Measurement of Return on Asset (ROA) based on Comprehensive Income and its Ability to Predict Investment Returns: an Empirical Evidence on Go Public Companies in Indonesia before and during the Covid-19 Pandemic

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ABSTRACT

Purpose - The concept of recognizing all inclusive income, which is used by IFRS and Indonesian SAK, is the basis for presenting other comprehensive income in the income statement. This change in format became the idea of developing a financial performance measurement.

Methodology - Testing the effect of attributable comprehensive income ROA and attributable ROA net income on future cash flows and net income, as a proxy for the ability to provide future returns, and applying them in measuring performance before and during the Covid-19 pandemic.

Findings - ROA net income is better able to predict future investment returns. ROA comprehensive income has more relevance value, when only other items of comprehensive income that have the potential to be realized are included. In assessing performance, users are advised to keep using the ROA of the net income version, and when using the ROA of the comprehensive income version, it is advisable to include only OCI which will be reclassified. The financial performance of companies in many industrial sectors experienced a decline during the Covid 19 pandemic using two ROA measures.

Novelty - Development of ROA formulation by including other comprehensive income and profit attribution, so far ROA is only based on net income.

1. Introduction

The Covid-19 pandemic that hit the world from December 2019 to the end of 2020 had a tremendous impact on various sectors of human civilization, including the economic sector. Based on data from the Central Covid Handling Acceleration Task Force as of October 8, 2020, the number of positive corona sufferers in Indonesia was 320,564 cases with 11,580 people who died. This number causes Indonesia to rank 21st in the world, after the United States is in 1st place, followed by India, Brazil and Russia, in the next rank (www.covid19.go.id). Covid-19 has had a significant impact on people's purchasing power for products in circulation, absorption of labor, and also the stretching of the capital market, not only in Indonesia but also throughout the world. Covid-19 caused a decrease in people's incomes, and ultimately had an impact on people's ability to invest their funds in financial instruments in the capital market, such as stocks or bonds. Nguyen *et al.* (2021) in their recent study of 672 companies in Vietnam concluded that financial performance, which is proxied by the acquisition of revenue, profit, and cash, has decreased significantly. Many companies are choosing cost cutting strategies to survive the economic shocks caused by the Covid-19 pandemic. Likewise in the USA, a recent study by (Chen & Yeh, 2021) concluded that the Covid-19 pandemic caused financial performance and stock prices as measured by CAR in 49 industries listed on the New York Stock Exchange to experience a negative even. However, efforts through quantitative easing can restore investor confidence and improve stock performance.

Investment activities weakened, as well as the SME sector and the informal sector were hit, the manufacturing sector that carried out export-import transactions would also experience a decline due to the Covid-19 disruption (Indrawati, 2020).The decline in public income will affect the potential sources of funding for companies listed on the Indonesia Stock Exchange. In addition, the decline in people's purchasing power for products produced by companies listed on the Indonesia Stock Exchange will have an impact on sales turnover, which in turn will affect their financial performance. This research is intended to empirically prove the impact of the Covid-19 pandemic on the financial performance and cash flow of publicly traded companies in Indonesia, so that it can become input for company management to create extraordinary strategies, and input for potential potential investors before investing their funds in instruments. capital market finance.

The company's financial performance is very important to pay attention to because it becomes a tool for assessing the long-term viability of the company, assessing the level of health, the basis for making investment decisions, management accountability and predicting the company's ability to meet expectations of future returns in the form of dividends, interest and pay debt, pay taxes, pay salaries and other obligations to company stakeholder (Kusuma, 2017). One of the most frequently used measures of financial performance is Return On Assets or ROA. This ratio measures how effective the assets owned by the entity are in generating profits, where assets are company assets obtained from the owner's capital (issuance of shares in the capital market) and / or from debts to banks or other parties (including issuance of bonds). Profit itself is a form of management performance achievement in optimizing revenue and operating cost efficiency. Profit has a positive effect on the company's ability to obtain positive cash flow and provide investment returns to shareholders or company owners, so measuring the ability of assets to generate profits is an important thing to do.

Fundamental changes in the world of accounting globally are marked by one of them is the valuation of assets at fair value, from previously historical value. The valuation at fair value is considered to be superior to historical value because it represents more accurately the current condition and position of assets and liabilities, rather than historical values based on historical prices. The application of fair value gives rise to differences between assets that are valued at fair value and historical value, and these differences are recognized as “Other Comprehensive Income”. Indonesian financial accounting standards (SAK) prior to 2012, which were more oriented towards US-GAAP, reported other comprehensive income on the balance sheet. However, since Indonesian SAK has followed international accounting standards, namely since SAK as of 1 June 2012 converging with IFRS 1 January 2009, other comprehensive income is reported in the income statement. Moving this reporting location, became the idea of developing the ROA formula from what has been used so far. ROA based on net surplus income and ROA based on gross surplus.

IFRS and Indonesian SAK hope that by applying the concept of all inclusive income, the value relevance of financial statements for users will increase, because it accommodates the influence of the company's external environment which causes changes in the fair value of the company's assets. The impact of the application of this concept is manifested in changes in the presentation form of the income statement. If previously it only contained net income, now it becomes net profit plus other comprehensive income, and the sum is called "Comprehensive Income". There is a lot of empirical evidence that shows that comprehensive income has more beneficial value for users of financial statements than comprehensive income, such as the findings ofSaymeh *et al.*, (2019)in Jordan and Sajnóg, (2017)in Poland. However, it turns out that many empirical findings are contrary to this, the traditional income recognition principle which is manifested in the value of net income in the income statement, has a higher degree of relevance than comprehensive income, such as the results of research in Australia by Banks *et al.*, (2018), in America by Rees & Shane, (2012) and in Canada by Kanagaretnam *et al.*, (2009).

This study develops research by Būmane, (2018) with the novelty of using comprehensive income and profit attribution in assessing financial performance, especially in the use of ROA formulations. Second, the novelty of the research model, namely testing the relationship between comprehensive income and operating cash flow. So far, many studies have only used net income in predicting future cash flows. This study tries to use comprehensive income, which includes elements of unrealized income. This study has two main contributions, namely adding to the academic literature in financial accounting and financial management, especially regarding performance appraisal with the concept of overall income which is more relevant in decision making. The second contribution becomes input for management and investors in assessing financial performance in a comprehensive manner and predicting cash flows amid the Covid-19 pandemic that is hitting the world.

2. Literature Review

The concept of revenue recognition

The world of global accounting has "two camps" of conflict regarding the concept of recognition of income reported in the income statement, namely the camp of net surplus income and gross surplus income. In the concept of net surplus income, only actual realized income can be reported in the income statement as net income. In the concept of gross surplus income, all elements of income, both realized and unrealized income, can be reported in the income statement, with the argument that something that causes changes in equity other than deposits or owner contributions can be defined as income, and is reported in the income statement as “other comprehensive income”. This concept was later used by IFRS international standards, which in turn has also been used by Indonesia since the introduction of SAK as of 1 June 2012.

Significant changes in the presentation of the income statement after SAK as of June 1, 2012 that converged with IFRS as of January 1, 2009 were the additional presentation of other comprehensive income and the allocation of net income and comprehensive income to company owners. The complete new format of the income statement is net income as before, other comprehensive income, attribution of net income to owners of controlling and non-controlling companies, and attribution of comprehensive income to owners of controlling and non-controlling companies.

The company's financial performance and cash flow

Financial performance is the performance of management from a financial aspect as a form of accountability for the management rights mandated by the company owner to him. Financial performance is synonymous with profit achievement, because profit shows the ability of management to optimize main operational sales and control operating costs. A tool for measuring financial performance related to profitability aspects is Return on Assets (ROA). ROA is the ratio between the profit generated in one period and the assets owned by the company to make a profit. ROA describes the effectiveness of using assets in order to earn a profit. Large assets are not necessarily big profits. Good profitability is shown by the ability to generate profits, with large assets that should also be large profits, or with assets that are "not" too large, capable of generating large profits, and the ROA ratio that can be used to assess this performance(Kusuma, 2020).

Along with the development of the income element in the income statement, the ROA formulation can also be developed from what has been commonly used so far. Following the research ofBūmane, (2018) the ROA formulation can be reduced to the ROA version of net income (ROA NI) and ROA of the comprehensive income version (ROA CI). Throughout 2020, the Covid 19 pandemic has hit the world. This has an impact on the valuation of assets and liabilities at fair value presented in the financial statements for the year 2020. Measurement of financial performance with the ROA-based comprehensive income (ROA CI) formulation more accommodates the impact of Covid 19 on the valuation of assets and liabilities at fair value because it is in ROA CI involves others comprehensive income, which is the difference between the fair value of assets and liabilities and historical values at the date of financial statement presentation, rather than measuring financial performance using conventional ROA based on net income only. ROA CI with the involvement of others comprehensive income is more representative of presenting financial performance during a pandemic like today.

In this study, the ROA formulation is further broken down according to the composition of share ownership, into:

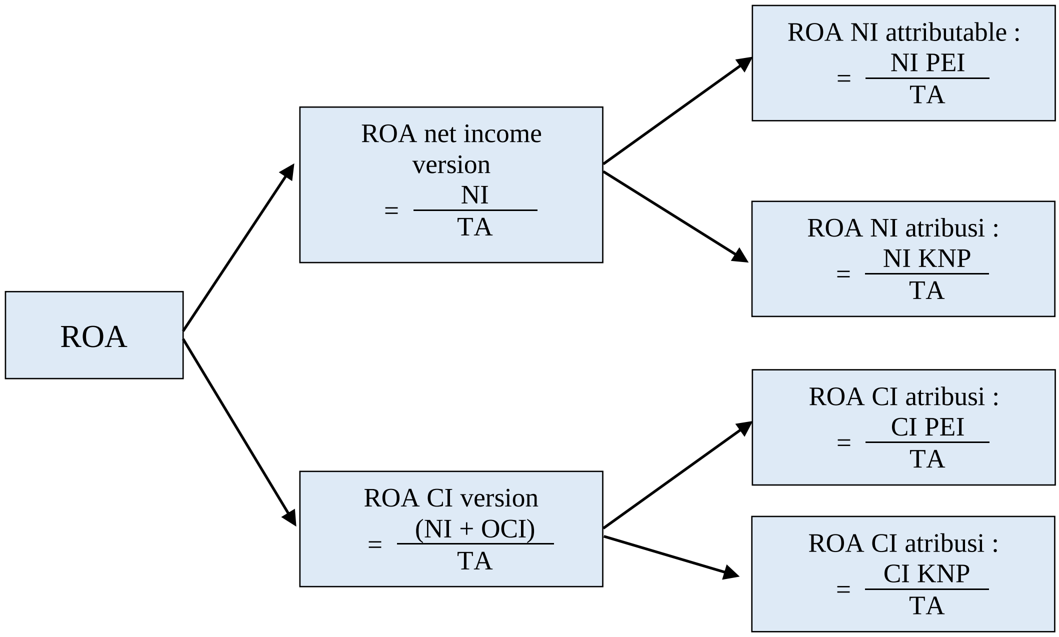

Figure 1. ROA Formulation Based on Two Versions of Profit and Owner's Attribution
Source :Būmane, (2018); López-Quesada *et al.*, (2018)

Explanation:

ROA = Return on asset; NI = net income; CI = comprehensive income; OCI = others comprehensive income; TA = total assets; PEI = owners of the parent; NCI = non controlling interest.

By developing this ROA formulation, the measurement of financial performance becomes more comprehensive and is expected to be more relevant to user needs in making decisions. The research ofMarchini & D'Este, (2015)concluded that in the early years of IFRS adoption, comprehensive income reporting did not significantly affect the performance of Italian entities, it can be seen from the RoE value of net income with RoE of comprehensive income there is no significant difference. The period before the adoption of IFRS (2007 - 2008) and the period after the adoption (2009 - 2012) shows a significant difference, where the RoE of comprehensive income tends to be lower than the RoE of net income. Saymeh *et al.*, (2019) in his study concluded that the existence of other comprehensive income has an impact on measuring the financial performance of ROA and ROE. Comprehensive income has more advantages in representing the impact of changes in the company's external environment on performance, comprehensive income has an effect on the ability to predict future earnings (Kusuma *et al.,* 2021).

The ability of a company to provide investment returns to investors or company owners is not sufficient only to be assessed by profit, because high profits do not necessarily mean that the availability of operating cash is also high, even though paying dividends is related to cash. This is because of the profit in which there are elements of accrual income and expenses, not only cash income and expenses. Therefore, it is necessary to conduct an in-depth study of the relationship between financial performance and cash availability, especially in the midst of the Covid-19 pandemic which has an impact on cash sales activities and the settlement of accounts receivable. Thus, this study builds the following hypothesis:

H1: There are differences in financial performance with the ROA version of the CI and ROA of the NI version before and during the Covid 19 pandemic.

H2: CI version of ROA can be used to predict future investment returns.

H3: ROA version CI with OCI which will be reclassified can be used to predict future investment returns.

H4: CI version of ROA can be used to predict future investment returns, involving only the profit attributable to the owners of the parent.

3. Research Method

Population and sample

The population in this study were all 674 companies listed on the Indonesia Stock Exchange in the 2019 and 2020 periods. This period will then be divided into 2, namely the period before the Covid pandemic with financial report data as of December 31, 2019, and the period during the COVID-19 pandemic with the 2nd quarterly financial report data or as of June 30, 2020. The sample was selected by purposive sampling method with company criteria has published financial statements for the second quarter of 2020, reported other comprehensive income in full and reported profit attributions to controlling and non-controlling owners, so that a sample of 490 companies was selected.

Tabel 1 Sample Selection Criteria

Information	Amount
Companies listed on the IDX in 2019-2020	674
Less:	
Companies that present financial statements in $ US	(44)
Companies that do not specify OCI items and reclassify them	(87)
Companies that do not specify NI and CI profit attributions	(10)
Companies that have not yet presented their 2nd quarter 2020 report	(43)
Sample	490 (73%)
Observe (490 x 2 years)	980

Sources : Galeri Investasi University of Medeka Malang

Research Variable

This study examines the effect of net income and comprehensive income attributable to each type of company owner on operating cash flow. The research variables and their measurements are described in table 2. H1 was proven using a paired t test, with a significance level of 5% for the 11 business sectors of the research sample companies. ROA (NI and CI versions) in the conditions before Covid compared to during Covid.

Panel A, dependent variable for future cash flows:

$$CFO_{t+1} = \beta_0 + \beta_1 ROA(NI)_t + \beta_2 ROA(CI)_t + \beta_3 COVID + \beta_4 IND + \varepsilon \text{.......................} (3.1)$$

$$CFO_{t+1} = \beta_0 + \beta_5 ROA(NI)_t + \beta_6 ROA(CI\_OCIR)_t + \beta_7 ROA(CI\_OCITR)_t + \beta_8 COVID + \beta_9 IND + \varepsilon \text{.......................} (3.2)$$

$$CFO_{t+1} = \beta_0 + \beta_{10} ROA(NI\_PEI)_t + \beta_{11} ROA(NI\_KNP)_t + \beta_{12} ROA(CI\_PEI)_t + \beta_{13} ROA(CI\_KNP)_t + \beta_{14} COVID + \beta_{15} IND + \varepsilon \text{.......................} (3..3)$$

Panel B, dependent variable for future net income:

$$NI_{t+1} = \beta_0 + \beta_{16} ROA(NI)_t + \beta_{17} ROA(CI)_t + \beta_{18} COVID + \beta_{19} IND + \varepsilon \text{.......................} (3.4)$$

$$NI_{t+1} = \beta_0 + \beta_{20} ROA(NI)_t + \beta_{21} ROA(CI\_OCIR)_t + \beta_{22} ROA(CI\_OCITR) + \beta_{23} COVID + \beta_{24} IND + \varepsilon \text{.......................} (3.5)$$

$$NI_{t+1} = \beta_0 + \beta_{25} ROA(NI\_PEI)_t + \beta_{26} ROA(NI\_KNP)_t + \beta_{27} ROA(CI\_PEI)_t + \beta_{28} ROA(CI\_KNP)_t + \beta_{29} COVID + \beta_{30} IND + \varepsilon \text{.......................} (3.6)$$

Explanation : CFO_{t+1} = future cash flow t + 1; NI_{t+1} = future net income for period t + 1; β_0 = constant; β_1 - β_{30} = coefficient; ROA (NI) = net income (NI) divided by total assets for period t; ROA (CI) = comprehensive income (CI) divided by total assets for period t. ROA (CI_OCIR) = comprehensive income with others comprehensive income (OCI) for the group to be reclassified, divided by total assets for period t ; ROA (CI_OCITR) = comprehensive income with OCI group that will not be reclassified, divided by total assets for period t; ROA (NI_PEI) = net income attributed to owners of the parent entity divided by total assets for period t ; ROA (NI_KNP) = net income attributed to non-controlling interests divided by total assets for period t ; ROA (CI_PEI) = comprehensive income attributed to owners of the parent entity divided by total assets for period t; ROA (CI_KNP) = comprehensive income attributions of non-controlling interests divided by total assets of period t; COVID = dummy variable: 1 = pandemic period, 0 = period before; IND = dummy variable: 1 = information technology and telecommunications, health, food and beverage, financial services and trade business fields, 0 = otherwise; ε = error.

H2 is accepted if the coefficient β_2 ROA (CI) in equation 1 and β_{17} ROA (CI) equation 4 is significant ($\rho \leq 5\%$), H3 is accepted if the coefficient β_6 ROA (CI_OCIR) in equation 2 and β_{21} ROA (CI_OCIR) equation 5 is significant ($\rho \leq 5\%$), and H4 is accepted if the coefficient β_{10} ROA (NI_PEI) and β_{12} ROA (CI_PEI) in equation 3 and β_{25} ROA (NI_PEI) and β_{27} ROA (CI_PEI) in equation 6 are significant ($\rho \leq 5\%$).

Table 2. Measurement of Research Variables

Concept	Variable	Definition	Measurement	Reference
Independent variable				
Financial performance based of net surplus revenue	Attribution of net income to controlling owners.	The difference between realized revenue and expense is allocated to the majority shareholder controlling the company.	$= \frac{\text{NI PEI}}{\text{Total assets}}$	Būmane, (2018); López-Quesada et al., (2018)
	Net income attributed to non-controlling owners	The difference in realized income and expenses allocated to minority shareholders who do not control the company.	$= \frac{\text{NI KNP}}{\text{Total assets}}$	Būmane, (2018); López-Quesada et al., (2018)
Gross surplus income based financial performance (all inclusive income)	Comprehensive income attributed to controlling owners.	Unrealized gains or losses allocated to the majority shareholder controlling the company.	$= \frac{\text{CI PEI}}{\text{Total assets}}$	Būmane, (2018); López-Quesada et al., (2018)
	Comprehensive income attributed to non-controlling owners.	Unrealized gains or losses allocated to minority shareholders who do not control the company.	$= \frac{\text{CI KNP}}{\text{Total assets}}$	Būmane, (2018); López-Quesada et al., (2018)
The covid-19 pandemic	The covid-19 pandemic	The period of the Covid-19 pandemic that hit the world	Dummy variable: 1: period 2020, 0: before 2020.	
Type of industry	Type of industry	The research sample company business sector	Dummy variable: 1 : information technology and telecommunications, health, food and beverage, financial services and trade 0: otherwise.	
Dependent variable				
Predicted value	Prediction of operating cash flows	Cash inflows and outflows originating from cash sales, cash expenses, increase / decrease in current assets and short-term liabilities in period t + 1.	$= \frac{\text{CFO (t + 1)}}{\text{Total assets (t + 1)}}$	Gang et al., (2019) Cohen, (2003)
	Net profit prediction	The difference between realized income and realized expense in period t + 1.	$= \frac{\text{NI (t + 1)}}{\text{Total assets (t + 1)}}$	Banks et al., (2018)

4. Results and Discussion

Table 3 below shows the number of sample companies based on business sectors. The largest number is in the financial services sector, followed by real estate, property, infrastructure, construction, and the least is the media and restaurant chain sector.

Table 3. Details of the Business Field of the Research Sample Company

Business fields	Number of companies
Financial services	67
Real estate, property, infrastructure, construction	58
Mining and energy	42
Information and communication technology	38
Textiles, paper, garment, plastics, aluminum, steel	31
Food and Drink	28
Transportation and port services	28
Hospitality and tourism	26
Health services, pharmacy, medical devices	25
Construction machinery and other heavy equipment	23
Retail trade and others	21
Automotive, equipment, shipping, electronics	21
Cement, ceramics, porcelain and building materials	21
Agriculture, fisheries, plantations, forestry	19
Electronic equipment	16
Dealer of cars, motorcycles, automotive equipment	14
Media	10
Restaurant chain	2
Total	490

Sources : Processed data, 2020.

net

Table 4 shows that ROA from income and ROA from comprehensive income have a positive mean value of 0.058 and 0.053, respectively, this means that during the study period many companies experienced positive returns, where income (profit) was greater than expense (loss). , however, when involving only the period during the pandemic, the mean ROA is negative. Cash flow t + 1 period is also positive 0.067, this means that cash inflows from operating activities are greater than cash out. The industrial variable has a positive mean of 0.37, meaning that the number of companies affected by Covid is more than those that are not, and the Covid variable also has a positive mean of 0.6 which means that the number of financial reports affected by Covid is more than those that are not.

Table 4. Descriptive Statistics Results

Variable	Mean	Minium	Maximum	Std.Deviation
ROA (NI)	.058	-.0 24	.0 84	.0164
ROA (CI)	.053	-.022	.078	.0168
ROA (CI_OCIR)	.068	-.023	.076	.0166
ROA (CI_OCITR)	.041	-.029	.068	.0182
ROA (NI_PEI)	.064	-.026	.082	.0185
ROA (NI_KNP)	.021	-.021	.081	.0163
ROA (CI_PEI)	.057	-.027	.074	.0169
ROA (CI_KNP)	.038	-.023	.069	.0181
COVID	.060	0	1	.0492
IND	.037	0	1	.0485
CFO_{t+1}	.067	-.026	.081	.0142
NI_{t+1}	.076	-.028	.083	.0149

Sources : Processed data, 2020.

Table 5 correlation analysis results indicate that ROA net income was positively correlated with cash flows t + 1 and the net profit t + 1. The higher the profit value, the higher the net profit for the coming period and the cash flow for the next period. Net income shows operating performance, the nature of net income which is relatively persistent between periods and includes cash income and cash expenses. Covid negatively correlates with cash flow t + 1 and net income t + 1. Covid caused a decrease in operating profit and cash flow in the following period.

Table 5. Correlation Analysis Results

Variable	ROA (NI)	ROA (CI)	ROA (CI_OCIR)	ROA (NI_PEI)	ROA (CI_PEI)	COVID	IND	CFO t + 1
Panel A: Y = future cash flows.								
	Correlation coefficient							
ROA (NI)	1							
ROA (CI)	.543 **	1						
ROA (CI_OCIR)	.037 *	. 313 **	1					
ROA (NI_PEI)	.662 **	. 618 **	. 381 **	1				
ROA (CI_PEI)	.431 **	. 724 **	. 421 **	. 738 **	1			
COVID	-.048 **	-. 046 **	-. 047 **	-. 042 **	-. 041 **	1		
IND	. 097 **	. 096 **	. 094 **	. 096 **	. 091 **	. 092 **	1	
CFO $_{t+1}$	. 613 **	. 032 *	. 511 **	. 533 **	. 488 **	-. 045 *	. 095 **	1
Panel B: Y = future net income.								
	ROA (NI)	ROA (CI)	ROA (CI_OCIR)	ROA (NI_PEI)	ROA (CI_PEI)	COVID	IND	NI t + 1
ROA (NI)	1							
ROA (CI)	.543 **	1						
ROA (CI_OCIR)	.037 *	. 313 **	1					
ROA (NI_PEI)	.662 **	. 618 **	. 381 **	1				
ROA (CI_PEI)	.431 **	. 724 **	. 421 **	. 732 **	1			
COVID	-.048 **	-. 046 **	-. 042 **	-. 047 **	-. 043 **	1		
IND	.092 **	. 091 **	. 093 **	. 094 **	. 090 **	. 093 **	1	
NI $_{t+1}$	.61 8 **	. 029 *	. 499 **	. 841 **	. 703 **	. 046 **	. 095 **	1

** significant correlation at the 1% level, * significant correlation at the 5% level .

Sources : Processed data, 2020.

Table 6 The results of the paired t test show that there are differences in financial performance with the measurement of ROA version CI and ROA version of NI before and during the Covid 19 pandemic. industry experiences a negative mean ROA, such as hospitality, transportation, media, property and so on, while business fields such as information and communication technology, food and beverage, health services, pharmaceuticals, medical devices, financial services, retail trade and others experience positive performance in the future. pandemic. Information and communication technology products experienced significant positive performance in both the NI and CI versions of ROA, because during the pandemic, people needed internet quotas, telecommunication equipment used to work and study from home.

Table 6. Test Results Paired t Test Financial Performance

Business fields	n (company)	Mean ROA version of NI		Mean ROA CI version	
		Before Covid-19	Moment Covid-19	Before Covid-19	Moment Covid-19
Positive performance groups:					
Information and communication technology	38	.058	.062**	.057	.059 *
Food and Drink	28	.04 8	.049	.046	.047
Health services, pharmacy, medical devices	25	.047	.048	.041	.040
Financial services	67	.039	.041	.039	.040
Retail trade and others	21	.038	.042	.036	.037
	179 (37%)				
Negative performance group:					
Hospitality and tourism	26	.046	-.028 **	. 043	-. 026 **
Transportation and port services	28	.057	-.024 **	. 052	-. 025 **
Real estate, property, infrastructure, construction	58	.056	-.021 **	. 056	-. 038 **
Mining and energy	42	.043	.023 **	. 042	. 022 **
Textiles, paper, garment, plastics, aluminum	31	.052	-.026 **	. 057	-. 021 **
Construction machinery and other heavy	23	.058	-.039 **	. 069	-. 027 **

equipment					
Automotive, shipping, electronics	21	.051	.027 **	. 065	. 034 **
Cement, ceramics, porcelain and building materials	21	.063	. 044 **	. 064	. 036 **
Agriculture, fisheries, plantations, forestry	19	.062	. 026 **	. 068	. 049 **
Electronic and telecommunication equipment	16	.056	. 041 **	. 061	. 027 **
Dealer of cars, motorcycles, automotive equipment	14	.054	-. 022 **	. 042	-. 043 **
Media	10	.068	-. 003 **	. 044	-. 029 **
Restaurant chain	2	.041	-. 009 **	. 043	-. 043 **
N = 490 companies	311 (63%)				

** Sig (2-tailed) is significant at the 1% level, * significant at the 5% level.
Sources : Processed data, 2020.

Table 7 results of multiple linear regression analysis shows that the ROA coefficient (CI) in equation 1 is 0.031 and in equation 4 is 0.0326 significant at the 1% level, thus H2 is accepted, the CI version of ROA can be used to predict future investment returns. front. The ROA coefficient (CI_OCIR) in equation 2 is 0.547 and in equation 5 is 0.576 which is significant at the 1% level, thus H3 is accepted, the ROA version CI with OCI to be reclassified can be used to predict future investment returns. The coefficient of ROA (CI _PEI) in Equation 3 of 0, 518 and the equation 6 at 0, 71 6 significant at the 1% level, and thus the H4 is accepted, ROA version of CI can be used to predict yields on future investments, with only involve profit attributable to owners of the parent. Type of industry has a positive effect on NI and CFO for the t + 1 period, by classifying the types of industry into groups that perform positively and negatively during the pandemic (see table 6). many of its products were consumed during the Covid period, such as the ICT industry, food and beverage and health.

Table 7. Results of Multiple Linear Regression Analysis

Variabel	Panel A, Y = CFO $_{(t+1)}$			Panel B, Y = NI $_{(t+1)}$		
	Eq.1	Eq.2	Eq.3	Eq.4	Eq.5	Eq.6
Konstanta	.254*	.361*	.383*	.374*	.435*	.427*
ROA(NI)	.652**	.619**	-	.643**	.671**	-
ROA(CI)	.031*	-	-	.032*	-	-
ROA(CI_OCIR)	-	.547**	-	-	.576**	-
ROA(CI_OCITR)	-	.024*	-	-	.029*	-
ROA(NI_PEI)	-	-	.663**	-	-	.802**
ROA(NI_KNP)	-	-	.057*	-	-	.045*
ROA(CI_PEI)	-	-	.518**	-	-	.716**
ROA(CI_KNP)	-	-	.022*	-	-	.035*
COVID	-.043*	-.042*	-.045*	-.044*	-.047*	-.046*
IND	.098**	.097**	.093**	.097**	.096**	.095**
F-Statistic	4.688**	4.822**	4.819**	4.491**	5.034**	4.921**
Adjusted R^2	.618	.734	.625	.774	.782	.764

**pengaruh signifikan pada level 1%, *pengaruh signifikan pada level 5%.
Sources : Processed data, 2020

5. Conclusion

There is a difference in financial performance with ROA CI version and ROA version NI before and during the Covid 19 pandemic. Financial performance in semester 1 2020 during the Covid 19 pandemic, both the NI version ROA and the CI version of the ROA experienced a decline. Business fields that experienced positive performance: information and communication technology, food and beverage industry, health (health services, pharmaceuticals and medical equipment industries), financial services and retail trade. This is because during the pandemic the market demand for products produced by this business sector has increased. At the time of PSBB and the new normal of educational activities, many offices and businesses shifted to an online system that required an internet connection and other IT products. Likewise food and beverage products. Business fields that experienced negative performance apart from the above sectors include: tourism (hotels, transportation), infrastructure, real estate, property, mining, plantations, chemical base and various industries. Since the Covid pandemic was announced by the government to enter Indonesia and the implementation of the work from home policy and restrictions on all activities outside the home from February to April 2020, the tourism, hospitality and transportation industry sectors have been practically affected and there has been a tremendous reduction in operational activities.

The CI version of ROA can be used to predict future investment returns. When aggregate CI is disaggregated to CI with OCI which will be reclassified and CI with OCI that will not be reclassified, the predictive power of the CI version of ROA on future cash flows and net income increases. In assessing ROA performance, it only involves NI and OCI which will be realized. NI includes cash income and expenses, and OCI which will be reclassified even though in period t it is still OCI, at t + k it will be realized and turned into NI and cash flow.

ROA version CI with OCI that will be reclassified can be used to predict future investment returns. The CI version of ROA can be used to predict future investment returns, involving only the profit attributable to the owners of the parent. The owners of the parent company have a large and dominating number of share ownership and are relatively stable between periods. Non-controlling interests with a small number of share ownership and relatively high volatility between periods, because this type of investor is short-term oriented and only focuses on pursuing gains in stock returns.

Finally, this study concludes that there are differences in financial performance before and during the Covid 19 pandemic with the CI version ROA (which is guided by the all-inclusive income concept recognition) and the NI version of ROA (the net surplus income concept). The CI version of ROA can be used to predict future investment returns. By measuring ROA using CI returns, it is more representative of the actual conditions, because it involves the external environment facing the company. CI, which includes OCI, is the impact of macroeconomic fundamentals such as exchange rates, inflation, interest rates and the capital market climate which affect the fair value of assets and liabilities.

ROA version CI with OCI that will be reclassified can be used to predict future investment returns. CI has an advantage over NI because it involves adjusting the increase (decrease) in the value of assets and liabilities from historical value to fair value. The use of CI is considered more appropriate in pandemic conditions because it is more representative and comprehensive in assessing financial performance. By only involving OCI items that have the potential to be realized in the future, the predicted value of ROA on future investment returns is better because it does not involve unrealized items.

The CI version of ROA can be used to predict future investment returns, involving only the profit attributable to the owners of the parent. The Indonesian capital market, indeed, the majority of market players are investors with retail share trading volume, who pursue short-term investment returns in the form of gains, and are included in the category of non-controlling ownership. However, publicly traded companies in Indonesia are majority owned by the owners of the parent entity with a large and stable percentage of ownership between periods with an orientation of long-term investment returns in the form of dividends and control rights.

Finally, the results of this study provide a theoretical contribution to the development of ROA measurements, which so far have only been measured conventionally on the basis of net income. Whereas accounting standards, both in Indonesia and internationally, are based on the principle of income recognition based on the concept of all inclusive income, where all things that cause an increase in equity apart from owner contributions, whether realized or not, must be presented in the income statement as comprehensive income. This study contributes thoughts on the value relevance of using ROA based on comprehensive income which is in line with the presentation of others comprehensive income in income statements. Others comprehensive income arises because of the change in the paradigm of asset and liability valuation from historical value to current fair value according to the publication date of the financial statements. Others comprehensive income and comprehensive income is more comprehensive in assessing and presenting assets and liabilities and is more representative of the conditions faced by companies such as today when the world faces the Covid-19 pandemic. The results of this study also provide a practical contribution to investors and financial analysis in order to also use the ROA comprehensive income measurement as an alternative to assessing financial performance before making investment decisions, because this version is more representative of current conditions, especially in the midst of a pandemic.

Research limitations:

SAK Indonesia policy regarding changes in the format of financial statement presentation, in fact not only the addition of others comprehensive income and profit attribution, but also a policy of presenting equity attribution in the balance sheet, but this study only limits the impact of others comprehensive income and profit attribution on measurement finance performance, does not involve attributions of equity in the balance sheet. Further research can develop this study by measuring financial performance based on equity attribution using the development of the ROE formulation.

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