

ABSTRACT

Business combination is a form of merging one company with another company in order to get control over assets and operations. International accounting standards governing business combinations that is IFRS 3 about Business Combinations. In Indonesia business combinations are regulated in PSAK 22. IFRS 3 and PSAK 22 are fairly new standards to be applied in Indonesia, besides this standard is quite complicated to apply to companies that do business combinations, therefore there are still a little bit of researchers who are interested in researching the application of IFRS 3, especially in Indonesia. This research was conducted to analyze the application of IFRS 3 and PSAK 22 on Business Combinations according to the study of decision theory with case studies on companies in Indonesia that conduct business combination activities especially PT PP Properti Tbk, PT Ciputra Development Tbk, and PT Kimia Farma (Persero) Tbk.

The analysis of this study was conducted using comparative qualitative method through a case study on three companies listed on the Indonesia Stock Exchange, that is PT PP Properti Tbk, PT Ciputra Development Tbk and PT Kimia Farma (Persero) Tbk. The data which is used is secondary data from annual report in 2017 and 2018. The analysis of this data was processed using descriptive quantitative method in order to find the impact of the application of IFRS 3 and PSAK 22 on the company.

The results of this study showed that the accounting treatment for business combinations at PT PP Properti Tbk, PT Ciputra Development Tbk, and PT Kimia Farma (Persero) Tbk was different, this was due to the type of business combination conducted by three companies are different. The business combination conducted by PT PP Properti Tbk is an acquisition. Next, the business combination conducted by PT Ciputra Development Tbk is a merger with entities under common control which is the scope of PSAK 38. Then the business combination conducted by PT Kimia Farma (Persero) Tbk is the formation of a joint venture which is the scope of PSAK 15. The business combination conducted by PT PP Properti Tbk is a business combination that is the scope of IFRS 3 and PSAK 22. In the financial statements of PT PP Properti Tbk the presentation related to business combinations already appropriate with the application of IFRS 3 and PSAK 22 about Business Combinations.

Keywords: *IFRS 3, PSAK 22, Business Combinations, Acquisitions, Goodwill.*