (Cahyati, 2011).

The accounting standards used by PT Gowa Makassar Tourism and its subsidiaries are PSAK 71, PSAK 72, PSAK 55, PSAK 55, and PSAK 55.

60, PSAK 62, and PSAK 77, which are implementing IFRS. However, the introduction of this standard did not have a significant impact on the current period or prior year indicators. To record revenue and expenses, the group reports revenue in accordance with PSAK 72, analyzing transactions using the 5-step method:

1. Determine the contract with customer based on the following criteria.
 - a. The contract is approved by all parties.
 - b. The Group may determine fees and terms Group payment in connection with the goods or services provided.
 - c. Trade agreements have been structured based on continuity of operations and accrual accounting.
 - d. The ability to generate revenue from products or services provided.
2. Set the transaction price. The purchase price is the amount that the company is entitled to receive in order to receive compensation for the delivery of the promised goods or services to the customer. If the contract includes a variable amount in the agreed payment, the group must receive the amount of payment for providing the goods or services agreed with the customer. Warranty services are paid in accordance with the contract.
3. Allocation of purchase price to each performance obligation on the basis of the specific relative selling prices of the goods and services to which the contract relates. If direct observation is not possible, the relative individual selling prices are estimated based on expected costs plus profit.

4. When the obligation to deliver the promised inventory to the customer is fulfilled (if the customer inspects the inventory), revenue must be accounted for.

The fair value of other comprehensive income (FVTOCI) is used to value the financial assets of PT Gowa Makassar Tourism Development. These financial assets are recognized at fair value and gain or loss in net income, excluding foreign exchange differences. When booking or reclassifying financial assets, the previous gain or loss is transferred to the income amount of the gain or loss as part of the reclassification adjustment.

The merger of PT Gowa Makassar Tourism Development, which is possible due to the transfer of activities carried out by the reorganization of entities belonging to the same business group, does not represent a qualitative change in the ownership relationship of economic activities. Therefore, its operations cannot result in gains or losses for the group as a whole, the entire group, or individuals within the group. A wholly-owned company does not transfer business assets, liabilities, or obligations; however, internal ownership changes (corporate and legal) affect the exchange rate, for example, the merger of business units into related parties.

When combining the business activities of jointly controlled entities, the beneficiary should record the difference between the amount of

payment transferred and the balance sheet value of each transaction as the additional capital paid to the co-owners of the jointly controlled entity. If the acquired business unit liquidates the previously purchased business unit, the previously recognized payment account cannot be recognized as realized or unrealized income.

From the results of the analysis of business combinations, PT Gowa Makassar Development Tbk uses IFRS convergence; this can be seen using PSAK applied by IFRS; it can be seen using PSAK 71, PSAK 72, PSAK 55, PSAK 60, PSAK 62, PSAK 77, and other accounting standards used in the application of IFRS. In the preparation of the consolidated annual report of PT Gowa and its subsidiaries, valuation is based on the concept of acquisition cost, where the purchase price is usually based on fair value in line with IFRS convergence, where fair value is used in reports from financial institutions.

CONCLUSION

Based on the Company's Financial Performance Report of PT Gowa Makassar Tourism Tbk, PT Gowa Makassar Tourism Tbk, Annual Revenue 2021–2022, signed a business cooperation agreement with five companies, namely PT Kenanga Elok Asri, PT Wahana Mustika Gemilang, PT Griya Sentosa, PT Krinsta Esa Maju, and PT Gray Ultimate Exotica. The accounting standards used by PT Gowa Makassar Tourism and its subsidiaries are PSAK 71, PSAK 72, PSAK 55,

PSAK 60, PSAK 62, and PSAK 77, which are endorsed by PSAK in IFRS. However, the adoption of these provisions did not have a material impact on the current period or prior year amounts. The basis of valuation in the consolidated financial statements of PT Gowa and its subsidiaries is the equity principle, as well as other estimates based on other principles.

BIBLIOGRAFI

- Astiwahyuni, F. (2017). *Kesesuaian Pengasuhan (Parenting Fit) PT. Professional Development Abadi Jaya pada Kelompok Bisnis PT. Ga Link Group*. Universitas Islam Indonesia.
- Dewi, F. G. (2018). *Accrual Basis pada Pemerintahan Dilema Praktik dan Teoritik*. Aura.
- Efferin, S., & Rudiawarni, F. A. (2014). Memahami Perilaku Stakeholders Indonesia dalam Adopsi IFRS: Tinjauan Aspek Kepentingan, Bahasa, dan Budaya. *Jurnal Akuntansi Dan Keuangan Indonesia*, 11(2), 138–164.
- Ghofar, A., Kundarto, M., Sugandini, D., Ekawati, T., & AMALLIA, B. A. (2020). *Perspektif Manajemen Rantai Pasokan: Kapabilitas Strategis*. Zahir Publishing.
- Gustina, I. (2017). Analisis Kinerja Keuangan Sebelum dan Sesudah Merger dan Akuisisi pada Perusahaan yang Go Public yang Terdaftar di BEI. *Jurnal Akuntansi Dan Keuangan*, 6(1).
- Hapsari, H. R., Irianto, B. S., & Rokhayati, H. (2021). Pentingnya Alokasi Biaya Lingkungan terhadap Kinerja Lingkungan dan Profitabilitas Perusahaan. *Jurnal Riset Akuntansi Dan Keuangan*, 9(2), 407–420.
- Indonesia, D. K. R. (2006). Studi penerapan prinsip-prinsip OECD 2004 dalam peraturan BAPEPAM mengenai corporate governance. *Departemen Keuangan Republik Indonesia*.
- Iswati, S., & Iswahjuni, W. (2012). Mengungkap Kendala yang Dihadapi Auditor Dalam Mendeteksi Kecurangan Salah Saji Material pada Laporan Keuangan Historis. *Majalah Ekonomi*, 22(3).
- Koerniawan, I. (2020). Pengantar Akuntansi. *Penerbit Yayasan Prima Agus Teknik*, 1–275.
- Kurniawati, N. (2011). Standar Akuntansi Internasional: Harmonisasi versus Konvergensi. *EL MUHASABA: Jurnal Akuntansi (e-Journal)*, 2(1).
- Novianto, R. A., & Cahyonowati, N. (2014). *Pengaruh Konvergensi IFRS Terhadap Asimetri Informasi (Study Kasus Pada Perusahaan Real Estate Di Indonesia)*. Fakultas Ekonomika dan Bisnis.
- Pratama, W. (2016). *Analisis Penyajian dan Pengungkapan Kombinasi Bisnis Setelah Konvergensi IFRS (PSAK 22 Revisi 2010) Pada Laporan Keuangan PT Semen Indonesia (Persero) Tbk Periode 2012 Sampai Dengan 2014, Chandra Pribadi dan TiaraTimuriana, 2016*. Fakultas Ekonomi Dan Bisnis Universitas Pakuan.
- Putrina Dewi, L. (2016). *Penerapan Prinsip Pengungkapan Dan Penyajian Standar Akuntansi Berbasis IFRS Properti Investasi Pada Laporan Keuangan Perusahaan Terbuka Sub Sektor Otomotif Periode 2012-2014*. Fakultas Ekonomi Dan Bisnis Universitas Pakuan.
- Simarmata, J., & Tresnawaty, N. (2019).

Rezi Safutri, Faradila, Rika Yoshita, Masdar Reyketeng

Analisis Pemahaman Akuntansi Dan Perpajakan Usaha Jual Beli Kendaraan Bermotor Bekas (Studi Kasus Pada Pt. Sarilamo). *Jurnal Liabilitas*, 4(2), 1–12.
Suprihatin, S., & Tresnaningsih, E. (2013). Dampak konvergensi internasional

financial reporting standards terhadap nilai relevan informasi akuntansi. *Jurnal Akuntansi Dan Keuangan Indonesia*, 10(2), 3.

Copyright holder:

Rezi Safutri, Faradila, Rika Yoshita (2022)

First publication right:

Asian Journal of Engineering, Social and Health (AJESH)

This article is licensed under:

