The Selection of Revaluation Method and The Independent Valuer Increase The Audit Fee: a case of ASEAN

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Abstract: The purpose of this research is to analyze the effect of revaluation model and the use of independent appraiser on audit fees of manufacturing companies in ASEAN. This research covers five countries in ASEAN: Indonesia, Philippines, Malaysia, Singapore, and Thailand. The result of this study indicates that audit fees are higher for firms using the revaluation model compared to the cost model. Besides, audit fees are higher for firms that reporting their fixed assets at fair values appraised by internal appraiser than the independent appraiser.

Keyword: Revaluation Model; Assets Appraiser; Audit Fees; ASEAN.

Intisari: Tujuan dari penelitian ini adalah untuk menganalisis pengaruh model revaluasi dan penggunaan penilai independen terhadap biaya audit perusahaan manufaktur di ASEAN. Penelitian ini mencakup 5 negara di ASEAN: Indonesia, Filipina, Malaysia, Singapura, dan Thailand. Hasil penelitian ini menunjukkan bahwa biaya audit lebih tinggi untuk perusahaan yang menggunakan model revaluasi dibandingkan dengan model biaya. Selain itu, biaya audit lebih tinggi untuk perusahaan yang melaporkan aset tetap mereka pada nilai wajar yang dinilai oleh penilai internal daripada penilai independen.

Kata kunci: Model Revaluasi; Penilai Aset; Biaya Audit; ASEAN.

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1. Introduction

Advances in technology and information today affect business growth leading to competition between companies in achieving its objectives. Where the goal of every company is to make a profit and maintain its survival in the business world. To achieve these objectives, there are many ways that a company could do; one of them is the operations of the company effectively. In conducting its operations, every company needs assets, both current assets, and fixed assets. Fixed assets can be tangible fixed assets such as land, buildings, machinery, equipment, and vehicles, as well as intangible fixed assets such as patents, copyrights, brands, licenses or goodwill. The financial statements have an essential role in the measurement and assessment of the performance of a company. In the process of preparation of financial statements, the information presented should reflect the actual condition of the company that stakeholders can use the information presented in the financial statements as a basis for the decision making.

To be able to produce good financial statements, each company based on the International Financial Reporting Standard (IFRS), which are guidelines for the preparation of financial statements globally accepted compiled by the International Accounting Standards Board (IASB). IFRS govern how a value can be presented in the financial statements. IFRS has begun to be adopted by countries - developed and developing countries. Based on the results of a survey conducted by PrincewaterhouseCoopers LLP (2014), around the world counted that 130 countries have adopted IFRS. In ASEAN, 5 of the ten member countries have adopted IFRS which is Indonesia, the Philippines, Malaysia, Singapore, and Thailand. Along with the adoption of IFRS, the use of revaluation models has also been widely used by companies in developed countries such as Australia and the European Union and developing countries such as ASEAN.

The majority of ASEAN member countries are developing countries that should be the countries that apply the revaluation model as one way to generate more value relevant financial statements that reflect the current value of financial information presented by the company. Also, with the use of the revaluation

model can produce financial reporting information that is more informative for users (Choi and Meek, 2011), which is used as a basis of decisions of foreign investors in investing and finance the development of the country (Nobes, 2010). Several previous studies indicate that companies commonly use the use of the revaluation model as a tool to improve international perceptions of stakeholders and creditors against the company's financial health (Missonier, 2007). While the study of Aboody et., al. (2009), indicating that the use of the revaluation model can improve performance in the future and the annual rate of return (annual return/prices). But in general, these empirical studies do not distinguish between the costs and benefits of using the revaluation model explicitly. Thus, in this study, the authors wanted to test the effect of the use of models revaluation of the audit costs incurred by the company.

Similar research has been done before by Yao et., Al. (2012), the public company in Australia. The study examined the relationship between the revaluation of non-current assets to increase audit costs incurred by the company. The results of these studies indicate that there is a positive relationship between the use of the revaluation model to the audit fees paid. This is indicated by a significant increase in audit fees paid when the assets are non - financial (PPE, investment property and intangible assets) are measured at fair value.

In general, the use of fair value revaluation model as the basis of measurement. In the fair value, measurement requires professional judgment of auditors to determine the value presented in the financial statements. The use of the fair value of the indirect cause of uncertainty auditor itself against the value presented in the company's financial statements, thereby increasing the risk of a potential audit of the financial statements is wrong and problematic audit failure (Diehl, 2010). Because of the difficulty in determining the fair value of an asset that is not actively traded in the market, causing additional costs to be incurred by the company for the complexity of additional audit tasks that the auditor must do in the audit process of the company's financial statements (Kim, Liu, and Zheng, 2010).

Also, to produce a reliable revaluation value in the financial statements presented by the company, this is inseparable from the help of appraisers (appraisers) both from the management of the company itself and from parties outside the company. Previous research from Yao et al. (2012) also found evidence that companies that employ external independent appraisers to determine the value of company assets are subject to significantly lower audit costs compared to companies that use valuations from the company's internal assessors. The difference between internal and external assessors is related to the level of independence and expertise. In general, external independent assessors are considered more experienced and have credibility in determining the value of an asset. While the internal appraisal of the company has an interest in taking advantage of the use of the fair value that can affect the value of profits and assets of the company, in addition, internal assessments can cause deliberate bias to support optimistic revaluation (Cotter and Richardson, 2002), so that external assessments are more reliable and reduce audit costs incurred by companies due to reduced corporate audit risk.

In inflationary conditions, companies need to do a revaluation because the book value recorded in the financial statements may not reflect the actual market value. Along with the use of fair value, enables stakeholders to obtain more relevant financial information, which is used to boost investor confidence about the prospects of the company's performance with an increase in the value of assets and equity. The revaluation model is generally used by companies to increase their own capital structure, wherein the excess of the fixed assets measurement can improve the DER (Debt to Equity Ratio) of the company. This can be seen from the comparison between the value of the debt and equity of the company. DER improved to increase the lending capacity of the company to creditors and shareholders. In addition, the revaluation model is also used by companies to reduce the tax burden, it happens because the value of fixed assets are measured at fair value is greater than the book value recorded in the financial statements of the company, so that the adjustment of the increase in the value of fixed assets is causing an increase in depreciation expense charged in the profit/loss of the

company. So the value of a company's reported earnings will be lower. With the result that the adjustment of the increase in the value of the fixed assets led to an increase in depreciation expense charged in the profit/loss of the company. So the value of a company's reported earnings will be lower. With the result that the adjustment of the increase in the value of the fixed assets led to an increase in depreciation expense charged in the profit/loss of the company. So the value of a company's reported earnings will be lower.

Several previous studies regarding the use of the asset revaluation model are not giving enough evidence on the benefits and costs of the use of fair value for the group of non-financial assets (PPE, Investment property and intangible assets). Some research on the relationship between the revaluation of assets and audit fees also give inconsistent results. Research from Ettredge et., al. (2013) in the United States's bank industry found evidence that the audit fee increase of the proportion of the increase in the fair value of the asset. While research Goncharov et. Al, (2013) a real estate company in the European countries found evidence that lower auditing costs on companies that report the value of property assets in the proportion of higher fair value.

In contrast to previous studies conducted by Yao et., Al. (2012) In Australia, this study was conducted to find empirical evidence about the effect of the use of the model revaluation and asset appraiser selection on companies that use the revaluation model to the audit fees incurred in manufacturing enterprises in ASEAN countries. It is because even the use of the revaluation model requires additional costs for additional audit tasks that the auditor must do in determining the fair value of assets, the long-term benefits that the company can obtain from the use of a revaluation model, which is the financial statements presented by the company, are more relevant and informative that reflect actually that stakeholders can use it as a basis for consideration in making decisions for investing and providing credit to companies.

2. Overview of Theoretical and Hypothesis Development

2.1. IFRS convergence

IFRS convergence is a gradual change in adopting IFRS as accounting standards in a country (Nobes and Paker, 2010). Since the enactment of IFRS as international accounting standards, many countries began to adopt IFRS. Countries that adopt IFRS has five levels, namely: full adoption, Adopted, piecemeal, referenced, not Adopted at all (Panggabean, 2007). Based on the results of a survey conducted by PrincewaterhouseCoopers LLP (2014), around the world counted 130 countries have adopted IFRS. IFRS convergence is expected to facilitate the stakeholders in comparing financial statements and evaluate the performance of a company, reducing the cost of listing companies to exchange, enhance investor confidence, as well as increase the credibility of financial information presented by the company (Choi and Meek, 2011).

2.2. Fixed Assets

The fixed asset is recognized when the cost of the asset can be measured reliably, and it is likely the company will derive future Economic benefits (Kieso et al., 2011). In IAS 16 (2012) explained that for fixed assets which meet qualifications to be recognized as an asset, should initially be measured at cost. Once recognized as an asset, for the measurement of fixed assets after initial recognition, the entity can choose the cost model or the revaluation model as its accounting policy and apply that policy to all fixed assets within the same group. For fixed assets measured using the cost models (model costs), after being recognized as an asset, the fixed assets are recorded at cost less accumulated depreciation and accumulated impairment losses (IAS 16, 2012). As for the fixed assets that are measured using the revaluation model, after being recognized as assets, fixed assets to be recorded in the number of revaluation which fair value at the date of revaluation minus accumulated depreciation and accumulated impairment losses that occur after the revaluation date (IAS 16, 2012).

2.3 Asset Revaluation Model

In IAS 16 (2012) explained that after being recognized as an asset, fixed asset fair value could be reliably measured must be recorded on revaluation amount, i.e., the fair value at the date of revaluation less accumulated depreciation and accumulated impairment losses that occur after the date of revaluation. Revaluation to be done with sufficient regularity regularly to ensure that the carrying amount does not differ materially from the amount determined using fair value at the end of the reporting period.

In general, the use of the revaluation model as the basis of the fair value measurement. In IFRS 13 (2013), the fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement of assets nonfinancial that takes into account the ability of market participants to be able to generate economic benefits by using these assets in the use of the highest and best (highest and best use) or to sell them to other market participants who will use these assets in the use of the highest and best (IFRS 13, 2013).

Fair value measurement requires the professional judgment of the appraiser to determine the value of an asset that is presented in the financial statements. Appraisal or assessment is the process of the work or activities of an appraiser to provide an estimate or opinion on the economic value of a property, whether tangible or intangible based on the analysis of the objective and relevant facts to the use of the methods, parameters and applicable rating principles (Riva, 2012).

In determining the fair value of an asset, an entity may use valuation techniques appropriate to the circumstances in which sufficient data is available to measure fair value by maximizing the use of inputs that are observable relevant and minimizing the use of inputs that are not observable (IFRS 13, 2013). Three valuation technique used in determining the value of an asset is the market approach, the cost approach, and the income approach. To increase consistency and comparability in fair value measurements in IFRS 13 (2013), the input value

of fair value are categorized into (three) level fair value hierarchy, as follows: input level 1, input level 2 and input level 3.

2.4. Audit Costs

Auditing Cost is the fees charged by the auditor to the auditee for audit services performed by the auditor. Determination of the cost of the audit conducted by the auditor based on the calculation of the cost of the examination which consists of direct costs and indirect costs (Isaac, 1999). Direct audit costs consist of labor costs, such as manager, supervisor, senior auditors, and junior auditors while the indirect audit costs consist of the cost of printing, the depreciation cost computers, buildings, and insurance.

The previous study of Smunic (1980), examines factors that affect the size of the cost paid to the auditor. The results of these studies indicate that audit costs are determined based on the size of the audited company (size), audit risk (current ratio, quick ratio, litigation risk) and the complexity of the audit (subsidiaries, foreign listed). According to the decree number KEP.024 / Certified / VII / 2008 on Policy Determination of Audit Costs, consideration to determine the number of audit costs is in accordance with the client's needs, duties and responsibilities under the law, level of independence, the level of skills and responsibilities attached to work performed, the level of complexity of the work, the amount of time needed for the audit process and the bases for establishing agreed audit fees that reflect the fair value of the audit work.

2.5 hypothesis development

2.5.1   Fixed Asset Revaluation Model on Cost Audit

This study aimed to examine the effect of the use of models revaluation of the audit fees incurred in manufacturing enterprises in ASEAN countries in the process of auditing the company's financial statements. The previous study of Yao et., al. (2012) in Australia, shows that there is a positive relationship between the use of the asset revaluation model to the audit fees paid by the company. This is

indicated by a significant increase in audit fees paid when the assets are non - financial (PPE, investment property, and intangible assets) are measured at fair value. That is, companies that use fixed asset revaluation model audit cost is higher than the company using the cost model.

The use of fair value revaluation model as the basis of measurement and the fair value measurement requires professional judgment of auditors to determine the value presented in the financial statements. The use of the fair value of the indirect cause of uncertainty auditor itself against the value presented in the company's financial statements, thereby increasing the risk of a potential audit of the financial statements is wrong and problematic audit failure. Because of the difficulty in determining the fair value of an asset that is not actively traded in the market, leading to additional costs to be incurred by the company to the complexity of the additional tasks to be done auditor audit the company's financial statement audit process.

Referring to the explanation, the authors wanted to do some research to determine whether it also applies to companies manufacturing in ASEAN countries and developing hypotheses as follows:

H1: Audit Costs For Manufacturing Companies In ASEAN Countries Used the Higher Fixed Asset Revaluation Models Compared to Manufacturing Companies That Use the Cost Model.

2.5.2   *Asset Valuator towards Audit Fees*

The study also aimed to examine the effect of selection assets assessors employed by a company that uses a revaluation model to the number of audit fees incurred in manufacturing enterprises in ASEAN countries in the process of auditing the company's financial statements. The previous study of Yao et., Al. (2012), shows that there is a positive correlation between asset appraiser selection of the audit fees paid by the company. This is indicated by a significant increase in audit fees paid when the companies using the revaluation model using the valuation of the company's internal assessors. It means companies that use a

revaluation model with valuations from the company's internal appraisers are subject to a greater audit fee than companies that use an external independent appraiser in determining the value of their fixed assets.

The difference between the internal and external assessors related to the level of independence and expertise. In general, an external independent evaluator considered more experienced and have credibility in determining the value of an asset. While the company's internal appraiser has no interest to take advantage of the use of the fair value of which can affect the value of income and assets. Also, the internal assessment can cause a deliberate bias to support the optimistic revaluation, so that an external assessment more reliable and reduce audit costs incurred by the company due to the reduced risk of an audit firm.

Referring to the explanation, the authors wanted to do some research to determine whether it also applies to companies manufacturing in ASEAN countries and developing hypotheses as follows:

H2: Audit Costs In Manufacturing Companies In ASEAN Countries That Use The Fixed Asset Revaluation Model With Internal Ratings Higher Than Other Manufacturing Companies.

3. Sample Selection and Model Research

3.1. Sample Selection

This study uses a sample of companies in the ASEAN member countries that have adopted IFRS. Of the 10 ASEAN member countries, 5 countries that have adopted IFRS, namely: Indonesia, Philippines, Malaysia, Singapore, and Thailand. So that the five countries are also assumed to have been using the revaluation model and the sample in this study. For a sample of companies, the author uses purposive sampling method, namely the election of members of the sample according to the following criteria:

1. Sample companies are companies listed on the stock each - each ASEAN member countries in the period 2011-2014.

2. Manufacturing companies that publish annual financial statements during

the study period.

3. The manufacturing company provided the audit cost data during the study period.

4. Manufacturing companies that use fixed asset revaluation model.

The sample used in this study is the author of balanced sampling. The authors obtained data samples from the financial information provided in Data Stream and *Reuters Eikon.* For data that are not available in the Data Stream and Reuters, Eikon writers get from the financial statements of each company.

3.2. Research model

The research model used in this study refers to the research model of Yao et., Al. in 2012 in Australia, but with a slight difference. Because in this study, the authors use variables revaluation model for property and equipment and asset appraiser selection on companies that use the revaluation model by taking a sample of companies listed on the stock each - each ASEAN country in the study period of 2011 to 2014.

3.3. Fixed Asset Revaluation on Audit Fees

The first hypothesis (H1) of this study to test the effect of the use of models revaluation of the audit costs incurred by manufacturers in ASEAN countries. The model used is as follows:

Model 1:

$LogAFEEs_{it} = \alpha_0 + \alpha_1 REVAL1_{it} + \alpha_2 SIZE_{it} + \alpha_3 LEV_{it} + \alpha_4 CURRENT_{it} + \alpha_5 INHERENT_{it}$

$A7BIG4_{it}\ \alpha_6 ROA_{it} + + + + \alpha_8 FVE_{it}\ \alpha_9 GDP_{it} + \varepsilon_{it}$.....................................(1)

Description of research variables:

LogAFEEsit   : Natural logarithm of the audit fees paid to external auditors.

REVAL1it   : *dummy* variable-value of 1 (one) for companies that
                  use the revaluation model for property, and the value 0

(zero) if not.

SIZEit   : The size of the company, is the natural logarithm of the total asset.

Levit : The level of ability of the company, is the ratio of total liabilities to the total asset.

CURRENTit   : The level of liquidity of the company, is the ratio of total current assets to total liabilities smoothly.

INHERENTit : The utilization rate of the company's assets is the ratio of the sum of inventory and accounts receivable to the total asset.

ROAit   : The rate of return the company *(Return on Assets)*, Is the ratio of earnings before taxes and interest expense to total assets.

BIG4it   : *dummy* variable-value of 1 (one) for companies audited by KAP BIG4 and is 0 (zero) if not.

FVEit Comparison of the fair value of fixed assets, the ratio of the total fair value of fixed assets to the total asset.

GDPit   : Natural logarithm of total Gross Domestic Product per capita of a country per year.

εit   : *Residual error.*

3.4. *Asset Valuator of the Audit Fees*

The second hypothesis (H2) of this study to test the effect of the asset valuer selection on companies that use the revaluation model to the audit costs incurred by manufacturers in ASEAN countries. The model used is as follows:

Model 2:

$$\text{LogAFEEsit} = \alpha_0 + \alpha_1 \text{REVAL1it} + \alpha_2 \text{REVAL2it} + \alpha_3 \text{SIZEit} + \alpha_4 \text{LEVit} + \alpha_5 \text{CURRENTit} +$$

$$\alpha_6 \text{INHERENTit} + \alpha_7 \text{ROAit} + \alpha_8 \text{BIG4it} + \alpha_9 \text{FVEit} + \alpha_{10} \text{GDPit} + \varepsilon \text{it} \text{ ...... (2)}$$

Description of research variables:

LogAFEEsit : Natural logarithm of the audit fees paid to external auditors.

REVAL1it and REVAL2it: Dummy variable, with base models of the revaluation and asset appraiser with the following conditions:

2.5.1.1 REVAL1it = 0 and REVAL2it = 0, for a company that does not use the revaluation model.

2.5.1.2 REVAL1it = 1 and REVAL2it = 0, for the companies that use the revaluation model with an external evaluator.

2.5.1.3 REVAL1it = 1 and REVAL2it = 1 for companies that use the revaluation model with internal assessors. REVAL2it expected positive effect (+) towards the cost of the audit.

SIZEit : The size of the company, is the natural logarithm of total assets.

Levit : The level of ability of the company, is the ratio of total liabilities to the total asset.

CURRENTit : The level of liquidity of the company, is the ratio of total current assets to total liabilities smoothly.

INHERENTit : The utilization rate of the company's assets, a ratio from

summation inventory and accounts receivable to total assets.

ROAit : The rate of return the company *(Return on Assets)*, Is the ratio of earnings before taxes and interest expense to total assets.

BIG4it : *dummy* variable-value of 1 (one) for companies audited by KAP BIG4 and is 0 (zero) if not.

FVEit Comparison of the fair value of fixed assets, the ratio of the total fair

	value of fixed assets to the total asset.
GDPit	: Natural logarithm of total Gross Domestic Product per capita per year.
εit	: *Residual error.*

4. Research result

4.1 Research samples

Table 4.1
Sample Selection Research

No.	Criteria	Country				
		Indonesia	Philippines	Malaysia	Singapore	Thailand
1	Manufacturing company that Registered capital markets 2011-2014 period (balanced)	808	268	1,556	1,088	1,088
2	Manufacturing companies that do not have audit fees for the period 2011-2014	(780)	(240)	(1512)	(1048)	(1064)
3	Incomplete manufacturing company financial data 2011-2014 period	0	0	0	(4)	0
	Total Sample Company	**28**	**28**	**44**	**36**	**24**
	total observations	160				

total observations	160	Revaluation Model	18
		Cost Model	142

This study used a sample of companies listed on the stock each - each ASEAN member countries during the study period of 2011 - 2014. The ASEAN member countries sampled in this study, namely, Indonesia, Philippines, Malaysia, Singapore, and Thailand, for five countries have adopted IFRS and the revaluation model. Election samples of each population that is using purposive sampling technique, with the criteria that have been described previously. Then the author divides the sample into sub-samples of the study, companies that use the revaluation model and cost model presented in Table 4.1.

4.2 Descriptive statistics

Descriptive statistical analysis of the model studies was conducted using Stata result of the 12 presented in Table 4.2 below:

Table 4.2
Descriptive Statistics Research Model

variables	Observation	Value Minimum	median	Value Maximum	mean	standard Deviation
Dependent Variables:						
AFEEs (USD)	160	276	438 520	53,548,372	3031723	8.55107 million
Control variables:						
SIZE (USD)	160	289 415	4305693	250 557 050	21,876,188	55,796,894
LEV	160	0.04	0.47	0.86	0.46	0.19
CURRENT	160	0.45	1.91	6,63	2.26	1.29
INHERENT	160	0.01	0.21	0.66	0.24	0.14
ROA	160	-0.04	0.10	0.56	0.12	0.12
fve	160	0.01	0.37	0.82	0.37	0.21
GDP (USD)	160	2184	7512	51 001	15 742	18 537

dummy variable					
variables	Observation	sample conditions		Value	Percentage
Independent Variables:					
REVAL1	160	Revaluation Model		1	11.25%
		Cost Model		0	88.75%
REVAL2	18	Internal Asset Valuator		1	38.89%
		External Asset Valuator		0	61.11%
Control variables:					
BIG4	160	BIG 4		1	87.50%
		Non BIG 4		0	12.50%

Information: AFEEs: Audit fees paid to external auditors (USD); REVAL1: Dummy, worth 1 (one) for companies that use the revaluation model for property, and the value 0 (zero) if not; REVAL2: Dummy, worth 1 (one) for companies that use fixed asset revaluation model with internal assessment, and is 0 (zero) if not; SIZE: The size of the company, the value of total assets of the company (USD); LEV: The level of ability of the company, the ratio of total liabilities to total assets; CURRENT: The level of liquidity of the company, the ratio of total current assets to total current liabilities; INHERENT: The utilization rate of the company's assets, the ratio of the sum of inventory and accounts receivable to total assets; ROA: The rate of return the company (Return on Assets), the ratio of earnings before taxes and interest expense to total assets; BIG4: Dummy, a value of 1 (one) for companies audited by KAP BIG4 and is 0 (zero) if not; Fve: Comparison of the fair value of fixed assets, the ratio of total asset values remain fixed to total assets; GDP: The value of total Gross Domestic Product per capita a country per year (USD).

Based on the results of the descriptive statistics of the research model presented in Table 4.2, the following is an analysis for each study variable, as follows:

- Lowest audit fees are audit fees incurred by PT. Vale Indonesia is amounting to USD 276 while the largest audit fees are audit fees incurred by the NII PT. Astra International Indonesia was amounting to USD 53,548,372. The average value of the cost of the audit was USD 3,031,723 with a standard deviation of 8.55107 million.

- 11.25% or 18 samples manufacturing enterprises in ASEAN countries using the model revaluation. While the remaining 88.75% or 142 samples of manufacturing enterprises in ASEAN countries using the cost model. Of the 18 samples of manufacturing enterprises in ASEAN that use the revaluation model for property, as much as six samples companies in Malaysia, five samples companies in Singapore, three samples of companies in the Philippines, and the second sample of companies in Indonesia and Thailand.

- Amounted to 38.89% or 7 samples manufacturing companies that use the revaluation model in ASEAN countries using the valuation of the company's internal assessors. The remaining 61.11% or 11 samples manufacturing companies that use the revaluation model in ASEAN countries using the valuation of an independent external valuer to determine the fair value of its fixed assets. Of the seven samples manufacturing companies that use the revaluation model with internal assessment in ASEAN, the country that his company uses internal ratings are as much as five samples Singapore and Indonesian companies as much as two sample companies.

- The size of the smallest company is the total assets of the company British Amer Tobbaco in Malaysia amounted to USD 289 415 while for the size of the largest companies are the total assets of the company Jardine Matheson in Singapore amounting to USD 250 557 050. Value - an average of the size of the company is USD 21,876,188 with a standard deviation of 55,796,894.

- The company's ability level is the lowest leverage ratio in Malyasia PPB Group BHD 0.04 while the largest enterprise level capabilities are the leverage ratio of the company Unilever Indonesia with 0.86. Value - an average of the level of ability of the company was 0.46 with a standard deviation of 0.19.

- The company's liquidity level is the lowest current ratio of Astra Agro

Lestari in Indonesia reached 0.45. The company's liquidity is the current ratio of the company Haw Par Corporation in Singapore amounted to 6.63. Value - an average of the level of liquidity of the company was 2.26 with a standard deviation of 1.29.

- The rate of return is the lowest company ROA company IRPC Public Co. Ltd. in Thailand amounted to -0.04 while the rate of return on the biggest companies.

  ROA is a British company in Malaysia Amer Tobbaco 0.56. Value - an average of the rate of return the company is 0.12 with a standard deviation of 0.12.

- Lowest asset utilization rate is the ratio of the company inherent in Singapore Haw Par Corporation of 0.01 while for the largest asset utilization rate is the ratio of the company inherent Petra Food Limited in Singapore amounted to 0.66. Value - an average of the level of utilization of the company's assets was 0.24 with a standard deviation of 0.14.

- Comparison of the fair value of the lowest fixed assets is the ratio of five companies in Singapore Haw Par Corporation of 0.01 while the ratio of the fair value of fixed assets is the ratio of five biggest company in Thailand Glow Energy PCL of 0.82. Value - an average of the fair value of the fixed assets ratio was 0.37 with a standard deviation of 0.21.

- Amounted to 87.50% or 140 samples of manufacturing enterprises in ASEAN countries audited by KAP BIG4. While the remaining about 12.50% or 20 sample companies audited by KAP Non-BIG4. Of the 140 samples of manufacturing enterprises in ASEAN audited by KAP BIG4, as many as 36 samples in each - each country of Malaysia and Singapore, as many as 26 samples in Indonesia, a total of 23 sample companies in the Philippines, and 19 samples in Thailand.

- Gross domestic product per capita GDP is the lowest of the Philippines in 2011 amounted to USD 2,184 while the gross domestic product per capita is the GDP of Singapore in 2014 amounted to USD 51 001. Value - an average of per capita gross domestic product (GDP) was USD 15 742 with a standard deviation of 18 537.

5. Conclusion

This study aims to analyze the effect of the use of fixed asset revaluation models and asset value choices on companies that use a revaluation model of audit costs issued by manufacturing companies in ASEAN countries. The results of this study indicate that audit costs in manufacturing companies that use fixed asset revaluation models are higher than companies that use the cost model. This happens because fair value measurements require professional judgment from the auditor to determine the value presented in the company's financial statements. Because of the difficulty in determining the fair value of fixed assets that are not actively traded in the market, it causes additional costs to be incurred by the company for the complexity of additional audit tasks that the auditor must do in the audit process of the company's financial statements.Also, this study also showed that the cost of audits at manufacturing companies that use the revaluation model with internal ratings higher than other manufacturing companies. This happens because the fair value measurement with external independent valuation has interests that is less than the company's internal assessors who take advantage of the use of the fair value of which can affect the value of income and assets of the company so that the independent external assessment can reduce audit risk. Due to the difference between the level of independence and expertise of external independent appraisers and internal appraisers of the company that caused the external assessment more reliable and reduce audit costs to be incurred by the company.

5.1 Limitations and Suggestions Research

This study has several limitations and suggestions for future research, as follows: This study used a sample of some of the ASEAN countries that have different characteristics therein. However, the authors use only the gross domestic product (GDP) as a control variable that controls the differences between one to another country. The writer hopes that future studies can add and use other control variables that can be used to control the differences between countries. Such as inflation, the rate of adoption of IFRS a state or so by using indicators or other research models. A sample of data is obtained through the source database company's financial statements, that the value provided should be rechecked its validity in the financial statements of each company. The writer hopes that future studies can increase the number of the study sample broadly, by increasing the number of years of research or by using various types of general or industry-specific industries. That the results of the research can describe the overall effect of the use of the revaluation model and asset appraiser selection of the audit costs incurred by the company.

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