THE EFFECT OF PROFITABILITY, SOLVABILITY, FIRM SIZE ON TIMELINESS OF FINANCIAL REPORTING WITH A GOING CONCERN AUDIT OPINION AS A MODERATING VARIABLE AT BANKING SERVICE COMPANY LISTED IN INDONESIAN STOCK EXCHANGE (BEI) FOR THE YEAR OF 2014-2018

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ABSTRACT

This of study is to determine whether the profitability, solvency and size of the company have an effect on the timeliness of going concern audit opinion as a moderating for banking service companies listed on the Stock Exchange from 2014-2018. Data analysis in this study use multiple linear regression which aims to test and analyze, both simultenously and partially the effect of profitability, solvency and company size on timeliness with audit opinion as moderating for banking service companies listed on the Indonesia Stock Exchange in 2014- 2018 and it was processed by using the SPSS (Statistical Package For Social Science) program version 22. The results of the study indicated that the profitability, solvency, and size of the company, audit opinion have a significant effect on the timeliness of financial reporting 2018. Additonally, audit opinion moderates the effect of profitability, solvency and company size on the timeliness of financial reporting.

Keyword: Profitability, Solvency, Company Size, Timeliness, Audit Opinion.

1. INTRODUCTION

The financial statements have the aim to provide information about the financial position, performance, and cash flow of a company that is beneficial for most users of financial statements including management, investors, government, and several related parties who need them, in order to make economic decisions and shows the responsibility of management for the use of resources entrusted to them (IAI, 2012: 13).

The users of financial statements base their decisions on the results of the analysis of various information presented in financial reporting. The need for timeliness of financial reporting has clearly been mentioned in the basic framework of preparing the presentation of financial statements that timeliness is one of the important characteristics that must be met so that the financial statements presented are relevant. The financial statements presented the better the quality, the more convincing external and internal parties will be useful on evaluating the financial performance of the company.

Timeliness of financial reporting (timeliness) is the availability of information for decision makers when needed before the information loses the power to influence decisions (Suwardjono, 2010). The timeliness of presenting financial statements to the public is a signal from the company

that shows the existence of useful information in the need for decision making from investors. Timeliness of financial statement submission is important to disclose information both mandatory and voluntary.

Stock Exchange is an institution or company that organizes and provides system (market) facilities to bring together sale and purchase offers of securities between various individual companies involved with the aim of trading companies that have been listed on the Stock Exchange. The demand for compliance with the timely submission of financial statements of public companies in Indonesia has been regulated in Law Number 8 of 1995 concerning the Capital Market clearly stated that public companies must submit periodic reports and other incidental reports to Bapepam which is now the Financial Services Authority (FSA) .

The fact is in terms of financial reporting submission Indonesia Stock Exchange found there are still companies that are late in submitting financial statements for various reasons. Data on the Indonesia Stock Exchange shows, for the 2011 financial year there were 54 companies that were late in submitting their annual financial statements. Fiscal year 2012 at least as of April 1, 2013 has recorded 56 companies that have not reported their audited annual financial statements, and for the 2014 fiscal year Indonesia Stock Exchange reported 52 companies that have not submitted audited financial statements as of December 2014, 2014 audit financial reports submitted no later than 31 March 2015. These figures illustrate that the timely submission of financial statements is still an obstacle in several public companies in Indonesia (www.neraca.co.id).

Going concern audit opinion is an audit opinion issued by the auditor to ascertain whether the company can maintain its survival (SPAP, 2011). Auditors are independent parties who are considered capable of bridging the conflict of interest between the principal (shareholders) with the agent, namely management as the manager of the company. SA Public Accountant Professional Standards section 341 (2011) stipulates that auditors are responsible for assessing whether there is a great doubt on the company's ability to maintain its going concern (going concern) within a period of not more than one year from the date of the audit report. The auditor evaluates the company before determining whether there is doubt about the continuity of a company's business. The auditor requires various information about the company's condition in assessing whether or not there is a large doubt about the ability of the entity to maintain its survival in a reasonable period of time.

The current phenomenon reflects the lack of auditor's indifference in providing going concern audit opinion. Several banks were liquidated after previously receiving an unqualified opinion, namely in early 1990, Bank Summa was liquidated, in 1995 Bank Lippo and Century Bank were also liquidated, then there were 16 banks that had been liquidated by the government as of 1 November 1997, Bank Prasidha Utama and Bank Ratu were liquidated at in 2000, Unibank in 2001, Bank Asiatic and Bank Dagang Bali were liquidated in 2004 and Bank Global International in 2005. An audit report prepared by the Public Accountant Office in the event concluded that the banking conditions at that time were very good, but in reality were bad. as it proves that the Public Accounting Firm is still less objective in publishing opinions about the sustainability of the company being audited. The auditor should have an important role and must have the courage to reveal the real problems regarding the survival of the client's company. Going concern of the company should be given by the aud itor at the time the audit opinion was published. Because the company was founded with the aim of maintaining its survival (Praptitorini and

Januarti, 2011).

Many companies went bankrupt, as was the case of Enron companies and investment banks, which made auditors issue going-concern opinions. In issuing an opinion, the auditor must provide an actual audit opinion to maintain the viability of the company. The auditor has a great responsibility to issue a going concern audit opinion, but the auditor is not responsible for the survival of a company.

Companies that are not timely in submitting their financial statements will be subject to sanctions and fines according to what has been regulated in regulation Number XK2 regarding the submission of periodic financial statements of Issuers or Public Companies contained in Attachment to the Decree of the Chairman of Bapepam and Financial Institution Number: Kep346 / BL / 2011 dated July 5, 2011, which explains that the obligations of public companies in submitting audited financial statements that end as of December 31 must be submitted no later than ninety days or three months after the end of the fiscal year on March 31. If a company goes public experiencing delays in submitting its financial statements for 1-30 days after the deadline has been determined then the company will receive sanctions Written Warning I.

Going concern audit opinion is the opinion issued by the auditor by adding an explanatory paragraph regarding the auditor's consideration that there is a significant inability or uncertainty over the survival of the company in carrying out its operations in the future (Listantri & Mudjiyanti, 2016). Auditors who provide going concern audit opinions to the company can have a detrimental impact on the company, because this audit opinion is considered as bad news for the company's survival. Granting going concern audit opinion by the auditor is also expected so that the company can resolve the problems that occur in the company so that it can resume normal operations (Syahputra & Yahya, 2017). In an audit, a company is usually assumed to be a going concern company that will continue to exist. The going concern opinion is expressed after the opinion paragraph in the audit report.

Hery (2016: 192) states that profitability ratios are ratios used to measure a company's ability to generate profits from its normal business activities. AHmi (2015: 81) defines profitability ratios as ratios that measure overall management effectiveness aimed at the size of the profitability obtained in conjunction with sales and investment. The better the profitability ratio, the better the ability or high profitability of the company. Meanwhile according to Saputra (2019) profitability is the company's ability to generate profits in relation to sales.

Solvency is the company's ability to meet all the company's obligations which include short-term debt and long-term debt, both the company is still running and being liquidated (Sunyoto, 2014: 101). According to Kasmir (2013: 151), solvency is: "The ratio used to measure the extent to which a company's assets are financed with debt. According to Riyanto (2010: 32), states that the definition of solvency is as follows: "Solvency shows the company's ability to fulfill all financial obligations if the company is at the time of liquidation.

According to Riyanto (2013: 313), the size of the company is the size of the company seen from the amount of equity, sales or asset values. According to Torang (2012: 93), company size is a context variable that measures the demands of the service or product of the organization. According to Basyaib (2007: 122), the size of the company is a scale in which the size of the company can be classified according to various ways, including the size of revenue, total assets, and total capital. The greater the size of revenue, total assets, and total capital will reflect the company's condition that is getting stronger.

The size of the company is a reflection of the size of a company related to opportunities and the ability to enter the capital market and other types of external financing that shows the ability to borrow companies (Yuliantari and Sujana, 2014).

2. LITERATURE REVIEW

Timeliness/Punctuality

Information will be useful if delivered in a timely manner. This is determined by the speed of managers in responding to every incident and problem that occurs in the company. The quality of financial statements can be seen from three criteria, namely timeliness, reliability and comparability. Timeliness is an obstacle to relevant information. Timeliness does not guarantee relevance but relevance is not possible without timeliness. Timeliness can be interpreted that the information contained in financial statements is available to users of financial statements as a basis for making decisions before the information loses its capacity (Kieso, Weygandt, and Warfield, 2014: 36).

Regulations governing the timeliness of the submission of financial statements of the company are regulated in Act Number 8 of 1995 concerning the Capital Market. The timeliness is also regulated by the Capital Market Supervisory Agency (Bapepam) and Financial Institutions (LK) which require public companies to submit financial statements companies that have been audited periodically. The purpose of the existing regulations is that the company's financial statements that have been published can be immediately used by users of financial statements as a basis for investment decision making.

Companies that are not timely in submitting their financial statements will be subject to sanctions and fines according to what has been regulated in regulation Number XK2 regarding the submission of periodic financial statements of Issuers or Public Companies contained in Attachment to the Decree of the Chairman of Bapepam and Financial Institution Number: Kep346 / BL / 2011 dated July 5, 2011, which explains that the obligations of public companies in submitting audited financial statements that end as of December 31 must be submitted no later than ninety days or three months after the end of the fiscal year on March 31.

Audit Opinion

Going concern audit opinion is the opinion issued by the auditor by adding an explanatory paragraph regarding the auditor's consideration that there is a significant inability or uncertainty over the survival of the company in carrying out its operations in the future (Listantri & Mudjiyanti, 2016). Auditors who provide going concern audit opinions to the company can have a detrimental impact on the company, because this audit opinion is considered as bad news for the company's survival. Granting going concern audit opinion by the auditor is also expected so that the company can resolve the problems that occur in the company so that it can resume normal operations (Syahputra & Yahya, 2017). In an audit, a company is usually assumed to be a going concern company that will continue to exist. The going concern opinion is expressed after the opinion paragraph in the audit report.

The going concern audit report is an indicator that in the auditor's assessment of the risk that the auditee cannot survive in business from the auditor's perspective. The auditor considers the issuance of going concern audit opinion if he finds reasons for doubts about the sustainability of a company based on testing. This is also supported by the existence of SA 570 paragraph 18

(SPAP, 2013) which states that if the auditor concludes that the use of business continuity assumptions is appropriate to his condition but there is a material uncertainty then the auditor must clearly disclose that there is a material uncertainty related to the event or conditions which can cause significant doubts about the entity's ability to maintain business continuity unable to realize its assets and pay off its liabilities in normal business activities.

Profitabilityy

Kasmir (2013: 184) defines profitability ratios as ratios to assess a company's ability to seek profits or profits in a certain period. This ratio also provides a measure of the effectiveness of a company's management as indicated by profits generated from sales or from investment income. Djalil (2017) which states profitability is the company's ability to generate profits or profits for a year. Profitability can be reflected in the return of assets. Return on assets is used to measure the ability of bank management in obtaining overall profits.

Solvency

Solvency is the company's ability to meet all the company's obligations which include short-term debt and long-term debt, both the company is still running and being liquidated (Sunyoto, 2014: 101). According to Kasmir (2013: 151), solvency is: "The ratio used to measure the extent to which a company's assets are financed with debt. According to Riyanto (2010: 32), states that the definition of solvency is as follows: "Solvency shows the company's ability to fulfill all financial obligations if the company is at the time of liquidation. Thus, the definition of solvency is intended as the ability of a company to pay all its debts (both short term and long term). "

Syamsuddin (2011: 54) states: "Debt to equity ratio (DER) is a ratio that can show the relationship between the amount of long-term loans provided by creditors and the amount of their own capital provided by company owners." Debt to equity ratio shows the percentage of fund provision by shareholders against the lender. The higher the debt to equity ratio, the lower the company's funding provided by shareholders. From the perspective of the ability to pay long-term obligations, the lower the ratio the better the company's ability to pay its long-term obligations. The higher the debt to equity ratio shows the composition of total debt (short term and long term) is greater than the total own capital, so that the greater the company's burden on external parties (creditors). Increasing the burden on creditors shows that the source of company capital is highly dependent on external parties In addition, the amount of debt burden borne by the company can reduce the amount of profits received by the company.

Company Size

Riyanto (2013: 313), company size is the size of the company seen from the value of equity, sales value or asset value. According to Torang (2012: 93), company size is a context variable that measures the demands of the service or product of the organization. According to Basyaib (2007: 122), the size of the company is a scale in which the size of the company can be classified according to various ways, including the size of revenue, total assets, and total capital. The greater the size of revenue, total assets, and total capital will reflect the company's condition that is getting stronger.

The size of the company is a reflection of the size of a company related to opportunities and ability to enter the capital market and other types of external financing that shows the ability to borrow

companies (Yuliantari and Sujana, 2014). Most companies expand their business as a way to survive and make a profit, large-scale companies will find it easier to obtain funds than small companies. Company pamor also often increases in line with company size and success in acquiring other companies (Baker et al, 2013: 4).
Large companies will be the attention of investors because large companies indicate that the assets owned by these companies are also large so that this is a guarantee of return on the funds that have been invested. The size of a large company can be considered as an indicator that illustrates the level of risk for investors to invest in these companies (Putra and Dana, 2016).

Large companies also have relatively greater growth compared to small companies, so the return on large companies is greater than the stock returns of small-scale companies (Solechan, 2009).

3. RESEARCH METHOD

Research Object and Design

This study aims to examine the effect of Profitability, Solvency, and Company Size on Timeliness with Audit Opinion as Moderating to Banking Services Companies listed on the Indonesia Stock Exchange in 2014-2018. In accordance with the objectives of the study, the type of research used in this study is the hypothesis testing research (hypothesis testing research).

Data Analysis Tools

Data analysis tools use the SPSS (Statistical Product and Service Solution) program 2.2. The analytical method used is multiple linear regression which aims to test and analyze, both jointly and partially the effect of Profitability, Solvency, and Firm Size on Timeliness with Audit Opinion as Moderating to Banking Service Companies listed on the Indonesia Stock Exchange in 2014- 2018. processed with the SPSS (Statistical Package For Social Science) program 22.

4. FINDINGS AND DISCUSSIONS

The Effect of Profitability, Solvency, and Size of the company on the timeliness of financial reporting

The test results together showed the profitability variable regression coefficient (X_1) of $\beta_1 = -22{,}453$, the solvency variable regression coefficient (X_2) of $\beta_2 = -4{,}453$, and the firm size variable regression coefficient (X_3) of $\beta 3 = 2{,}210$. Hypothesis testing shows that if $\beta_1, \beta_2, \beta_3, \neq 0$, then Ha is accepted, meaning that profitability, solvency, and company size together affect the timeliness of financial reporting.

The Effect of Profitability on Timeliness of financial reporting

The results of regression testing for the second hypothesis in this study were conducted to determine whether profitability affects the timeliness of financial reporting. The test results together show the profitability variable (X_1) regression coefficient value of $\beta_1 = -22{,}529$. Hypothesis testing shows that if $\beta_1 \neq 0$, then Ha is accepted, meaning that profitability affects the timeliness of financial reporting.

The Effect of Solvency on Timeliness of financial reporting

The results of regression testing for the third hypothesis in this study were conducted to

determine whether solvency affects the timeliness of financial reporting. The test results together show the value of the regression coefficient solvency variable (X_2) of β_2 = -4,453. Hypothesis testing shows that if $\beta_2 \neq 0$ then Ha is accepted, it means that solvency affects the timeliness of financial reporting.

The Effect of company size on the timeliness of financial reporting

The results of regression testing for the fourth hypothesis in this study were conducted to find out whether the size of the company affected the timeliness of financial reporting. The test results together showed the value of the regression coefficient of variable size of the company (X_3) of β_3 2,210. Hypothesis testing showed that if $\beta_3 \neq 0$ then Ha is accepted, meaning that the size of the company affects the timeliness of financial reporting.

The Effect of Moderation

Table .Moderation Test Results

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	-36,895	39,304	
	Profitability	-9,169	1,572	-0,218
	Solvency	-1,960	0,603	-0,136
	CompanySize	-1,253	2,051	-0,036
	Audit Opinion	-47,452	14,548	-0,744
	Moderation 1 IX1.X4I	-27,881	4,745	-0,391
	Moderation 1 IX2.X4I	-4,736	1,123	-1,324
	Moderation 1 IX2.X4I	5,683	0,836	1,756

Source: Secondary data (processed, 2019)

Based on the results of statistical calculations using the SPSS program as in the table above, the multiple linear regression equation is obtained as follows:

$$Y = -36,895 - 9,169X_1 - 1,960X_2 - 1,253X_3 - 47,452X_4 - 27,881M_1 - 4,736M_2 + 5,683M_3 + e$$

The Effect of audit opinion on the timeliness of financial reporting

The results of regression testing for the fifth hypothesis in this study were conducted to find out whether audit opinion affects the timeliness of financial reporting. The test results together show the regression coefficient value of the audit opinion variable (X_4) of β_4 = -47,452 ,. Hypothesis testing shows that if $\beta_4 \neq 0$ then Ha is accepted, it means that audit opinion affects the timeliness of financial reporting.

The Effect of Profitability on Timeliness of Financial Reporting with Audit Opinion as Moderating

The results of regression testing for the sixth hypothesis in this study were conducted to

determine whether audit opinion moderates the effect of profitability on timeliness of financial reporting. The test results together showed a regression coefficient of β_5 = -27,881. Hypothesis testing shows that if $\beta_5 \neq 0$, then Ha is accepted, meaning that audit opinion moderates the effect of profitability on the timeliness of financial reporting.

The Effect of Solvency on Timeliness of financial reporting with audit Opinion as Moderating

The results of regression testing for the seventh hypothesis in this study were conducted to determine whether audit opinion moderates the effect of solvency on timeliness of financial reporting. The test results together showed a regression coefficient of β_6 = -4.736. Hypothesis testing shows that if $\beta_6 \neq 0$, then Ha is accepted, meaning that audit opinion moderates the effect of solvency on the timeliness of financial reporting.

The Effect of company size on timeliness with audit opinion as a moderating

The results of regression testing for the eighth hypothesis in this study were conducted to determine whether audit opinion moderates the effect of company size on the timeliness of financial reporting. The test results together showed a regression coefficient of β_7 = 5.683. Hypothesis testing shows that if $\beta_7 \neq 0$, then Ha is accepted, meaning that audit opinion moderates the effect of company size on the timeliness of financial reporting.

5. CONCLUSION AND RECOMMENDATION

Conclusions

1. Profitability, solvency, and company size simultenously influence the timeliness of financial reporting.
2. Profitability affects the timeliness of financial reporting.
3. Solvency affects the timeliness of financial reporting.
4. The size of the company affects the timeliness of financial reporting.
5. Audit opinion affects the timeliness of financial reporting 2018.
6. Audit opinion moderates the effect of profitability on the timeliness of financial reporting.
7. Audit opinion moderates the effect of solvency on timeliness of financial reporting.
8. Audit opinion moderates the effect of company size on the timeliness of financial reporting.

Recommendations

1. This study only uses three independent variables namely profitability, solvency and company size and the dependent variable, namely timeliness and audit opinion as a moderating factor. Researchers are recommended to use other variables to develop current research results.

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